



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)

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31% INCREASE IN QUARTERLY EARNINGS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ – HIFS), Hingham, Massachusetts, announced a 31% increase in second quarter earnings as compared to those of the same quarter last year. The second quarter results also contained dramatic growth in the overall balance sheet.

President Robert H. Gaughen, Jr. announced “Our earnings for the second quarter increased by a very strong 31% over those of the second quarter last year. This increase is primarily attributable to the expansion of our balance sheet. This growth is produced by a flood of consumers and small business customers seeking an alternative to the service levels of recently consolidated regional banks. The current environment in our local market presents an unprecedented opportunity for a responsive community bank.”

The net income of \$1,032,000, or \$0.51 per share, for the second quarter represents a 31% increase over the \$786,000, or \$0.40 per share, for the second quarter of 1999. The Bank’s total assets as of June 30, 2000 of \$322,618,000 represent an 18% increase over the total of \$273,216,000 on June 30, 1999. Total loan originations of \$47,825,000 during the first six months of 2000 contributed strongly to the 16% increase in the size of the Bank’s loan portfolio during the past year. The asset growth was funded by an impressive 16% increase in deposit balances amounting to \$30,486,000 and a \$12,944,000 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 2000, the Bank had no foreclosed properties and no loans in the total loan portfolio were 60 days or more in arrears. Asset quality levels are the best in the Bank’s history.

The annualized Return on Average Assets and Return on Average Equity for the first half of 2000 were 1.34% and 14.91% respectively. Book value per share was \$13.54 as of June 30, 2000, and the Bank continued to merit the Federal Deposit Insurance Corporation’s highest capital rating with a tier one capital ratio of 9.05%.

Hingham Institution for Savings is a Massachusetts-chartered savings bank. 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 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

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

<i>(Unaudited)</i>	June 30, 2000	June 30, 1999
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 7,070	\$ 4,221
Interest-bearing deposits	<u>16,332</u>	<u>13,406</u>
Cash and cash equivalents	23,402	17,627
Securities available for sale, at fair value	37,332	29,824
Loans, net of allowance for loan losses of \$2,122,000 in 2000 and \$1,851,000 in 1999	251,494	216,479
Banking premises and equipment, net	3,273	3,384
Accrued interest receivable	1,902	1,393
Deferred income tax asset, net	1,148	1,045
Federal Home Loan Bank stock, at cost	3,646	2,949
Other assets	<u>421</u>	<u>515</u>
Total assets	<u>\$ 322,618</u>	<u>\$ 273,216</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 217,672	\$ 187,186
Federal Home Loan Bank advances	71,917	58,973
Other borrowed funds	229	140
Mortgagors' escrow accounts	926	718
Accrued interest payable	356	292
Other liabilities	<u>3,894</u>	<u>1,310</u>
Total liabilities	<u>294,994</u>	<u>248,619</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; 2,040,750 shares issued and outstanding at June 30, 2000 and 1,964,250 shares issued and outstanding at June 30, 1999.	2,041	1,964
Additional paid-in capital	8,809	8,154
Undivided profits	17,045	14,575
Accumulated other comprehensive loss	<u>(271)</u>	<u>(96)</u>
Total stockholders' equity	<u>27,624</u>	<u>24,597</u>
Total liabilities and stockholders' equity	<u>\$ 322,618</u>	<u>\$ 273,216</u>
Book value per share	\$ 13.54	\$ 12.52
Return on average equity	14.91 %	12.64 %

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In Thousands, Except for Per Share Amounts)</i> <i>(Unaudited)</i>	2000	1999	2000	1999
Interest and dividend income:				
Loans	\$ 5,064	\$ 4,350	\$ 9,908	\$ 8,586
Investment securities	660	495	1,282	938
Interest-bearing deposits	137	125	248	264
Total interest and dividend income	5,861	4,970	11,438	9,788
Interest expense:				
Deposits	1,873	1,649	3,622	3,279
Borrowed funds	1,044	789	2,046	1,549
Total interest expense	2,917	2,438	5,668	4,828
Net interest income	2,944	2,532	5,770	4,960
Provision for loan losses	80	60	134	120
Net interest income after provision for loan losses	2,864	2,472	5,636	4,840
Other income:				
Customer service fees on deposits	172	128	328	257
Gain on sale of securities available for sale	-	11	-	11
Other	41	44	95	82
Total other income	213	183	423	350
Operating expenses:				
Salaries and employee benefits	832	759	1,685	1,497
Data processing	114	97	225	196
Occupancy and equipment	184	183	372	348
Legal	8	(1)	14	(2)
Other	367	337	700	649
Total operating expenses	1,505	1,375	2,996	2,688
Income before income taxes	1,572	1,280	3,063	2,502
Income tax provision	540	494	1,047	965
Net income	\$ 1,032	\$ 786	\$ 2,016	\$ 1,537
Cash dividends declared per common share	\$ 0.13	\$ 0.11	\$ 0.26	\$ 0.22
Weighted average shares outstanding:				
Basic	2,041	1,964	2,041	1,964
Diluted	2,052	2,006	2,053	2,006
Earnings per share:				
Basic	\$ 0.51	\$ 0.40	\$ 0.99	\$ 0.78
Diluted	\$ 0.50	\$ 0.39	\$ 0.98	\$ 0.77