



P R E S S R E L E A S E

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Hingham, MA (Nasdaq – HIFS)

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EARNINGS INCREASE FOR THIRD QUARTER

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ–HIFS), Hingham, Massachusetts, announced an increase in third quarter and nine months year-to-date earnings for 2002. Net income for nine months ended September 30, 2002 was \$4,210,000 or \$2.05 per share (basic) representing a 12% increase over net income of \$3,754,000 or \$1.84 per share (basic) for the same period last year. Earnings for the third quarter ended September 30, 2002 increased to \$1,326,000 or \$0.64 per share (basic), an improvement over the earnings reported for the same quarter last year.

Growth trends of recent years continued with a 13% increase in total assets, a 10% increase in total deposits, a 10% increase in total loans, and a 13% increase in stockholders' equity over those of September 30, 2001.

President Robert H. Gaughen, Jr. announced that “Despite current economic trends, I am extremely pleased to report positive year-to-date growth in our balance sheet, net income, and net interest margin.”

Asset quality remains strong. At quarter end the Bank had no foreclosed properties, and nonperforming loans totaled only 0.14% of total assets. The net interest margin for the nine months ended September 30, 2002 increased to 3.94% as compared to 3.92% for the same period last year.

The annualized Return on Average Assets and Return on Average Equity for 2002 were 1.41% and 15.81% respectively. Book value per share increased to \$18.00 as of September 30, 2002, and the Bank continued to merit the Federal Deposit Corporation's highest capital rating with a tier one capital ratio of 8.82%.

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

(Unaudited)	September 30, 2002	September 30, 2001
	(\$ in thousands except per share amounts)	
ASSETS		
Cash and due from banks	\$ 9,114	\$ 8,022
Interest-bearing deposits	28,486	32,467
Cash and cash equivalents	37,600	40,489
Certificates of deposit	1,940	--
Securities available for sale, at fair value	52,624	40,718
Loans, net of allowance for loan losses of \$2,735,000 in 2002 and \$2,452,000 in 2001	311,846	283,302
Cash value of life insurance	7,586	190
Banking premises and equipment, net	3,839	3,652
Accrued interest receivable	2,107	1,930
Deferred income tax asset, net	718	712
Federal Home Loan Bank stock, at cost	5,332	4,343
Other assets	400	282
Total assets	\$ 423,992	\$ 375,618
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 274,329	\$ 248,589
Federal Home Loan Bank advances	106,498	86,843
Other borrowed funds	184	226
Mortgagors' escrow accounts	1,276	1,169
Accrued interest payable	419	390
Other liabilities	4,206	5,454
Total liabilities	386,912	342,671
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; 2,059,750 and 2,045,250 shares issued and outstanding at September 30, 2002 and 2001, respectively	2,060	2,045
Additional paid-in capital	9,075	8,857
Undivided profits	25,124	21,227
Accumulated other comprehensive income	821	818
Total stockholders' equity	37,080	32,947
Total liabilities and stockholders' equity	\$ 423,992	\$ 375,618
Book value per share	\$ 18.00	\$ 16.11
Return on average equity	15.81 %	15.93 %

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts) (Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Interest and dividend income:				
Loans	\$ 5,735	\$ 5,736	\$ 17,129	\$ 17,157
Investment securities	559	638	1,760	1,929
Interest-bearing deposits and certificates of deposit	158	211	401	533
Total interest and dividend income	6,452	6,585	19,290	19,619
Interest expense:				
Deposits	1,439	2,062	4,413	6,321
Borrowed funds	1,203	1,084	3,468	3,338
Total interest expense	2,642	3,146	7,881	9,659
Net interest income	3,810	3,439	11,409	9,960
Provision for loan losses	75	60	225	180
Net interest income after provision for loan losses	3,735	3,379	11,184	9,780
Other income:				
Customer service fees on deposits	172	168	509	524
Gain on sale of securities available for sale and loans	--	--	--	136
Other	71	39	152	121
Total other income	243	207	661	781
Operating expenses:				
Salaries and employee benefits	1,102	936	3,076	2,771
Data processing	158	139	464	408
Occupancy and equipment	189	178	576	544
Legal	49	1	63	11
Other	478	395	1,312	1,152
Total operating expenses	1,976	1,649	5,491	4,886
Income before income taxes	2,002	1,937	6,354	5,675
Income tax provision	676	655	2,144	1,921
Net income	\$ 1,326	\$ 1,282	\$ 4,210	\$ 3,754
Cash dividends declared per common share	\$ 0.17	\$ 0.15	\$ 0.49	\$ 0.45
Weighted average shares outstanding				
Basic	2,060	2,045	2,057	2,045
Diluted	2,086	2,073	2,084	2,070
Earnings per share				
Basic	\$ 0.64	\$ 0.63	\$ 2.05	\$ 1.84
Diluted	\$ 0.64	\$ 0.62	\$ 2.02	\$ 1.81