



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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21% INCREASE IN NET INCOME

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ – HIFS), Hingham, Massachusetts, announced third quarter results highlighted by continued growth in earnings driven primarily by strong growth in the balance sheet.

President Robert H. Gaughen, Jr. announced that “Net income for the third quarter increased by 21% over that of the same quarter last year. This earnings trend has been driven by our ability to expand our balance sheet and at the same time, increase our net interest margin. Our total deposits and total loans have increased by 12% and 10% respectively over the last twelve months. Additionally, earnings have benefitted from an increase in our net interest margin due to a rapidly decreasing cost of funds. The net interest margin has increased from 3.81% for the third quarter 2000 to 3.91% for the third quarter 2001.”

The net income of \$1,282,000, or \$0.63 per share, for the third quarter represents a 21% increase over the \$1,060,000, or \$0.52 per share, for the third quarter of 2000. The Bank’s total assets as of September 30, 2001 of \$375,618,000 represent a 15% increase over the total of \$326,268,000 on September 30, 2000. Total loan originations of \$78,625,000 during the first nine months of 2001 contributed strongly to the \$25,062,000 net increase in the size of the Bank's loan portfolio during the past year.

Asset quality continued to remain strong. At the end of the third quarter of 2001, nonperforming assets totaled only 0.12% of total assets.

The annualized Return on Average Equity and Return on Average Assets for the nine months ended September 30, 2001 were 15.93% and 1.43% respectively. Book value per share was \$16.11 as of September 30, 2001, and the Bank continued to merit the Federal Deposit Insurance Corporation's highest capital rating with a tier one capital ratio of 8.88%.

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

	September 30, 2001	September 30, 2000
<i>(Unaudited)</i>	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 8,022	\$ 5,530
Interest-bearing deposits	32,467	11,166
Cash and cash equivalents	40,489	16,696
Securities available for sale, at fair value	40,718	41,019
Loans, net of allowance for loan losses of \$2,452,000 in 2001 and \$2,182,000 in 2000	283,302	258,240
Banking premises and equipment, net	3,652	3,231
Accrued interest receivable	1,930	1,961
Deferred income tax asset, net	712	1,067
Federal Home Loan Bank stock, at cost	4,343	3,695
Other assets	472	359
Total assets	\$ 375,618	\$ 326,268
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 248,589	\$ 222,690
Federal Home Loan Bank advances	86,843	70,902
Other borrowed funds	226	146
Mortgagors' escrow accounts	1,169	1,145
Accrued interest payable	390	364
Other liabilities	5,454	2,466
Total liabilities	342,671	297,713
 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; 2,045,250 and 2,040,750 shares issued and outstanding at September 30, 2001 and 2000, respectively	2,045	2,041
Additional paid-in capital	8,857	8,809
Undivided profits	21,227	17,819
Accumulated other comprehensive income (loss)	818	(114)
Total stockholders' equity	32,947	28,555
Total liabilities and stockholders' equity	\$ 375,618	\$ 326,268
Book value per share	\$ 16.11	\$ 13.99
Return on average equity	15.93 %	14.93 %

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
<i>(In Thousands, Except for Per Share Amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 5,736	\$ 5,304	\$ 17,157	\$ 15,235
Investment securities	638	625	1,929	1,907
Interest-bearing deposits	211	214	533	462
Total interest and dividend income	6,585	6,143	19,619	17,604
Interest expense:				
Deposits	2,062	2,093	6,321	5,715
Borrowed funds	1,084	1,078	3,338	3,124
Total interest expense	3,146	3,171	9,659	8,839
Net interest income	3,439	2,972	9,960	8,765
Provision for loan losses	60	60	180	194
Net interest income after provision for loan losses	3,379	2,912	9,780	8,571
Other income:				
Customer service fees on deposits	168	164	524	492
Gain on sale of securities available for sale and loans	-	-	136	-
Other	39	37	121	109
Total other income	207	201	781	601
Operating expenses:				
Salaries and employee benefits	936	845	2,771	2,530
Data processing	139	128	408	353
Occupancy and equipment	178	171	544	543
Legal	1	7	11	21
Other	395	347	1,152	1,047
Total operating expenses	1,649	1,498	4,886	4,494
Income before income taxes	1,937	1,615	5,675	4,678
Income tax provision	655	555	1,921	1,602
Net income	\$ 1,282	\$ 1,060	\$ 3,754	\$ 3,076
Cash dividends declared per common share	\$ 0.15	\$ 0.14	\$ 0.45	\$ 0.40
Weighted average shares outstanding				
Basic	2,045	2,041	2,045	2,041
Diluted	2,073	2,055	2,070	2,053
Earnings per share				
Basic	\$ 0.63	\$ 0.52	\$ 1.84	\$ 1.51
Diluted	\$ 0.62	\$ 0.52	\$ 1.81	\$ 1.50