



## P R E S S   R E L E A S E

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

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### **19% INCREASE IN QUARTERLY EARNINGS**

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ – HIFS), Hingham, Massachusetts, announced a 19% increase in second quarter earnings as compared to those of the same quarter last year. The second quarter results also demonstrate continued growth in the overall balance sheet.

President Robert H. Gaughen, Jr. announced “Our earnings for the second quarter again increased by a very strong 19% over those of the second quarter last year. This increase is primarily attributable to the expansion of our balance sheet. Consumers and small business customers are seeking alternatives to the service levels of the larger regional banks. Our local market presents an ongoing opportunity for an effective community bank.”

The net income of \$1,229,000, or \$0.60 per share (\$0.59 diluted), for the second quarter represents a 19% increase over the \$1,032,000, or \$0.51 per share (\$0.50 diluted), for the second quarter of 2000. The Bank’s total assets as of June 30, 2001 of \$359,783,000 represent a 12% increase over the total of \$322,618,000 on June 30, 2000. Total loan originations of \$50,365,000 during the first six months of 2001 contributed strongly to the 11% increase in the size of the Bank’s loan portfolio during the past year. The asset growth was funded by a 9% increase in deposit balances amounting to \$18,766,000 and a \$14,940,000 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 2001, the Bank had no foreclosed properties and again reported no loans more than 60 days in arrears. Despite some slowing of the general economy, asset quality levels remain the best in the Bank’s history.

The annualized Return on Average Assets and Return on Average Equity for the first half of 2001 were 1.44% and 16% respectively. Book value per share was \$15.45 as of June 30, 2001, and the Bank continued to merit the Federal Deposit Insurance Corporation's highest capital rating with a tier one capital ratio of 8.97%.

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

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

	June 30, 2001	June 30, 2000
	<i>(\$ in thousands except per share amounts)</i>	
<i>(Unaudited)</i>		
<b>ASSETS</b>		
Cash and due from banks	\$ 8,357	\$ 7,070
Interest-bearing deposits	20,542	16,332
Cash and cash equivalents	28,899	23,402
Securities available for sale, at fair value	41,139	37,332
Loans, net of allowance for loan losses of \$2,392,000 in 2001 and \$2,122,000 in 2000	278,808	251,494
Banking premises and equipment, net	3,055	3,273
Accrued interest receivable	2,098	1,902
Deferred income tax asset, net	912	1,148
Federal Home Loan Bank stock, at cost	4,343	3,646
Other assets	529	421
Total assets	\$ 359,783	\$ 322,618
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 236,438	\$ 217,672
Federal Home Loan Bank advances	86,857	71,917
Other borrowed funds	207	229
Mortgagors' escrow accounts	1,001	926
Accrued interest payable	394	356
Other liabilities	3,291	3,894
Total liabilities	328,188	294,994
 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; shares issued and outstanding: 2,045,250 at June 30, 2001 and 2,040,750 at June 30, 2000	2,045	2,041
Additional paid-in capital	8,857	8,809
Undivided profits	20,252	17,045
Accumulated other comprehensive income (loss)	441	(271)
Total stockholders' equity	31,595	27,624
Total liabilities and stockholders' equity	\$ 359,783	\$ 322,618
Book value per share	\$ 15.45	\$ 13.54
Return on average equity	16.00 %	14.91 %

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

<i>(In Thousands, Except for Per Share Amounts)</i> <i>(Unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Interest and dividend income:				
Loans	\$ 5,685	\$ 5,064	\$ 11,348	\$ 9,908
Investment securities	630	660	1,291	1,282
Interest-bearing deposits	175	137	322	248
Total interest and dividend income	6,490	5,861	12,961	11,438
Interest expense:				
Deposits	2,084	1,873	4,259	3,622
Borrowed funds	1,117	1,044	2,254	2,046
Total interest expense	3,201	2,917	6,513	5,668
Net interest income	3,289	2,944	6,448	5,770
Provision for loan losses	60	80	120	134
Net interest income after provision for loan losses	3,229	2,864	6,328	5,636
Other income:				
Customer service fees on deposits	177	172	356	328
Gain on sale of loans and securities available for sale	2	--	136	--
Other	93	41	155	95
Total other income	272	213	647	423
Operating expenses:				
Salaries and employee benefits	924	832	1,835	1,685
Data processing	131	114	269	225
Occupancy and equipment	187	184	366	372
Legal	6	8	10	14
Other	393	367	757	700
Total operating expenses	1,641	1,505	3,237	2,996
Income before income taxes	1,860	1,572	3,738	3,063
Income tax provision	631	540	1,266	1,047
Net income	\$ 1,229	\$ 1,032	\$ 2,472	\$ 2,016
Cash dividends declared per common share	\$ 0.15	\$ 0.13	\$ 0.30	\$ 0.26
Weighted average shares outstanding:				
Basic	2,045	2,041	2,045	2,041
Diluted	2,069	2,052	2,067	2,053
Earnings per share:				
Basic	\$ 0.60	\$ 0.51	\$ 1.21	\$ 0.99
Diluted	\$ 0.59	\$ 0.50	\$ 1.20	\$ 0.98