



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

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Hingham, MA (Nasdaq - HIFS)

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6% INCREASE IN NET INCOME

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ - HIFS), Hingham, Massachusetts, announced strong second quarter results marked by continued growth in earnings, primarily fueled by strong asset growth.

President Robert H. Gaughen, Jr. announced that "Our income for the second quarter increased by a healthy 6% over that of the same quarter last year. Our successful efforts to grow our deposit base combined with our ability to generate quality loan growth have allowed us to produce very consistent earnings gains."

The net income of \$786,000, or \$0.40 per share, for the second quarter represents a 6% increase over the \$743,000, or \$0.38 per share, for the second quarter of 1998. The total assets as of June 30, 1999 of \$273,216,000 represent a 14% increase over the total of \$239,148,000 on June 30, 1998. Total loan originations of \$42,713,000 during the first six months of 1999 contributed strongly to the 19% increase in the size of the Bank's loan portfolio during the past year. The asset growth was funded by a solid 10% increase in deposit balances amounting to \$16,805,000 and a \$14,973,000 increase in Federal Home Loan Bank advances over the past year.

Asset quality continued to remain strong. At the end of the first half of 1999, the Bank had no foreclosed properties and only two loans that were more than two payments in arrears, out of a total portfolio of 2,150 loans.

The annualized Return on Average Assets and Return on Average Equity for the first half of 1999 were 1.16% and 12.64% respectively. Book value per share was \$12.52 as of June 30, 1999, and the Bank continued to receive the Federal Deposit Insurance Corporation's highest capital rating with a tier one capital ratio of 9.14%.

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 Massachusetts. 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, Scituate, and Weymouth.

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

<i>(Unaudited)</i>	<u>June 30,</u> <u>1999</u>	<u>June 30,</u> <u>1998</u>
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 4,221	\$ 4,305
Interest-bearing deposits	<u>13,406</u>	<u>7,617</u>
Cash and cash equivalents	17,627	11,922
Securities available for sale, at fair value	29,824	38,086
Loans, net of allowance for loan losses of \$1,851,000 in 1999 and \$1,647,000 in 1998	216,479	181,552
Banking premises and equipment, net	3,384	2,509
Accrued interest receivable	1,393	1,352
Deferred income tax asset, net	1,045	953
Federal Home Loan Bank stock, at cost	2,949	2,250
Other assets	515	524
Total assets	<u>\$ 273,216</u>	<u>\$ 239,148</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 187,186	\$ 170,381
Federal Home Loan Bank advances	58,973	44,000
Other borrowed funds	140	166
Mortgagors' escrow accounts	718	518
Accrued interest payable	292	237
Other liabilities	1,310	1,302
Total liabilities	<u>248,619</u>	<u>216,604</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 June 30, 1999 and 1,955,250 shares issued and outstanding at June 30, 1998.	1,964	1,956
Additional paid-in capital	8,154	8,041
Undivided profits	14,575	12,536
Accumulated other comprehensive income (loss)	(96)	11
Total stockholders' equity	<u>24,597</u>	<u>22,544</u>
Total liabilities and stockholders' equity	<u>\$ 273,216</u>	<u>\$ 239,148</u>
Book value per share	\$ 12.52	\$ 11.53
Return on average equity	12.64 %	13.18 %

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
<i>(In Thousands, Except for Per Share Amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 4,350	\$ 3,803	\$ 8,586	\$ 7,567
Investment securities	495	565	938	1,127
Interest-bearing deposits	125	96	264	176
Total interest and dividend income	4,970	4,464	9,788	8,870
Interest expense:				
Deposits	1,649	1,646	3,279	3,249
Borrowed funds	789	639	1,549	1,249
Total interest expense	2,438	2,285	4,828	4,498
Net interest income	2,532	2,179	4,960	4,372
Provision for loan losses	60	39	120	78
Net interest income after provision for loan losses	2,472	2,140	4,840	4,294
Other income:				
Customer service fees on deposits	128	114	257	230
Gain on sale of loans	--	58	--	58
Gain (loss) on sale of securities available for sale	11	(15)	11	(15)
Other	44	61	82	99
Total other income	183	218	350	372
Operating expenses:				
Salaries and employee benefits	759	657	1,497	1,314
Data processing	97	78	196	160
Occupancy and equipment	183	144	348	287
Legal	(1)	2	(2)	(1)
Other	337	266	649	538
Total operating expenses	1,375	1,147	2,688	2,298
Income before income taxes	1,280	1,211	2,502	2,368
Income tax provision	494	468	965	911
Net income	\$ 786	\$ 743	\$ 1,537	\$ 1,457
Cash dividends declared per common share	\$ 0.11	\$ 0.09	\$ 0.22	\$ 0.18
Weighted average shares outstanding:				
Basic	1,964	1,956	1,964	1,956
Diluted	2,006	2,016	2,006	2,013
Earnings per share:				
Basic	\$ 0.40	\$ 0.38	\$ 0.78	\$ 0.74
Diluted	\$ 0.39	\$ 0.37	\$ 0.77	\$ 0.72