

# HINGHAM INSTITUTION FOR SAVINGS

2020 Shareholders Meeting

# Safe Harbor Statement

This presentation contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements about Hingham Institution for Savings and its industry involve substantial risks and uncertainties. Statements other than statements of current or historical fact, including statements regarding the Bank's future financial condition, results of operations, business plans, liquidity, cash flows, projected costs, and the impact of any laws or regulations applicable to the Bank, are forward-looking statements. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "projects," "may," "will," "should," and other similar expressions are intended to identify these forward-looking statements. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. Such factors are described within the Bank's filings with the Federal Deposit Insurance Corporation, including the Bank's Annual Report on Form 10-K for the year end December 31, 2019. Except required by the law, the Bank does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements. You are cautioned not to place undue reliance on these forward-looking statements.

# Overview

3

- Introduction
- Financial Results
- Looking Forward and Discussion

“Banking is a very good business,  
unless you do dumb things.”

Warren Buffett

# What We Do

5

- Commercial Real Estate Lending
- Residential Real Estate Lending
- Personal and Commercial Deposit Banking

# What We Don't Do

6

- Commercial and Industrial Lending
  - ABL
  - Leasing
  - Loans and Lines
  - SBA
  - Leveraged Lending
- Consumer Lending
  - Credit Card
  - Marine
  - Auto
  - RV
  - Personal Lines
- Investments
  - Wealth Management
  - Trust
  - Investment Advisory
- Insurance Brokerage or Underwriting
- Secondary Market Residential Mortgage
- Tax Credits
- Solar Lending
- Commercial Mortgage Participations

# Capital Allocation

7

## 1. **Attractive**

- a. Reinvest in our Lending and Deposit Businesses - Existing and New Geographies (Organic Growth)
- b. Maintain Appropriate Leverage Through Regular and Special Dividends
- c. Make Minority Passive Equity Investments - Public and Private - Focused on Financial Services
- d. Opportunistic Repurchase of Shares - Focused on Valuation and Tax

## 2. **Not Attractive**

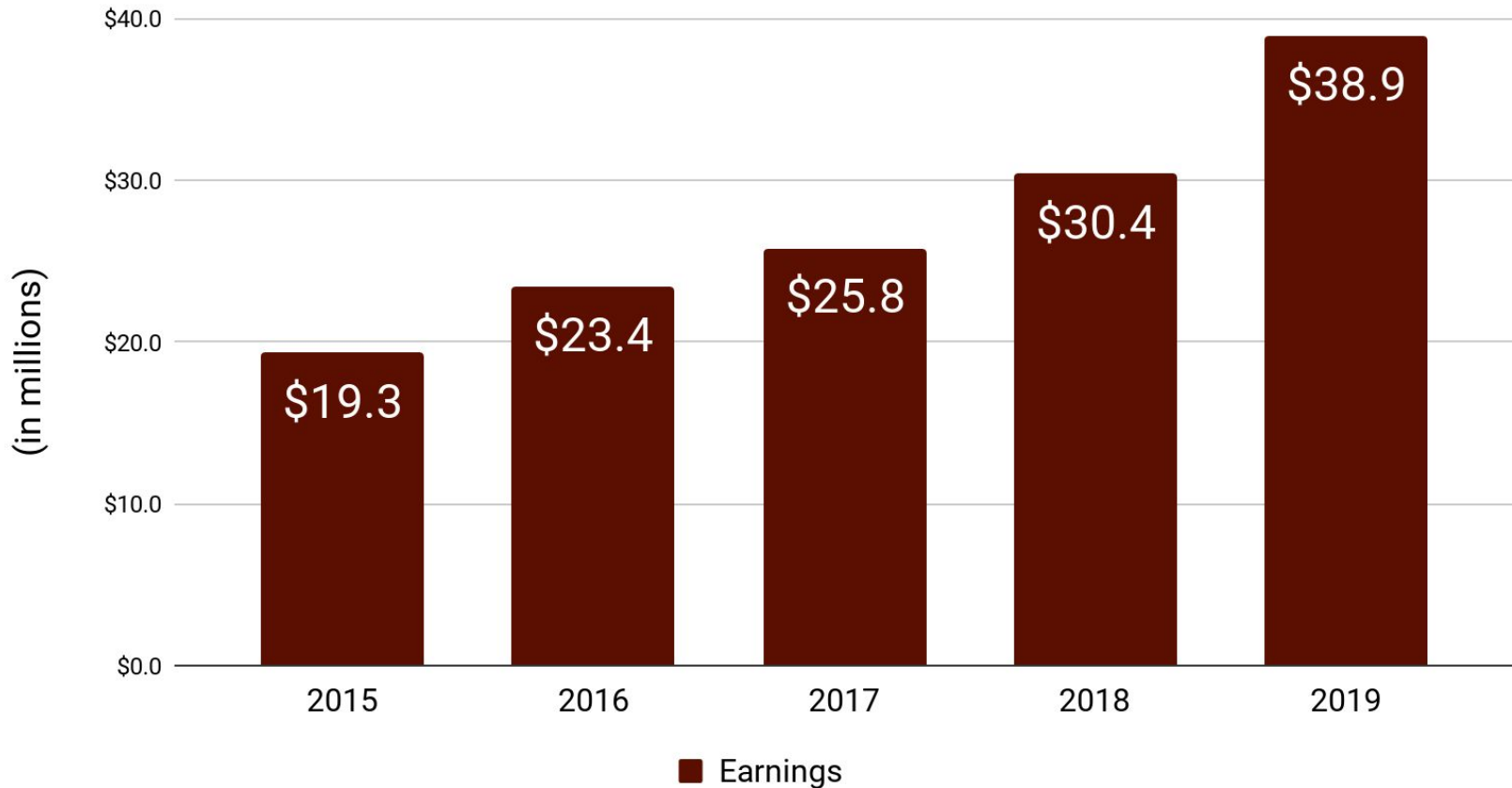
- a. Control Acquisitions (High Prices, Loss of Focus, Elusive Cost Synergies)

# 2019 Financial Results

# Earnings

9

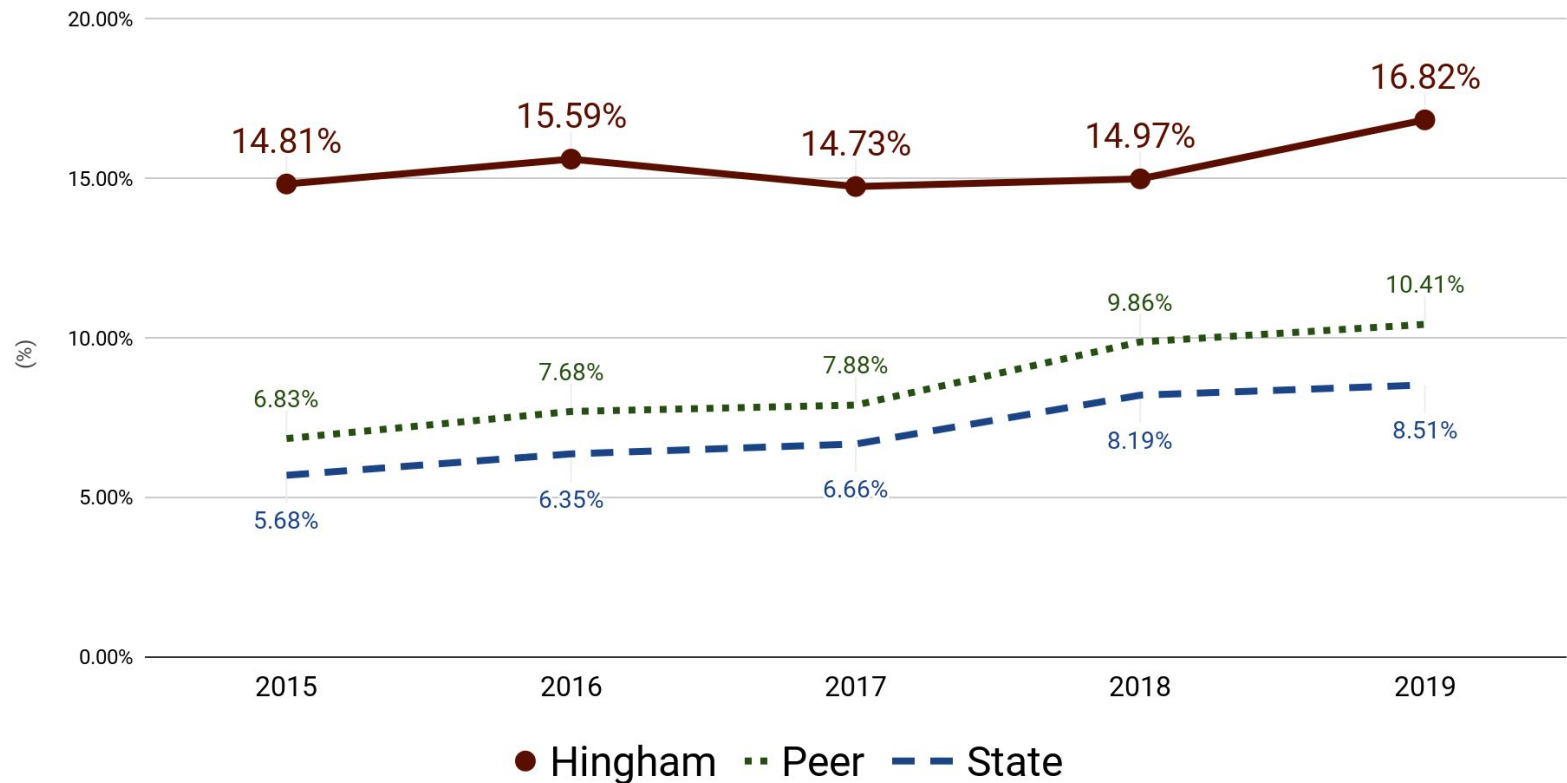
## Annual Earnings



# Return on Shareholder Equity

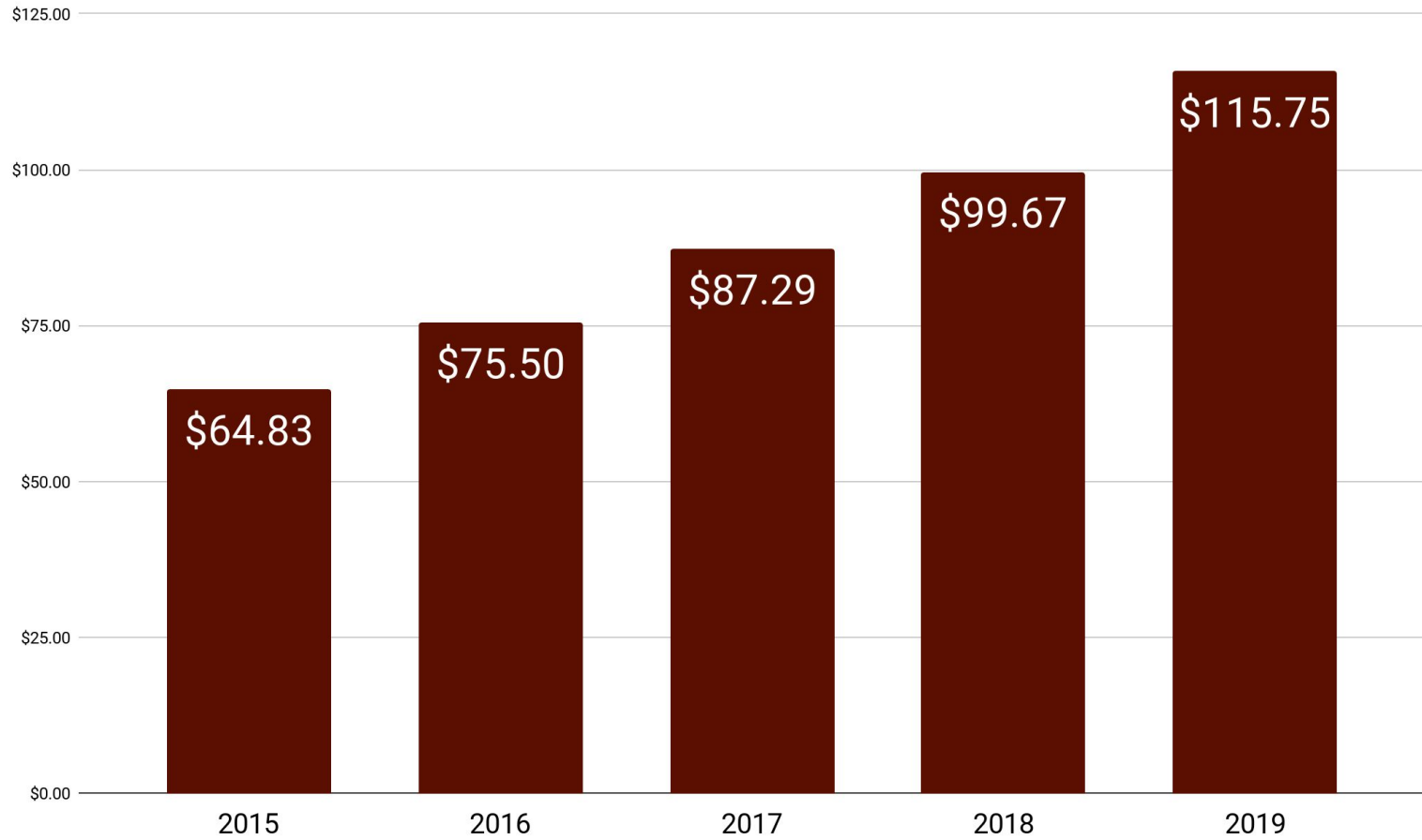
10

## Return on Equity - MA Savings Banks - 2019



# Shareholder Equity Book Value Per Share

11



5YR CAGR of 15.2%

# Low Cost Leadership

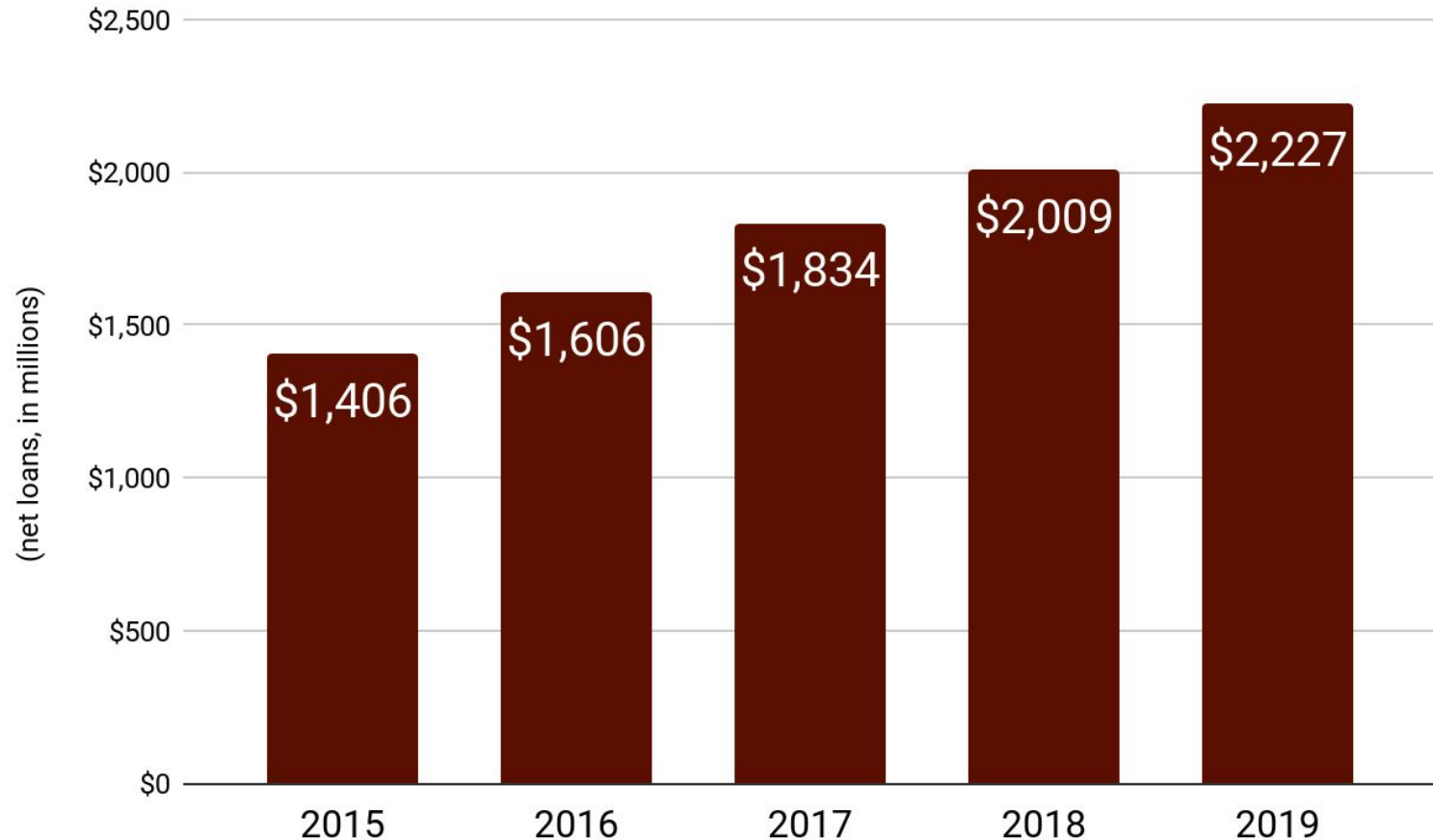
12

- 2019 Efficiency Ratio = 30.26%
- This is the product of both **structural** and **operational** choices
- We must be relentless in taking unnecessary costs out of our business

# Lending

# Disciplined Loan Growth

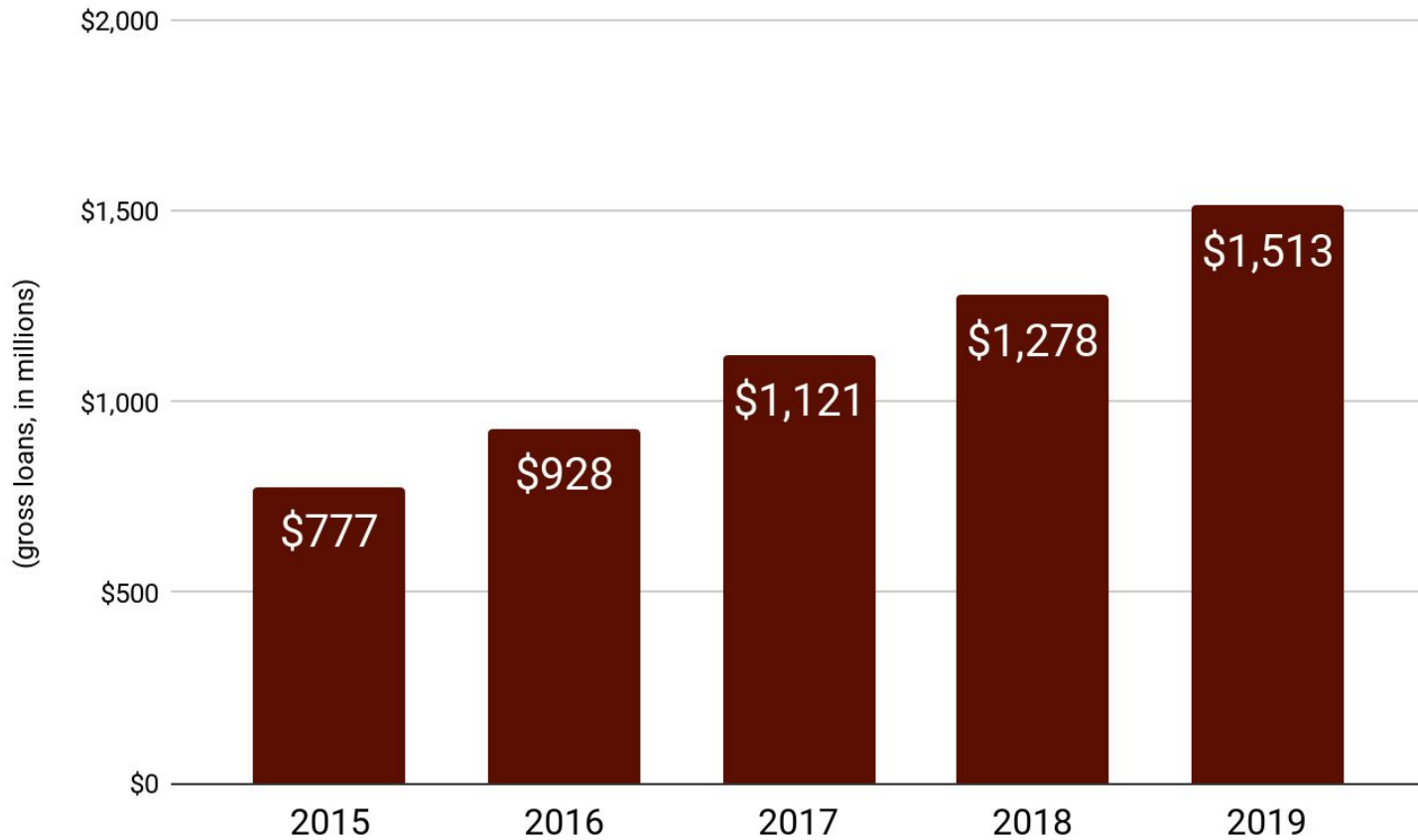
14



5YR CAGR of 12.45%

# Commercial Loan Growth

15

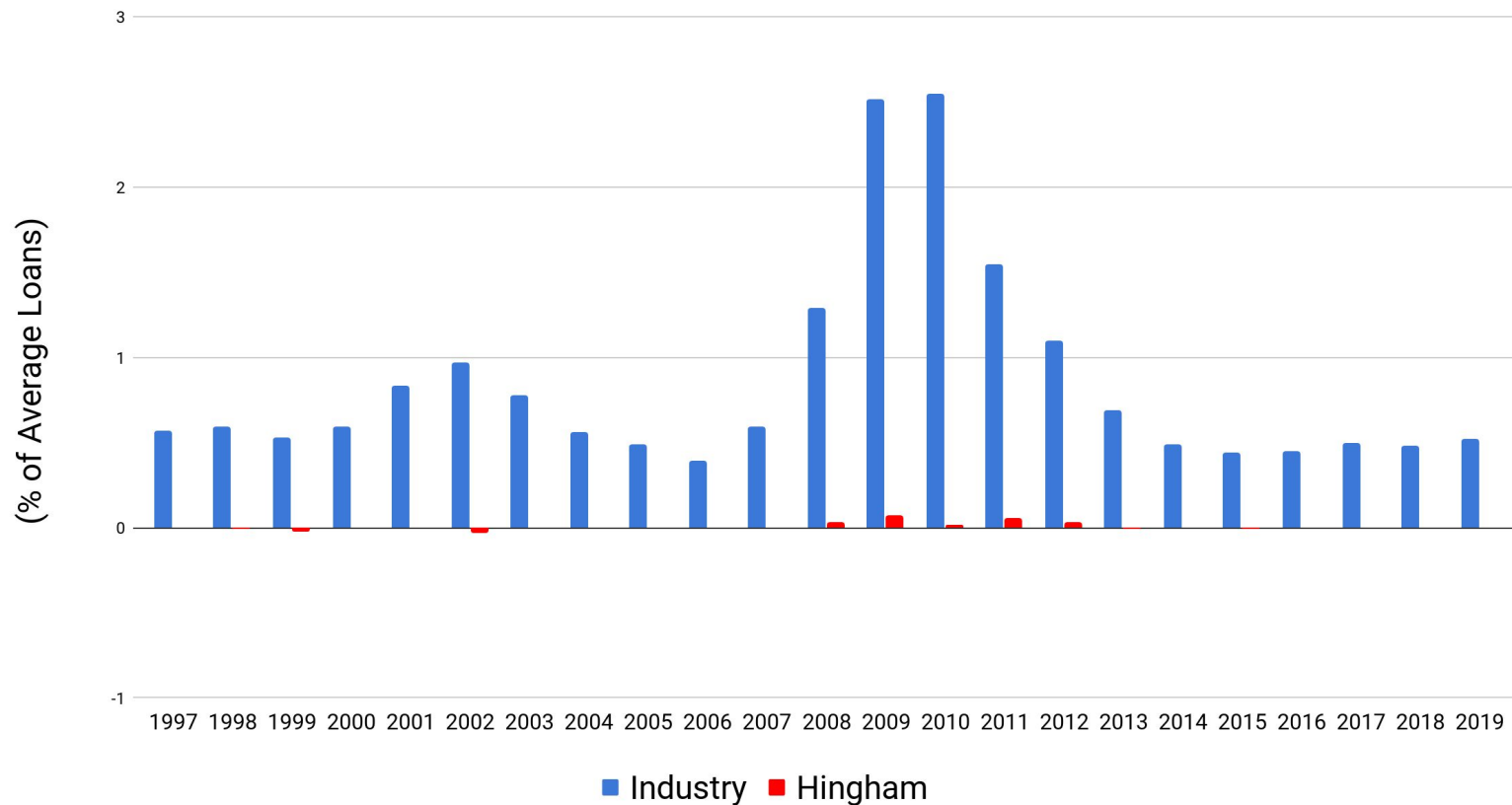


5YR CAGR of 17.8%

# Avoid Loan Losses

16

## Net Charge Offs - Hingham v. All FDIC Insured Banks

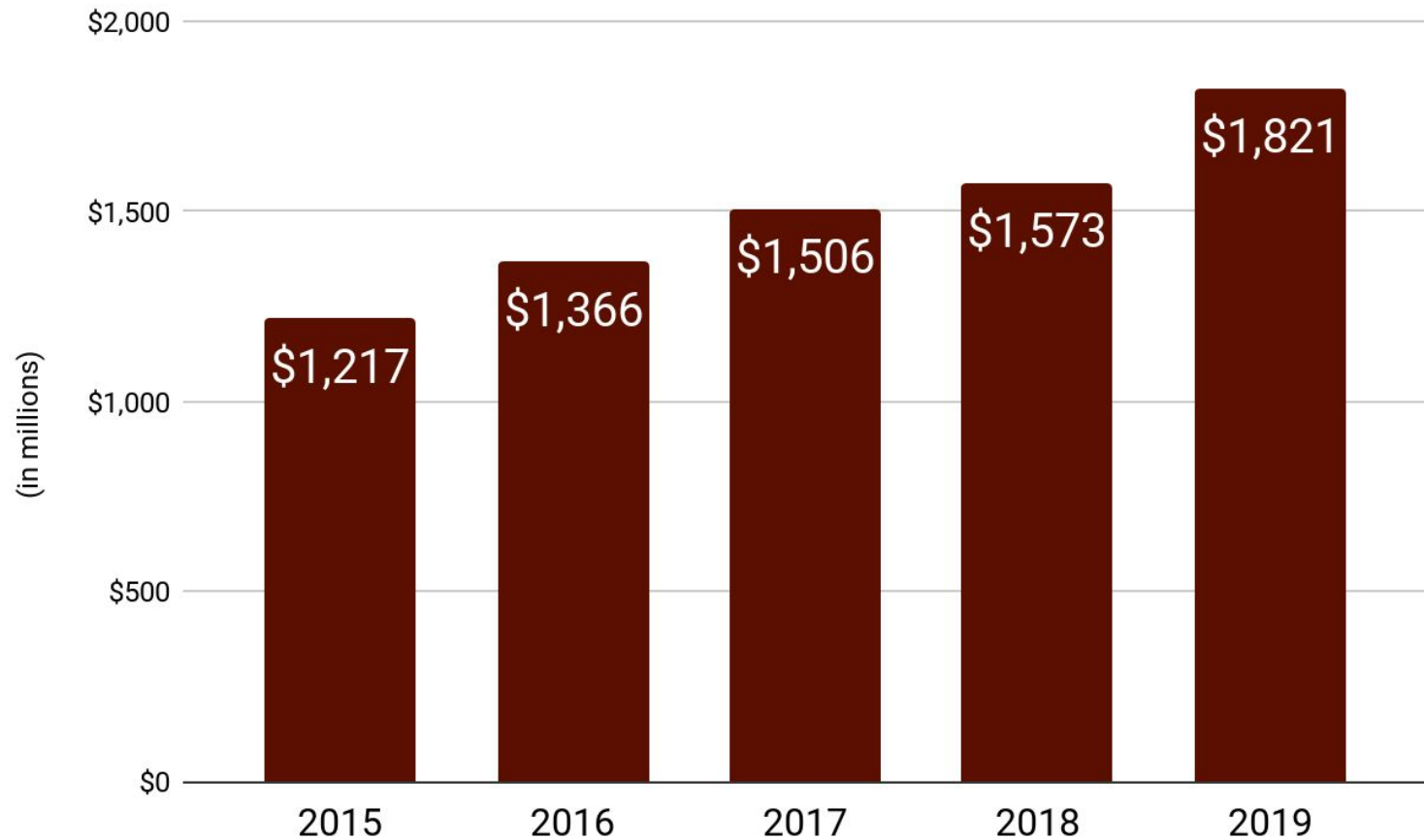


Source: FDIC

# Deposits

# Deposits

18



5YR CAGR of 10.8%

# Deposit Approach

19

- Approach
  - Personalized Service
  - Digital Excellence
  - Low Fee / No Fee
- Two Engines for Growth
  - Specialized Deposit Group (Private Client and Digital First)
  - Retail Banking Group

# Increasing Commercial Deposit Focus

20

- Specialized Deposit Group (SDG)
  - Team of relationship managers and digital banking specialists that handles our largest and most complex deposit relationships, as well as our digital-first account opening
  - Responsible for \$360MM in retail and business deposits as of March 2020 // 63% growth in 2019
  - Significant outreach program
  - PPP for business and nonprofit customers

# Looking Forward - Washington

21



# Looking Forward - Washington

22



# Discussion and Questions

