



P R E S S R E L E A S E

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Hingham, MA (Nasdaq - HIFS)

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21% INCREASE IN 4TH QUARTER NET INCOME

HINGHAM INSTITUTION FOR SAVINGS (Nasdaq - HIFS), Hingham, Massachusetts, announced a 21% increase in fourth quarter net income over that of the same quarter in 1997.

Net income for the year ended December 31, 1998 was \$3,002,000 or \$1.53 per share as compared to \$2,659,000 or \$1.36 per share for fiscal year 1997. Earnings for the fourth quarter ended December 31, 1998 were \$825,000 or \$0.42 per share as compared with \$681,000 or \$0.35 per share for the fourth quarter of 1997, an increase of 21%.

The increase in earnings resulted from significant growth in both deposits and loans. Throughout 1998, total loans increased by \$31,935,000 or 18%, and deposits increased by \$18,235,000 or 11%. Loan originations for 1998 totaled \$81,000,000, an increase of 45% over those of 1997. This robust growth was accomplished with no sacrifice in quality. At December 31, 1998, nonperforming assets totaled only 0.19% of total assets, a continued reduction from the already modest 0.77% at December 31, 1997.

Total assets as of December 31, 1998 were \$260,076,000 as compared to \$222,584,000 at December 31, 1997, and stockholders' equity was \$23,676,000 as compared to \$21,377,000 at December 31, 1997.

A quarterly dividend of \$0.10 per share and a special dividend of \$0.11 per share were announced during the fourth quarter of 1998. A three-for-two stock split in the form of a stock dividend was paid on October 5, 1998.

The annualized Return on Average Assets and Return on Average Equity for fiscal year 1998 were 1.26% and 13.18% respectively. Book value per share was \$12.05.

Hingham Institution for Savings is a Massachusetts-chartered savings bank located in Hingham, Massachusetts. Incorporated in 1834, it is the oldest financial institution headquartered in Hingham and one of the oldest in the Commonwealth. The Bank's main offices are located on Main Street, Hingham, Massachusetts 02043, phone (781) 749-2200. The Bank also maintains branch offices in South Hingham and the neighboring towns of Hull, Cohasset, and Scituate.

The Bank's shares of common stock are listed and traded on The Nasdaq Stock Market under the symbol HIFS.

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

(In Thousands) (Unaudited)	December 31, 1998	December 31, 1997
ASSETS		
Cash and due from banks	\$ 5,227	\$ 3,804
Interest-bearing deposits	13,346	3,464
Cash and cash equivalents	<u>18,573</u>	<u>7,268</u>
Securities available for sale, at fair value	28,235	35,369
Loans, net of allowance for loan losses of \$1,729,000 in 1998 and \$1,560,000 in 1997	204,774	172,839
Banking premises and equipment, net	3,173	2,633
Accrued interest receivable	1,330	1,243
Deferred income tax asset, net	930	994
Federal Home Loan Bank stock, at cost	2,750	1,900
Other assets	311	338
Total assets	<u>\$ 260,076</u>	<u>\$ 222,584</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 178,741	\$ 160,506
Federal Home Loan Bank advances	55,000	38,147
Other borrowed funds	56	319
Mortgagors' escrow accounts	637	451
Accrued interest payable	308	205
Other liabilities	1,658	1,579
Total liabilities	<u>236,400</u>	<u>201,207</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1.00 par value, 2,500,000 shares authorized; none issued	-	-
Common stock, \$1.00 par value, 5,000,000 shares authorized; 1,964,250 shares issued and outstanding at December 31, 1998 and 1,955,250 at December 31, 1997	1,964	1,956
Additional paid-in capital	8,154	8,041
Undivided profits	<u>13,471</u>	<u>11,430</u>
	23,589	21,427
Accumulated other comprehensive income (loss)	87	(50)
Total stockholders' equity	<u>23,676</u>	<u>21,377</u>
Total liabilities and stockholders' equity	<u>\$ 260,076</u>	<u>\$ 222,584</u>
Book value per share	<u>\$ 12.05</u>	<u>\$ 10.93</u>
Return on average equity	<u>13.18 %</u>	<u>13.00 %</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts) (Unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1998	1997	1998	1997
Interest and dividend income:				
Loans	\$ 4,132	\$ 3,638	\$ 15,642	\$ 13,916
Investment securities	500	566	2,176	2,197
Interest-bearing deposits	111	64	343	292
Total interest and dividend income	4,743	4,268	18,161	16,405
Interest expense:				
Deposits	1,663	1,620	6,572	6,263
Borrowed funds	753	523	2,651	1,897
Total interest expense	2,416	2,143	9,223	8,160
Net interest income	2,327	2,125	8,938	8,245
Provision for loan losses	34	48	151	174
Net interest income after provision for loan losses	2,293	2,077	8,787	8,071
Other income:				
Customer service fees on deposits	112	117	441	491
Gain on sales of assets	46	-	106	-
Other	57	56	195	162
Total other income	215	173	742	653
Operating expenses:				
Salaries and employee benefits	706	628	2,711	2,467
Data processing	83	87	332	339
Occupancy and equipment	151	138	573	539
Legal	12	15	16	29
Deposit insurance	7	5	24	22
Other	273	276	1,060	1,062
Total operating expenses	1,232	1,149	4,716	4,458
Income before income taxes	1,276	1,101	4,813	4,266
Income tax provision	451	420	1,811	1,607
Net income	\$ 825	\$ 681	\$ 3,002	\$ 2,659
Cash dividends declared per common share	\$ 0.21	\$ 0.17	\$ 0.49	\$ 0.39
Weighted average shares outstanding	1,964	1,955	1,959	1,953
Weighted average shares outstanding - assuming dilution for stock options	2,010	2,008	2,012	1,996
Earnings per share	\$ 0.42	\$ 0.35	\$ 1.53	\$ 1.36
Earnings per share - assuming dilution for stock options	\$ 0.41	\$ 0.34	\$ 1.49	\$ 1.33