



## PRESS RELEASE

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Hingham, MA (Nasdaq – HIFS)

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### 21% INCREASE IN NET INCOME

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

President Robert H. Gaughen, Jr. announced that “Net income for the second quarter increased by 21% over that of the same quarter last year. This trend continues to be driven primarily by our ability to expand our balance sheet. Our total deposits increased by 8%, and total loans increased by 10% over the last twelve months.”

The net income of \$1,493,000, or \$0.73 per share (basic), for the second quarter represents a 21% increase over the \$1,229,000, or \$0.60 per share (basic), for the second quarter of 2001. The Bank’s total assets as of June 30, 2002 of \$404,026,000 represent a 12% increase over the total of \$359,783,000 on June 30, 2001.

Despite conditions in the general economy, asset quality continued to remain strong. For the third consecutive quarter end, the Bank had no foreclosed properties and no loans classified as nonperforming. Additionally, the Bank’s investment portfolio at quarter end contained a net unrealized gain of \$669,000.

The annualized Return on Average Assets and Return on Average Equity for the second quarter of 2002 were 1.49% and 16.84% respectively. Book value per share was \$17.46 as of June 30, 2002, and the Bank continued to merit the Federal Deposit Insurance Corporation’s highest capital rating with a tier one capital ratio of 8.84%.

The net interest margin for the quarter ended June 30, 2002 was 4.01% as compared to 3.96% for the quarter ended June 30, 2001.

As previously announced, a reversal of previous accruals related to dissolving the Bank's defined benefit pension plan had a positive impact on earnings of \$86,000 for the quarter ended June 30, 2002. Final distribution under the plan is anticipated to occur during the fourth quarter and may have an additional positive impact on earnings currently estimated at approximately \$250,000.

This press release may contain statements relating to future results of the Bank (including certain projections) that are considered "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to changes in political and economic conditions, interest rate fluctuations, competitive product and pricing pressures within the Bank's market, bond market fluctuations, personal and corporate customers' bankruptcies, and inflation, as well as other risks and uncertainties.

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.

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

	June 30, 2002	June 30, 2001
<i>(Unaudited)</i>	<i>(\$ in thousands except per share amounts)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 7,663	\$ 8,357
Interest-bearing deposits	29,453	20,542
Cash and cash equivalents	37,116	28,899
Certificates of deposit	1,940	--
Securities available for sale, at fair value	45,268	41,139
Loans, net of allowance for loan losses of \$2,660,000 in 2002 and \$2,392,000 in 2001	306,883	278,808
Banking premises and equipment, net	3,842	3,055
Accrued interest receivable	2,082	2,098
Deferred income tax asset, net	796	912
Federal Home Loan Bank stock, at cost	5,332	4,343
Other assets	767	529
Total assets	\$ 404,026	\$ 359,783
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 255,918	\$ 236,438
Federal Home Loan Bank advances	106,608	86,857
Other borrowed funds	101	207
Mortgagors' escrow accounts	1,102	1,001
Accrued interest payable	419	394
Other liabilities	3,925	3,291
Total liabilities	368,073	328,188
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: 2,059,750 at June 30, 2002 and 2,045,250 at June 30, 2001	2,060	2,045
Additional paid-in capital	9,075	8,857
Undivided profits	24,149	20,252
Accumulated other comprehensive income	669	441
Total stockholders' equity	35,953	31,595
Total liabilities and stockholders' equity	\$ 404,026	\$ 359,783
Book value per share	\$ 17.46	\$ 15.45
Return on average equity	16.53 %	16.00 %

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Interest and dividend income:				
Loans	\$ 5,782	\$ 5,740	\$ 11,394	\$ 11,421
Investment securities	573	630	1,201	1,291
Interest-bearing deposits and certificates of deposit	130	175	243	322
Total interest and dividend income	6,485	6,545	12,838	13,034
Interest expense:				
Deposits	1,426	2,084	2,974	4,259
Borrowed funds	1,168	1,117	2,265	2,254
Total interest expense	2,594	3,201	5,239	6,513
Net interest income	3,891	3,344	7,599	6,521
Provision for loan losses	75	60	150	120
Net interest income after provision for loan losses	3,816	3,284	7,449	6,401
Other income:				
Customer service fees on deposits	168	177	337	356
Gain on sale of loans and securities available for sale	--	2	--	136
Other	41	38	81	82
Total other income	209	217	418	574
Operating expenses:				
Salaries and employee benefits	970	924	1,974	1,835
Data processing	151	131	306	269
Occupancy and equipment	201	187	387	366
Legal	9	6	14	10
Other	442	393	834	757
Total operating expenses	1,773	1,641	3,515	3,237
Income before income taxes	2,252	1,860	4,352	3,738
Income tax provision	759	631	1,468	1,266
Net income	\$ 1,493	\$ 1,229	\$ 2,884	\$ 2,472
Cash dividends declared per common share	\$ 0.16	\$ 0.15	\$ 0.32	\$ 0.30
Weighted average shares outstanding:				
Basic	2,059	2,045	2,055	2,045
Diluted	2,086	2,069	2,083	2,067
Earnings per share:				
Basic	\$ 0.73	\$ 0.60	\$ 1.40	\$ 1.21
Diluted	\$ 0.72	\$ 0.59	\$ 1.39	\$ 1.20