



PRESS RELEASE

FROM: Robert H. Gaughen, Jr., President
Hingham Institution for Savings
Hingham, MA (Nasdaq – HIFS)

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CONTACT: William M. Donovan, Jr., Vice President-Administration, (781) 749-2200

18% INCREASE IN EARNINGS

HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts, announced its earnings for 2002. Net income for the year ended December 31, 2002 was \$5,980,000 or \$2.91 per share (\$2.87 diluted) as compared to \$5,089,000 or \$2.49 per share (\$2.46 diluted) in 2001. This represents an 18% increase in earnings. After-tax earnings were positively impacted by \$372,000 as a result of the termination of the Bank's Defined Benefit Pension Plan. The trend in annual earnings was also reflected in the fourth quarter with \$1,770,000 net income for the quarter ending December 31, 2002 (\$0.85 per share diluted) compared to \$1,335,000 for the quarter ending December 31, 2001 (\$0.64 per share diluted). The Bank's return on equity for the year increased from 15.95% in 2001 to 16.58% in 2002. Its return on assets increased from 1.43% in 2001 to 1.48% in 2002. These results were produced by continued growth in the Bank's balance sheet, effective expense control, maintenance of a strong net interest margin, and pension plan termination.

Growth trends of recent years continued in 2002 with a 10% increase in total assets, a 10% increase in total deposits, and a 14% increase in total loans over those of December 31, 2001. Loan originations increased from \$105,000,000 in 2001 to \$159,000,000 in 2002.

President Robert H. Gaughen, Jr. stated "We continue our focus on the effective execution of a relatively simple strategy. Quality service, consistent growth, and effective cost control produce extraordinary results."

Total assets as of December 31, 2002 were \$426,430,000 as compared to \$386,181,000 at December 31, 2001. Stockholders' equity increased from \$33,537,000 on December 31, 2001 to \$38,202,000 on December 31, 2002 with a concomitant increase in book value per share from \$16.38 on December 31, 2001 to \$18.48 on December 31, 2002.

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, 2002	December 31, 2001
<i>(Unaudited)</i>	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 5,224	\$ 7,417
Interest-bearing deposits	29,347	33,740
Cash and cash equivalents	34,571	41,157
Certificates of deposit	1,940	970
Securities available for sale, at fair value	49,333	49,619
Loans, net of allowance for loan losses of \$2,810,000 in 2002 and \$2,510,000 in 2001	320,692	282,386
Cash value of life insurance	7,692	203
Banking premises and equipment, net	3,785	3,801
Accrued interest receivable	1,991	1,978
Deferred income tax asset, net	564	793
Federal Home Loan Bank stock, at cost	5,469	4,841
Other assets	393	433
Total assets	\$ 426,430	\$ 386,181
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 275,573	\$ 249,970
Federal Home Loan Bank advances	106,386	96,827
Other borrowed funds	394	134
Mortgagors' escrow accounts	1,197	1,088
Accrued interest payable	426	404
Other liabilities	4,252	4,221
Total liabilities	388,228	352,644
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; 2,067,250 and 2,047,250 shares issued and outstanding at December 31, 2002 and 2001, respectively	2,067	2,047
Additional paid-in capital	9,188	8,891
Undivided profits	26,173	21,924
Accumulated other comprehensive income	774	675
Total stockholders' equity	38,202	33,537
Total liabilities and stockholders' equity	\$ 426,430	\$ 386,181
Book value per share	\$ 18.48	\$ 16.38
Return on average equity	16.58 %	15.95 %

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
<i>(In Thousands, Except for Per Share Amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 5,862	\$ 5,636	\$ 22,991	\$ 22,793
Debt and trust preferred securities	464	550	1,977	2,184
Other equity securities	82	84	329	379
Interest-bearing deposits and certificates of deposit	103	152	504	685
Total interest and dividend income	6,511	6,422	25,801	26,041
Interest expense:				
Deposits	1,358	1,824	5,771	8,145
Borrowed funds	1,183	1,088	4,651	4,426
Total interest expense	2,541	2,912	10,422	12,571
Net interest income	3,970	3,510	15,379	13,470
Provision for loan losses	(25)	60	200	240
Net interest income after provision for loan losses	3,995	3,450	15,179	13,230
Other income:				
Customer service fees on deposits	189	180	698	704
Gain on sales of securities available for sale	-	-	-	134
Gain on termination of pension plan	475	-	605	-
Other	151	64	303	187
Total other income	815	244	1,606	1,025
Operating expenses:				
Salaries and employee benefits	1,152	969	4,358	3,740
Data processing	162	143	626	551
Occupancy and equipment	211	177	787	721
Legal	54	3	117	14
Other	515	389	1,827	1,541
Total operating expenses	2,094	1,681	7,715	6,567
Income before income taxes	2,716	2,013	9,070	7,688
Income tax provision	946	678	3,090	2,599
Net income	\$ 1,770	\$ 1,335	\$ 5,980	\$ 5,089
Cash dividends declared per common share	\$ 0.35	\$ 0.31	\$ 0.84	\$ 0.76
Weighted average shares outstanding				
Basic	2,062	2,046	2,058	2,045
Diluted	2,088	2,074	2,085	2,071
Earnings per share				
Basic	\$ 0.86	\$ 0.65	\$ 2.91	\$ 2.49
Diluted	\$ 0.85	\$ 0.64	\$ 2.87	\$ 2.46