



## P R E S S   R E L E A S E

FROM: Robert H. Gaughen, Jr., President  
Hingham Institution for Savings  
Hingham, MA (Nasdaq - HIFS)

DATE: January 20, 2000

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### **STRONG EARNINGS INCREASE FOR YEAR AND FOURTH QUARTER**

HINGHAM INSTITUTION FOR SAVINGS (Nasdaq - HIFS), Hingham, Massachusetts, announced its earnings for 1999. Net income for the year ended December 31, 1999 was \$3,246,000 or \$1.65 per share representing an 8.1% increase over net income of \$3,002,000 or \$1.53 per share for fiscal year 1998. Earnings for the fourth quarter ended December 31, 1999 were \$870,000 or \$0.44 per share as compared with \$825,000 or \$0.42 per share for the fourth quarter of 1998.

The increase in earnings resulted from significant growth in both deposits and loans. Throughout 1999, loans increased by \$24,913,000 or 12.2%, and deposits increased by \$14,773,000 or 8.3%. Loan originations for 1999 totaled \$87,391,000.

Commenting on these results, President and Chief Executive Officer Robert H. Gaughen, Jr. said "Our continued growth has resulted in predictably strong earnings. Earnings continue to grow at a higher rate than our peer averages. The steady expansion of our retail franchise in the attractive coastal towns of the South Shore and our ongoing development as a niche lender in multifamily properties have produced an enviable earnings record. Our very lean organization has allowed us to accomplish this while still maintaining a very healthy 9.16% tier one capital ratio. We have one of the lowest (best) efficiency ratios of area banks: 50% versus approximately 67%. Asset quality also remains high with nonperforming loans totaling only 0.33% of total assets." The annualized Return on Average Assets and Return on Average Equity for fiscal year 1999 were 1.19% and 13.07% respectively. Book value per share was \$12.83.

Total assets as of December 31, 1999 were \$291,183,000 as compared to \$260,076,000 at December 31, 1998, and stockholders' equity was \$26,181,000 as compared to \$23,676,000 at December 31, 1998.

A quarterly dividend of \$0.12 per share and a special dividend of \$0.12 per share were announced during the fourth quarter of 1999.

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 Cohasset, Hull, Scituate, and Weymouth.

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

55 Main Street, Hingham, MA 02043 (781) 749-2200

[www.hinghamavings.com](http://www.hinghamavings.com)

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

<i>(Unaudited)</i>	December 31, 1999	December 31, 1998
	<i>(\$ in thousands except per share amounts)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 6,236	\$ 5,227
Interest-bearing deposits	9,755	13,346
Cash and cash equivalents	15,991	18,573
Securities available for sale, at fair value	35,532	28,235
Loans, net of allowance for loan losses of \$1,976,000 in 1999 and \$1,729,000 in 1998	229,687	204,774
Banking premises and equipment, net	3,397	3,173
Accrued interest receivable	1,642	1,330
Deferred income tax asset, net	1,172	930
Federal Home Loan Bank stock, at cost	3,423	2,750
Other assets	339	311
Total assets	\$ 291,183	\$ 260,076
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 193,514	\$ 178,741
Federal Home Loan Bank advances	68,445	55,000
Other borrowed funds	248	56
Mortgagors' escrow accounts	870	637
Accrued interest payable	358	308
Other liabilities	1,567	1,658
Total liabilities	265,002	236,400
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; 2,040,750 shares issued and outstanding at December 31, 1999 and 1,964,250 at December 31, 1998	2,041	1,964
Additional paid-in capital	8,809	8,154
Undivided profits	15,559	13,471
Accumulated other comprehensive income (loss)	(228)	87
Total stockholders' equity	26,181	23,676
Total liabilities and stockholders' equity	\$ 291,183	\$ 260,076
Book value per share	\$ 12.83	\$ 12.05
Return on average equity	13.07 %	13.18 %

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,	
	1999	1998	1999	1998
Interest and dividend income:				
Loans	\$ 4,651	\$ 4,132	\$ 17,734	\$ 15,642
Investment securities	572	500	2,016	2,176
Interest-bearing deposits	132	111	509	343
Total interest and dividend income	5,355	4,743	20,259	18,161
Interest expense:				
Deposits	1,716	1,663	6,648	6,572
Borrowed funds	947	753	3,320	2,651
Total interest expense	2,663	2,416	9,968	9,223
Net interest income	2,692	2,327	10,291	8,938
Provision for loan losses	20	34	200	151
Net interest income after provision for loan losses	2,672	2,293	10,091	8,787
Other income:				
Customer service fees on deposits	151	112	536	441
Gain on sales of assets	-	46	11	106
Other	65	57	187	195
Total other income	216	215	734	742
Operating expenses:				
Salaries and employee benefits	841	706	3,120	2,711
Data processing	99	83	398	332
Occupancy and equipment	171	151	689	573
Legal	5	12	(1)	16
Other	359	280	1,334	1,084
Total operating expenses	1,475	1,232	5,540	4,716
Income before income taxes	1,413	1,276	5,285	4,813
Income tax provision	543	451	2,039	1,811
Net income	\$ 870	\$ 825	\$ 3,246	\$ 3,002
Cash dividends declared per common share	\$ 0.24	\$ 0.21	\$ 0.58	\$ 0.49
Weighted average shares outstanding	1,973	1,964	1,966	1,959
Weighted average shares outstanding - assuming dilution for stock options	2,010	2,010	2,007	2,012
Earnings per share	\$ 0.44	\$ 0.42	\$ 1.65	\$ 1.53
Earnings per share - assuming dilution for stock options	\$ 0.43	\$ 0.41	\$ 1.62	\$ 1.49