



## P R E S S   R E L E A S E

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Hingham Institution for Savings  
Hingham, MA (Nasdaq - HIFS)

DATE: January 24, 2001

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### **30% INCREASE IN EARNINGS**

HINGHAM INSTITUTION FOR SAVINGS (Nasdaq - HIFS), Hingham, Massachusetts, announced its earnings for 2000. Net income for the year ended December 31, 2000 was \$4,227,000 or \$2.07 per share (\$2.06 diluted) as compared to \$3,246,000 or \$1.65 per share (\$1.62 diluted) in 1999. This represents a 30% increase in earnings. The trend in annual earnings was also reflected in the fourth quarter with \$1,151,000 net income for the quarter ending December 31, 2000 compared to \$870,000 for the quarter ending December 31, 1999. The Bank's return on equity increased from 13.07% in 1999 to 15.17% in 2000. Its return on assets increased from 1.19% in 1999 to 1.35% in 2000. These results were produced by accelerating growth patterns in the Bank's balance sheet, continued expense control efforts and effective tax planning.

Deposits increased by \$31,996,000 or 17% in 2000 compared to a \$14,773,000 or 8% increase in 1999.

The Bank achieved a similar increase in its loan portfolio of \$36,881,000 or 16% as compared to a \$24,913,000 or 12% increase in 1999. Loan originations increased from \$87,391,000 in 1999 to \$92,260,000 in 2000.

Commenting on these results, President and CEO Robert H. Gaughen, Jr. said "These results confirm our position as one of the fastest growing and most profitable financial institutions in our marketplace. Our management group and staff have acted together to take advantage of our franchise in the attractive coastal cities and towns of the South Shore and the desire of families and businesses for access to a competent, community-based banking alternative."

Asset quality also continued to improve from an already high level. At year end 2000, nonperforming loans totaled 0.03% of total assets as compared to 0.33% at year end 1999.

The Bank's cost control efforts also resulted in one of the lowest (best) efficiency ratios of Massachusetts banks: 48% versus an approximate 63% for all state-chartered banks.

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Total assets as of December 31, 2000 were \$337,881,000 as compared to \$291,183,000 at December 31, 1999. Stockholders' equity increased from \$26,181,000 on December 31, 1999 to \$29,501,000 on December 31, 2000 with a concomitant increase in book value per share from \$12.83 to \$14.46 on December 31, 2000.

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.

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

	December 31, 2000	December 31, 1999
<i>(Unaudited)</i>	<i>(\$ in thousands except per share amounts)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 6,989	\$ 6,236
Interest-bearing deposits	14,243	9,755
Cash and cash equivalents	21,232	15,991
Securities available for sale, at fair value	39,440	35,532
Loans, net of allowance for loan losses of \$2,272,000 in 2000 and \$1,976,000 in 1999	266,568	229,687
Banking premises and equipment, net	3,178	3,397
Accrued interest receivable	2,057	1,642
Deferred income tax asset, net	988	1,172
Federal Home Loan Bank stock, at cost	4,019	3,423
Other assets	399	339
Total assets	\$ 337,881	\$ 291,183
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 225,510	\$ 193,514
Federal Home Loan Bank advances	77,887	68,445
Other borrowed funds	204	248
Mortgagors' escrow accounts	1,052	870
Accrued interest payable	414	358
Other liabilities	3,313	1,567
Total liabilities	308,380	265,002
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, 2000 and at December 31, 1999	2,041	2,041
Additional paid-in capital	8,809	8,809
Undivided profits	18,394	15,559
Accumulated other comprehensive income (loss)	257	(228)
Total stockholders' equity	29,501	26,181
Total liabilities and stockholders' equity	\$ 337,881	\$ 291,183
Book value per share	\$ 14.46	\$ 12.83
Return on average equity	15.17 %	13.07 %

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,	
	2000	1999	2000	1999
<b>Interest and dividend income:</b>				
Loans	\$ 5,478	\$ 4,651	\$ 20,677	\$ 17,734
Investment securities	692	572	2,599	2,016
Interest-bearing deposits	159	132	621	509
Total interest and dividend income	6,329	5,355	23,897	20,259
<b>Interest expense:</b>				
Deposits	2,114	1,716	7,829	6,648
Borrowed funds	1,152	947	4,276	3,320
Total interest expense	3,266	2,663	12,105	9,968
Net interest income	3,063	2,692	11,792	10,291
<b>Provision for loan losses</b>	90	20	284	200
Net interest income after provision for loan losses	2,973	2,672	11,508	10,091
<b>Other income:</b>				
Customer service fees on deposits	194	151	686	536
Gain on sales of securities available for sale	-	-	-	11
Other	76	65	221	187
Total other income	270	216	907	734
<b>Operating expenses:</b>				
Salaries and employee benefits	837	841	3,367	3,120
Data processing	148	99	501	398
Occupancy and equipment	168	171	711	689
Legal	10	5	31	(1)
Other	411	359	1,458	1,334
Total operating expenses	1,574	1,475	6,068	5,540
<b>Income before income taxes</b>	1,669	1,413	6,347	5,285
Income tax provision	518	543	2,120	2,039
Net income	\$ 1,151	\$ 870	\$ 4,227	\$ 3,246
<b>Cash dividends declared per common share</b>	\$ 0.28	\$ 0.24	\$ 0.68	\$ 0.58
<b>Weighted average shares outstanding</b>				
Basic	2,041	1,973	2,041	1,966
Diluted	2,057	2,010	2,055	2,007
<b>Earnings per share</b>				
Basic	\$ 0.56	\$ 0.44	\$ 2.07	\$ 1.65
Diluted	\$ 0.56	\$ 0.43	\$ 2.06	\$ 1.62