



NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
AND
PROXY STATEMENT

DATE
APRIL 29, 2004

TIME
4:00 P.M. Local Time

PLACE
Old Derby Academy
34 Main Street
Hingham, MA 02043

HINGHAM INSTITUTION FOR SAVINGS

55 Main Street
Hingham, Massachusetts 02043
(781) 749-2200

**NOTICE OF 2004 ANNUAL MEETING
OF STOCKHOLDERS**

To the Holders of Common Stock
of Hingham Institution for Savings

NOTICE IS HEREBY GIVEN that the 2004 Annual Meeting of Stockholders of Hingham Institution for Savings (the "Bank") will be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 29, 2004 at 4:00 p.m. local time (the "Meeting") for the following purposes, all as set forth in the attached Proxy Statement:

1. To elect six Class I Directors of the Bank, each to hold office until the 2007 Annual Meeting of Stockholders of the Bank and until his or her respective successor is duly elected and qualified;
2. To elect a Clerk of the Bank, to hold office until the next annual meeting of stockholders, and until his or her successor is duly elected and qualified; and
3. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 10, 2004, as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Meeting and any adjournments or postponements thereof.

Your attention is called to the accompanying Proxy Statement.

By Order of the Board of Directors,



Marion J. Fahey
Clerk

Hingham, Massachusetts
March 23, 2004

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING REGARDLESS OF THE NUMBER OF SHARES YOU MAY HOLD. PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED WITHIN THE UNITED STATES. IT IS IMPORTANT THAT PROXIES BE MAILED PROMPTLY. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW ANY PROXY GIVEN BY YOU AND VOTE YOUR SHARES IN PERSON.

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HINGHAM INSTITUTION FOR SAVINGS

55 Main Street
Hingham, Massachusetts 02043
(781) 749-2200

SUMMARY OF PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

The following summary is not intended to be a complete statement of all material features of the matters being voted on by the stockholders of the Bank and is qualified in its entirety by the more complete information set forth elsewhere herein.

Date, Time and Place of Annual Meeting

The Annual Meeting of Stockholders will be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 29, 2004, at 4:00 p.m. local time.

Purpose of the Annual Meeting

The purpose of the Meeting is: (1) to elect six Class I Directors of the Bank to serve for a three-year term; (2) to elect a Clerk of the Bank to serve for a one-year term; and (3) to transact such other business as may properly come before the Meeting and any adjournment or postponement thereof.

Record Date and Required Stockholder Vote

The Board of Directors has fixed the close of business on March 10, 2004 as the record date (the "Record Date") for the determination of stockholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof. Only holders of record of the Bank's common stock at the close of business on the Record Date will be entitled to notice of, and to vote at, the Meeting or any adjournments or postponements thereof. At the close of business on the Record Date, there were 2,080,250 shares of the Bank's common stock issued and outstanding, and each such outstanding share is entitled to one vote. As of such date, there were approximately 460 holders of record of the Bank's common stock, which number does not reflect the number of persons or entities who hold shares in nominee or "street" name through various brokerage firms; however, the Bank believes that its common stock is held by in excess of 1,000 beneficial owners.

The presence, in person or by proxy, of at least a majority of the total number of outstanding shares of common stock of the Bank is necessary to constitute a quorum for the transaction of business at the Meeting. A quorum being present, the Class I Directors and the Clerk will be elected by plurality vote of the shares present and voting, in person or by proxy. As of February 12, 2004, the Directors and principal officers of the Bank owned in the aggregate approximately 43% of the issued and outstanding shares of the Bank's common stock which may be voted at the Meeting.

PROPOSAL ONE ELECTION OF DIRECTORS

The Bank's Amended and Restated Articles of Organization (the "Charter") and By-Laws provide that the Board of Directors shall be divided into three classes, with the Directors in each class serving for a term of three years. As the term of one class expires, a successor class is elected at each annual meeting of stockholders. Each class of Directors currently consists of five or six members so as to make such classes as nearly equal in number as possible, as prescribed by the Bank's Charter and By-Laws.

At the Meeting, stockholders of the Bank are being asked to elect six Class I Directors of the Bank to serve until the 2007 Annual Meeting of Stockholders and until their successors are elected and qualified. The Board of Directors of the Bank has nominated Howard M. Berger, Esq., Marion J. Fahey, Kevin W. Gaughen, Esq., Julio R. Hernando, Esq., Edward L. Sparda and Donald M. Tardiff, M.D. as Class I Directors. See "ELECTION OF DIRECTORS (Notice Item 1)."

The Board of Directors of the Bank recommends that the stockholders vote FOR the election of the six nominees.

PROPOSAL TWO ELECTION OF CLERK

Under Massachusetts law, the Clerk of the Bank is to be elected by the stockholders at an annual meeting or special meeting duly called for that purpose. At the Meeting, the stockholders of the Bank are being asked to elect Marion J. Fahey, the nominee proposed by the Board of Directors, as Clerk of the Bank to serve until the 2005 Annual Meeting of Stockholders, or special meeting in lieu thereof, and until her successor is elected and qualified. See "ELECTION OF CLERK (Notice Item 2)."

The Board of Directors of the Bank recommends that the stockholders vote FOR the election of Marion J. Fahey as Clerk of the Bank.

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

Accompanying this Proxy Statement is a Notice of the 2004 Annual Meeting of Stockholders (the "Meeting") of Hingham Institution for Savings (the "Bank") to be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 29, 2004, at 4:00 p.m. local time. Also enclosed is a form of proxy for the Meeting (and any adjournment or postponement thereof). This Proxy Statement and the enclosed form of proxy are furnished in connection with the solicitation of proxies by the Board of Directors of the Bank (the "Board") and are first being sent to stockholders on or about March 23, 2004. The enclosed proxy is for the use of holders of the Bank's common stock, \$1.00 par value per share (the "Common Stock"), of record at the close of business on March 10, 2004. Shares of Common Stock cannot be voted at the Meeting unless the owner of record is present to vote or is represented by proxy.

VOTING PROCEDURE

If you sign, date and return the enclosed proxy in time for the Meeting, your shares will be voted (unless you otherwise instruct) on all matters that may properly come before the meeting. The proxy contains spaces in which you may insert instructions as to how your shares are to be voted with regard to electing Directors and electing the Bank's Clerk. If you specify instructions with respect to any of the proposals, your shares will be voted in accordance with your instructions. If no instructions are specified, your shares will be voted FOR the election as Directors of the nominees named herein, FOR the election as Clerk of the nominee named herein and, with respect to any other matters as properly come before the Meeting, in accordance with the best judgment of the holder(s) of your proxy.

Your proxy may be revoked at any time before it is exercised. Any stockholder attending the Meeting may vote in person even though he or she may have previously submitted a proxy. Your proxy may be revoked by written notice to the Bank prior to the Meeting, by delivering to the Bank a duly executed proxy bearing a later date, or at the Meeting prior to a vote.

At the close of business on March 10, 2004, 2,080,250 shares of Common Stock were entitled to vote on all properly presented matters. Only stockholders whose names appeared of record at the close of business on March 10, 2004 will be entitled to vote at the Meeting. The By-Laws of the Bank require that the holders of a majority in interest of all stock issued, outstanding and entitled to vote on matters at the Meeting be present in person or be represented by proxy at the Meeting in order to constitute a quorum for the transaction of business. Each share of Common Stock is entitled to one vote per share. The affirmative vote of the holders of a plurality of the shares present and voting, in person or by proxy, is necessary to elect the Directors and the Clerk, as set forth in Notice Items 1 and 2. Holders of the Common Stock do not have the right to cumulate their votes for the election of Directors or the Clerk. Shares of the Bank's Common Stock represented by executed proxies will be counted for purposes of establishing a quorum at the Meeting, regardless of how or whether such shares are voted on any specific proposal. With respect to the required vote on any particular matter, abstentions will be treated as votes cast or shares present and represented, while votes withheld by nominee recordholders who did not receive specific instructions from the beneficial owners of such shares will not be treated as votes cast or as shares present or represented.

ELECTION OF DIRECTORS

(Notice Item 1)

The Board of Directors of the Bank currently consists of sixteen members elected by the stockholders of the Bank. Under Massachusetts law, the Board will be authorized to fill vacancies arising between meetings of stockholders and also to increase the number of Directors to not more than eighteen and to fill the vacancy or vacancies thereby arising. The Bank's By-Laws fix the number of Directors that comprises the whole Board of Directors to be not less than seven nor more than twenty-five individuals. The By-Laws also provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible with each such class of Directors being elected every third year at the annual meeting of stockholders held that year. Each Director of the class elected at any particular meeting will hold office until the annual meeting three years subsequent thereto, and until his or her successor is duly elected and qualified, or until his or her earlier resignation, death or removal.

The names of the nominees for Class I Directors and certain information received from them are set forth below. All of the nominees are currently Directors, and each has consented to serve if elected. If any nominee shall become unavailable for any reason, the shares represented by the enclosed proxy will be voted in favor of such other person as the Board of Directors of the Bank may at the time recommend. The following tables list the name of each nominee, his or her age, period of service as a Director of the Bank, positions with the Bank, principal occupation and other directorships held. Each nominee has been engaged in his or her principal occupation for at least five years, unless otherwise indicated.

**Nominees for Election at the Meeting
with Terms Expiring at the 2007 Annual Meeting
(Class I Directors)**

<u>Nominee's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
Howard M. Berger, Esq. Age – 55	Director	1998	Attorney
Marion J. Fahey Age – 79	Clerk & Director	1992	Retired; former Superintendent of Boston Public Schools.
Kevin W. Gaughen, Esq. Age – 49	Director	1994	Attorney (1)
Julio R. Hernando, Esq. Age – 33	Director	1994	Attorney, former Assistant District Attorney Norfolk County District Attorney's Office. (1)
Edward L. Sparda Age – 61	Director	1993	Retired; former Lieutenant, Massachusetts State Police.
Donald M. Tardiff, M.D. Age – 79	Director	1993	Retired physician.

DIRECTORS NOT STANDING FOR ELECTION

The tables set forth below provide certain information with respect to those Directors who have been previously elected as Class II and Class III Directors.

The tables list the name of each Director, his or her age, period of service with the Bank, positions with the Bank, principal occupation and other directorships held. Each individual has been engaged in his or her principal occupation for at least five years, except as otherwise indicated.

**Directors Whose Terms Will Expire at
the 2005 Annual Meeting
(Class II Directors)**

<u>Director's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
Warren B. Noble Age – 73	Director	1980	Former Chairman of Noble Industries.
Stacey M. Page Age – 40	Director	1992	President, Hingham Jewelers, Inc.
Joseph A. Ribaudo, CPA Age – 69	Director	2002	Financial services consultant; former President, CEO and Chairman of Wolf & Company, P.C. through 1999.
James R. White Age – 81	Director	1993	Consultant; former Vice Chairman, Patriot Bank Corporation; former President and CEO, Brookline Trust Company and Commonwealth Bank and Trust Company. (2)
Geoffrey C. Wilkinson, Sr. Age – 52	Director	1993	President and CEO of George T. Wilkinson, Inc., a commercial heating company.

**Directors Whose Terms Will Expire
at the 2006 Annual Meeting
(Class III Directors)**

<u>Director's Name and Age</u>	<u>Positions With Bank</u>	<u>Director or Trustee of Bank Since</u>	<u>Principal Occupation</u>
James V. Consentino Age – 83	Director	1991	Retired; founder of J.V. Consentino Plastering & Construction Company.
Ronald D. Falcione Age – 54	Director	1993	Real estate management and consulting.
Robert H. Gaughen, Jr., Esq. Age – 55	President & Director	1993 1991	President and Chief Executive Officer of the Bank. (1)
Robert A. Lane, Esq. Age – 37	Director	1993	Attorney. (1)
Jacqueline M. Youngworth Age – 60	Director	1997	Chairman of Bay State Metal Products, Inc., a manufacturer of diversified metal products.

(1) Robert H. Gaughen, Jr., President and a Director of the Bank, and Kevin W. Gaughen, a Director of the Bank, are brothers. Directors Robert A. Lane and Julio R. Hernando are cousins, and they are both nephews of Robert H. Gaughen, Jr. and Kevin W. Gaughen. Directors Kevin W. Gaughen, Robert A. Lane and Julio R. Hernando are associated together in the practice of law.

(2) Mr. White is the father-in-law of Peter R. Smollett, Vice President - Commercial Lending Officer of the Bank.

With the exception of the five named individual Directors in (1) and (2) above, the Board of Directors has determined that all other members of the Board of Directors (constituting a majority of the full Board) are independent, as that term is defined by applicable rules.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors, which met twelve times in 2003, has five principal committees: the Executive Committee, the Audit Committee, the Nominating and Personnel Committee, the Stock Option Committee and the Community Interaction Committee.

The Executive Committee, composed of eight Director members, oversees the management policies and affairs of the Bank. This Committee met twenty-four times in 2003. The current members of the Executive Committee are Robert H. Gaughen, Jr., James V. Consentino, Marion J. Fahey, Ronald D. Falcione, Kevin W. Gaughen, Robert A. Lane, Warren B. Noble and Jacqueline M. Youngworth.

The Nominating and Personnel Committee, composed of three Director members, oversees matters pertaining to the nomination of Directors and officers and other personnel and compensation matters. A copy of the charter of the Nominating and Personnel Committee, as in effect on the date of this Proxy Statement, is attached as Appendix A. This Committee met three times in 2003. The current members of the Nominating and Personnel Committee are: James V. Consentino, Marion J. Fahey and Donald M. Tardiff, M.D. Directors Howard M. Berger, James V. Consentino, Marion J. Fahey, Robert H. Gaughen, Jr., Kevin W. Gaughen, Julio R. Hernando, Donald M. Tardiff, M.D. and Jacqueline M. Youngworth served on the Committee during 2003. The Board of Directors has determined that all current members of the Nominating and Personnel Committee are independent, as that term is defined by applicable rules of the NASDAQ. The Nominating and Personnel Committee is authorized to retain advisers and consultants and to compensate them for their services. The Committee did not retain any such advisers or consultants during 2003. This Committee makes recommendations to the full Board of Directors for nominations for Directors to be elected at each annual meeting of stockholders and considers stockholder proposals for such nominations. For information regarding procedures for submitting stockholder proposals, see "STOCKHOLDER PROPOSALS."

The Audit Committee, composed of five Director members, approves the Bank's annual audit, retains the Bank's external and internal auditors and presents the audit report to the Board of Directors. This Committee met four times in 2003. A copy of the Audit Committee charter, as in effect on the date of this Proxy Statement, is attached as Appendix B. The current members of the Audit Committee are Marion J. Fahey, Stacey M. Page, Joseph A. Ribaud, CPA, Donald M. Tardiff, M.D. and Geoffrey C. Wilkinson, Sr. The Board of Directors has determined that all members of the Audit Committee are "independent" and "independent of management," within the meaning of applicable rules of the Securities and Exchange Commission and the NASDAQ Stock Market, and that Mr. Ribaud, the Chairman of the Committee, is an "audit committee financial expert" as that term is defined by the Securities and Exchange Commission in light of his experience as a certified public accountant.

The Stock Option Committee, composed of six Director members, meets as appropriate to review and administer the Bank's Stock Option Plans pursuant to their terms. This Committee did not meet in 2003. The current members are Howard M. Berger, Stacey M. Page, Edward L. Sparda, Donald M. Tardiff, M.D., James R. White and Jacqueline M. Youngworth.

The Community Interaction Committee, composed of six Director members, formulates and reviews Bank policies and practices relating to community reinvestment efforts. This Committee met four times in 2003 and the current members are Ronald D. Falcione, Robert H. Gaughen, Jr., Julio R. Hernando, Warren B. Noble, Edward L. Sparda and Geoffrey C. Wilkinson, Sr.

In 2003, each of the Directors of the Bank attended more than 75% of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by committees thereof on which any such Director served (for such period of the year as he or she served on such committee). Pursuant to Bank policy, all of the Bank's Directors are encouraged and expected to attend the Bank's annual meeting of stockholders. Fourteen of the Bank's Directors were in attendance at the Bank's 2003 Annual Meeting.

DIRECTOR CANDIDATES

Stockholders of the Bank may recommend Director candidates for inclusion by the Board of Directors in the slate of nominees which the Board recommends to stockholders for election. The qualifications of recommended candidates will be reviewed by the Nominating and Personnel Committee. If the Board determines to nominate a stockholder-recommended candidate and recommends his or her election as a Director by the stockholders, his or her name will be included in the Bank's proxy card for the stockholder meeting at which his or her election is recommended.

Stockholders may recommend individuals to the Committee for consideration as potential Director candidates by submitting their names and background to: Marion J. Fahey, Chairman of the Nominating and Personnel Committee, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043. The Committee will consider a recommendation only if appropriate biographical information and background material is provided on a timely basis. The process followed by the Committee to identify and evaluate candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Committee and the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members or by other persons.

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended Director nominees, including candidates recommended by stockholders, the Nominating and Personnel Committee will apply the criteria which are set forth in the Committee's charter (attached hereto). These criteria may include the candidate's integrity, business acumen, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Bank believes that the backgrounds and qualifications of the Directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. In making such recommendations, the Committee shall consider candidates proposed by stockholders. The Committee shall review and evaluate information available to it regarding candidates proposed by stockholders and shall apply the same criteria, and shall follow substantially the same process in considering them, as it does in considering other candidates.

STOCKHOLDER COMMUNICATIONS

The Board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters and subject to any required assistance or advice from general counsel, the Chairman of the Board is primarily responsible for monitoring communications from shareholders and for providing copies or summaries of such communications to the other Directors as he or she considers appropriate.

Communications are forwarded to all Directors if they relate to important substantive matters and include suggestions or comments that the Chairman of the Board considers to be important to the Directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which the Bank tends to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the Board should address such communications in care of Robert H. Gaughen, Jr., Chairman of the Board of Directors, at Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043.

EXECUTIVE COMPENSATION

The annual and long-term remuneration paid to or accrued for the Chief Executive Officer of the Bank and the only six other executive officers of the Bank with salaries and bonuses in excess of \$100,000 for services rendered during the years ended December 31, 2001, 2002 and 2003 (the "Named Executive Officers") was as follows:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation	Securities Underlying Options(#)	Other Compensation (\$)
Robert H. Gaughen, Jr. President and Chief Executive Officer	2003	435,269	-	-	-	246,224 (1)
	2002	404,615	-	-	-	116,186 (1)
	2001	365,961	-	-	-	7,326 (1)
Deborah J. Jackson Senior Vice President and Treasurer	2003	176,285	-	-	-	56,607 (2)
	2002	162,500	-	-	-	41,637 (2)
	2001	149,154	-	-	-	2,955 (2)
Peter R. Smollett Vice President-Commercial Lending	2003	150,539	8,500	-	-	9,032 (3)
	2002	140,192	-	-	-	23,840 (3)
	2001	129,556	-	-	-	2,405 (3)
Shawn T. Sullivan Vice President-Commercial Lending	2003	135,950	7,500	-	-	8,157 (3)
	2002	122,500	-	-	-	18,900 (3)
	2001	98,885	-	-	-	1,703 (3)
William M. Donovan, Jr. Vice President-Administration	2003	126,385	-	-	-	7,583 (3)
	2002	117,298	-	-	-	21,966 (3)
	2001	108,567	-	-	-	2,487 (3)
Thomas I. Chew Vice President-Branch Operations	2003	110,158	-	-	-	6,609 (3)
	2002	103,923	-	-	-	11,851 (3)
	2001	98,269	-	-	-	1,614 (3)
Michael J. Sinclair Vice President-Retail Lending	2003	102,341	8,500	-	-	6,140 (3)
	2002	93,358	-	-	-	16,104 (3)
	2001	87,320	-	-	-	1,545 (3)

- (1) These amounts represent (a) taxable income of \$3,389 in 2003, \$3,094 in 2002 and \$2,594 in 2001 for Mr. Gaughen's pro rata portion of annual lease payments made by the Bank on a vehicle leased by the Bank, which pro rata portion is based on Mr. Gaughen's personal use of the vehicle, (b) a \$22,206 distribution of surplus in 2002 in connection with the termination of the Bank's former pension plan, (c) \$219,873 and \$73,295 paid by the Bank in 2003 and 2002 respectively under the terms of a Supplemental Employment Retirement Plan established on September 1, 2002 and amended on November 5, 2003, (d) accrued premium expense of \$3,147 in 2003, \$6,591 in 2002 and \$1,332 in 2001 paid by the Bank for an additional supplemental pension benefit under a split-dollar life insurance policy, (e) contributions of \$12,000, \$11,000 and \$3,400 by the Bank to its 401(k) Plan in 2003, 2002 and 2001 respectively, (f) \$5,524 paid by the Bank in 2003 for long-term care insurance, (g) \$1,198 paid by the Bank in 2003 for security life insurance and (h) \$1,093 paid by the Bank in 2003 for a split-dollar death benefit. See "EMPLOYEE BENEFIT PLANS" for additional information regarding the items in (b)-(h) above.
- (2) These amounts represent (a) a \$17,737 distribution of pension plan surplus in 2002, (b) \$44,234 and \$14,683 paid by the Bank in 2003 and 2002 respectively under the terms of a Supplemental Employment Retirement Plan established on September 1, 2002 and amended on November 5, 2003, (c) contributions of \$10,577, \$9,217 and \$2,955 by the Bank to its 401(k) Plan in 2003, 2002 and 2001 respectively, (d) \$1,587 paid by the Bank in 2003 for long-term care insurance and (e) \$209 paid by the Bank in 2003 for a split-dollar death benefit. See "EMPLOYEE BENEFIT PLANS" for additional information.

- (3) These amounts represent, in the case of Messrs. Smollett, Sullivan, Donovan, Chew and Sinclair, (a) distributions of \$15,889, \$12,000, \$15,313, \$5,962 and \$10,812 respectively, of pension plan surplus in 2002 and (b) contributions to the 401(k) Plan of \$9,032, \$8,157, \$7,583, \$6,609 and \$6,140 respectively, in 2003, \$7,951, \$6,900, \$6,653, \$5,889 and \$5,292 respectively, in 2002, and \$2,405, \$1,703, \$2,487, \$1,614 and \$1,545 respectively, in 2001. See "EMPLOYEE BENEFIT PLANS" for additional information.

OPTION GRANTS IN LAST FISCAL YEAR

No options were granted to the Named Executive Officers during the fiscal year ended December 31, 2003.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-the-Money Options at Fiscal Year-End(1)	
			<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
Robert H. Gaughen, Jr.	—	—	11,500	—	\$331,460	—
Deborah J. Jackson	2,000	\$65,050	7,500	—	\$225,050	—
Peter R. Smollett	—	—	6,000	—	\$198,240	—
William M. Donovan, Jr.	—	—	2,000	—	\$53,080	—
Shawn T. Sullivan	—	—	—	—	—	—
Thomas I. Chew	—	—	—	—	—	—
Micheal J. Sinclair	—	—	—	—	—	—

- (1) Represents the difference between the exercise price and the closing sale price of the Bank's Common Stock on the NASDAQ Stock Market on the final trading day of the fiscal year.

Directors' Compensation

Directors of the Bank receive \$625 for each Board of Directors meeting they attend. No such fees were paid to members of the Board of Directors who are also full-time employees of the Bank. The Clerk of the Bank receives a stipend of \$5,500 per annum plus an additional fee of \$100 per meeting attended.

Each member of the Executive Committee of the Board of Directors receives a fee of \$675 per meeting attended. The Clerk of the Executive Committee receives an additional fee of \$100 per meeting attended. Each member of the Audit Committee of the Board of Directors receives a fee of \$675 per meeting attended. Each member of all other committees of the Board of Directors receives \$425 for each committee meeting attended. The Clerk and Chairman of these committees each receive an additional fee of \$100 per meeting attended. None of these fees applies to any Director who is also an employee of the Bank. In addition to the above, Executive Committee members are required by statute and/or Bank policy to perform certain revaluations of commercial real estate loan collateral and construction loan inspections. Members are paid \$125 per revaluation and between \$150 to \$190 per construction inspection.

Employment Agreements and Special Termination Agreements

Robert H. Gaughen, Jr., the Bank's President and Chief Executive Officer, has entered into an employment agreement with the Bank dated November 20, 1995, which provides that Mr. Gaughen's salary is subject to review and adjustment no less frequently than annually, in an amount reflecting cost-of-living increases as well as any merit increases which the Board of Directors may consider appropriate. Mr. Gaughen's annual salary is currently \$446,000, and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Gaughen's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract currently provides for a term ending in April, 2006. Unless either party gives written notice to the contrary, the term of the agreement shall be extended for successive one-year periods in April of each year, provided that the then remaining term of the contract never exceeds three years.

Deborah J. Jackson, Senior Vice President and Treasurer of the Bank, has entered into an employment agreement with the Bank dated April 25, 1996. Ms. Jackson's annual salary is currently \$181,200 and she is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Ms. Jackson's employment agreement provides that she may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2005.

Peter R. Smollett, the Bank's Vice President – Commercial Lending, has entered into an employment agreement with the Bank dated April 25, 1996. Mr. Smollett's annual salary is currently \$154,000 and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Smollett's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2005.

William M. Donovan, Jr., Vice President – Administration, has entered into an employment agreement with the Bank dated April 25, 1996. Mr. Donovan's annual salary is currently \$129,500 and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Donovan's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2005.

Shawn T. Sullivan, Vice President – Commercial Lending, has entered into an employment agreement with the Bank dated April 29, 1999. Mr. Sullivan's annual salary is currently \$139,100 and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Sullivan's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending April 2005.

Thomas I. Chew, Vice President – Branch Operations, has entered into an employment agreement with the Bank dated April 24, 2003. Mr. Chew's annual salary is currently \$112,360 and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Chew's employment agreement provides that he may not be required to relocate outside of the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending April 2005.

Michael J. Sinclair, Vice President – Retail Lending, has entered into an employment agreement with the Bank dated April 24, 1997. Mr. Sinclair's annual salary is currently \$113,000, and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Sinclair's employment agreement provides that he may not be required to relocate outside of the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending April 2005.

Each of the foregoing employment agreements has similar termination and change-in-control provisions. In each of the agreements, the executive is prohibited from resigning as an employee during the term of the contract except with the Board's consent or in some circumstances following a change in control, as described below. Following any breach of this provision by the executive, the Bank is entitled, among other things, to have the executive enjoined from working for another bank or thrift institution in Plymouth, Barnstable or Norfolk Counties or certain other areas of Massachusetts during the remaining term. The Bank is entitled to terminate the executive at any time with or without cause. Termination without cause requires the payment of severance pay in amounts equal to the executive's salary over the remaining term of the contract, plus continuation of employee benefits during such period. Such payment is not to be reduced by any compensation which the executive may subsequently earn from other sources.

Special rules apply if there is a change in control (as defined in the agreements) of the Bank during the term of each of the employment agreements. If the executive were to be terminated by the Bank other than for cause in connection with or within one year after such a change in control, he or she would be entitled to receive a lump sum cash payment (in lieu of his or her regular severance pay) equal to a multiple of their average annual compensation with respect to the five most recent taxable years ending prior to such change in control (or such portion thereof as they were full-time employees of the Bank), less one dollar and less any special bonus paid in connection with the change in control (three times this amount, in the case of Mr. Gaughen, and twice this amount, in the case of Ms. Jackson, Mr. Smollett, Mr. Sullivan, Mr. Donovan, Mr. Chew and Mr. Sinclair). If the executive were to terminate his or her employment voluntarily for good reason, as defined below, in connection with or within one year after a change in control, he or she would be entitled to receive a similar lump sum cash payment. "Good reason" includes a reduction in compensation, a forced relocation, material increase in the executive's duties, or a material decrease in the executive's position. The executive is not entitled to receive any of the foregoing payments to the extent that such payments would be considered excess "parachute payments" under the Internal Revenue Code of 1986, as amended, with the limited exception of such circumstances in which benefits paid to Mr. Gaughen under the terms of a Supplemental Retirement Agreement dated September 1, 2002, when considered in aggregate with payments under the aforementioned employment agreement, were determined to constitute such "excess payment." In that event the Bank is to be responsible for any designated tax thereon. In addition, federal legislation authorizes the Federal Deposit Insurance Corporation ("FDIC") under certain circumstances to prohibit or limit payments that are contingent on the termination of a person's employment with an insured depository institution.

EMPLOYEE BENEFIT PLANS

Benefits

Former Pension Plan. The Bank formerly provided a retirement plan (the "Plan") through the Savings Banks Employees Retirement Association ("SBERA"). This Plan was terminated during 2002. Each participating employee received all funds that had vested to his or her account under the terms of the Plan. In addition, the Bank used 70% of the Plan's surplus assets to increase the benefits of the employees covered under the Plan, thereby increasing the amount distributed to the employee under the Plan. The Bank also increased certain benefits under its existing 401(k) plan, as described below.

Executive Supplemental Retirement Agreements. During 2002 the Bank established Supplemental Employment Retirement Plans, as amended on November 5, 2003, for the benefit of Mr. Gaughen and Ms. Jackson. Under these plans the Bank makes contributions to secular trusts controlled by these executives. The contributions are designed so that they will, assuming investment gains of 6% per year, produce a sum of money that will produce a certain retirement income to Mr. Gaughen and Ms. Jackson. The Bank's obligation is only to make the payments; the Bank has no obligation to guarantee the target retirement amount. These executives assume all investment risk and actuarial risk concerning the retirement amounts. Expense related to these distributions amounted to \$264,107 for the year ended December 31, 2003.

In connection with these plans, the Bank purchased life insurance policies at a cost of \$7,309,000 in 2002 and an additional \$2,800,000 in 2003 and contributed them to a rabbi trust. The purpose of the rabbi trust is to make distributions to the secular trust for the individuals if the Bank does not make timely payment of those contributions.

In addition, the Bank entered into investment method split-dollar plan agreements with Mr. Gaughen and Ms. Jackson. Under these agreements, the Bank owns the insurance policies held in the rabbi trust; upon each executive's death, the executive's designated beneficiaries are entitled to receive an amount equal to (i) three times the executive's salary in the case of Mr. Gaughen and two times the executive's salary in the case of Ms. Jackson at the time of death, retirement or termination of employment or (ii) 100% of the total proceeds of the insurance policy, less the cash value of the policy, whichever amount is lower. The remainder of the death benefit will be paid to the Bank.

In 2003, the Bank discontinued providing Mr. Gaughen with an additional supplemental pension benefit under the terms of a split-dollar life insurance policy and related agreement with Mr. Gaughen dated April 24, 1997. As part of the termination, Mr. Gaughen transferred ownership of the insurance policy to the Bank. The policy is held in a rabbi trust. This supplemental policy was designed to provide Mr. Gaughen with an additional pension benefit of \$79,921 at age 65, based upon Mr. Gaughen's average salary for the three years immediately preceding retirement (assuming annual salary increases of 6%). Until its termination, the Bank accrued premium expense of \$3,147 related to this policy. The discontinuance of the split-dollar life insurance policy and related agreement had the effect of reducing the total supplemental pension benefit provided to Mr. Gaughen. In order to restore the total supplemental pension benefit for Mr. Gaughen to its previous level, the Bank purchased an additional \$2,800,000 of life insurance on Mr. Gaughen's life in November 2003 and effective in 2004 increased the contribution to the secular trust for Mr. Gaughen by approximately \$200,000 per year.

Hingham Institution for Savings 401(k) Plan. Each employee having completed three months of continuous service beginning with such employee's date of employment becomes a participant in the plan. Each eligible employee may defer up to 75% of his or her income on a tax-favored basis pursuant to Internal Revenue Service (the "IRS") guidelines. Effective May 1, 2002 the Bank's matching contribution policy is to contribute \$.50 for each dollar contributed by the employee up to a maximum matching contribution equal to 3% of the employee's yearly compensation. The Bank's matching contribution is limited to the IRS's maximum compensation limit of \$200,000. Effective January 1, 2002 the Bank began making a contribution equal to 3% of yearly compensation for all 401(k) participants whether or not they choose to make any contributions. All participants become fully vested after two years of service or age 62, if earlier. Bank officers participate in the plan on the same basis as all other employees.

Employees of the Bank

As of December 31, 2003, the Bank had 69 full-time and 21 part-time employees. The Bank considers its employee relationships to be excellent.

Section 16(a) Beneficial Ownership Reporting Compliance

None.

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Nominating and Personnel Committee of the Board, in addition to its other responsibilities, serves as the Bank's Compensation Committee. It annually reviews the compensation and benefits of senior management and makes recommendations thereon to the full Board of Directors.

The Committee's compensation philosophy is to set management compensation at such levels as to attract and retain senior executives who will contribute to the success and growth of the Bank. The compensation of senior management is comprised of annual base salary and occasional bonuses and stock option grants as well as benefits. The Committee's philosophy has been to compensate primarily by means of annual base compensation. During the past year, no stock options were issued, and bonuses were paid as indicated on the Summary Compensation Table.

In establishing compensation recommendations for Mr. Gaughen and the other executives, the Committee considered the Bank's pre-tax earnings, return on assets, return on equity, growth in deposits and loans, increase in dividends declared and increase in stockholders' equity. The Committee additionally considered general compensation levels in the industry and their qualitative assessment of each executive's own performance for the year. In doing so, they exercised their judgment without following quantitative formulas tying compensation to particular measures of financial performance or to particular deciles or quartiles of industry-wide or peer-group compensation.

By the Nominating and Personnel Committee of the Board of Directors of Hingham Institution for Savings, including all persons who have served on the Committee in 2003.

Current Members:

James V. Consentino
Marion J. Fahey
Donald M. Tardiff, M.D.

Prior Members During 2003:

Howard M. Berger
James V. Consentino
Marion J. Fahey
Robert H. Gaughen, Jr.
Kevin W. Gaughen
Julio R. Hernando
Donald M. Tardiff, M.D.
Jacqueline M. Youngworth

STOCK PERFORMANCE GRAPH

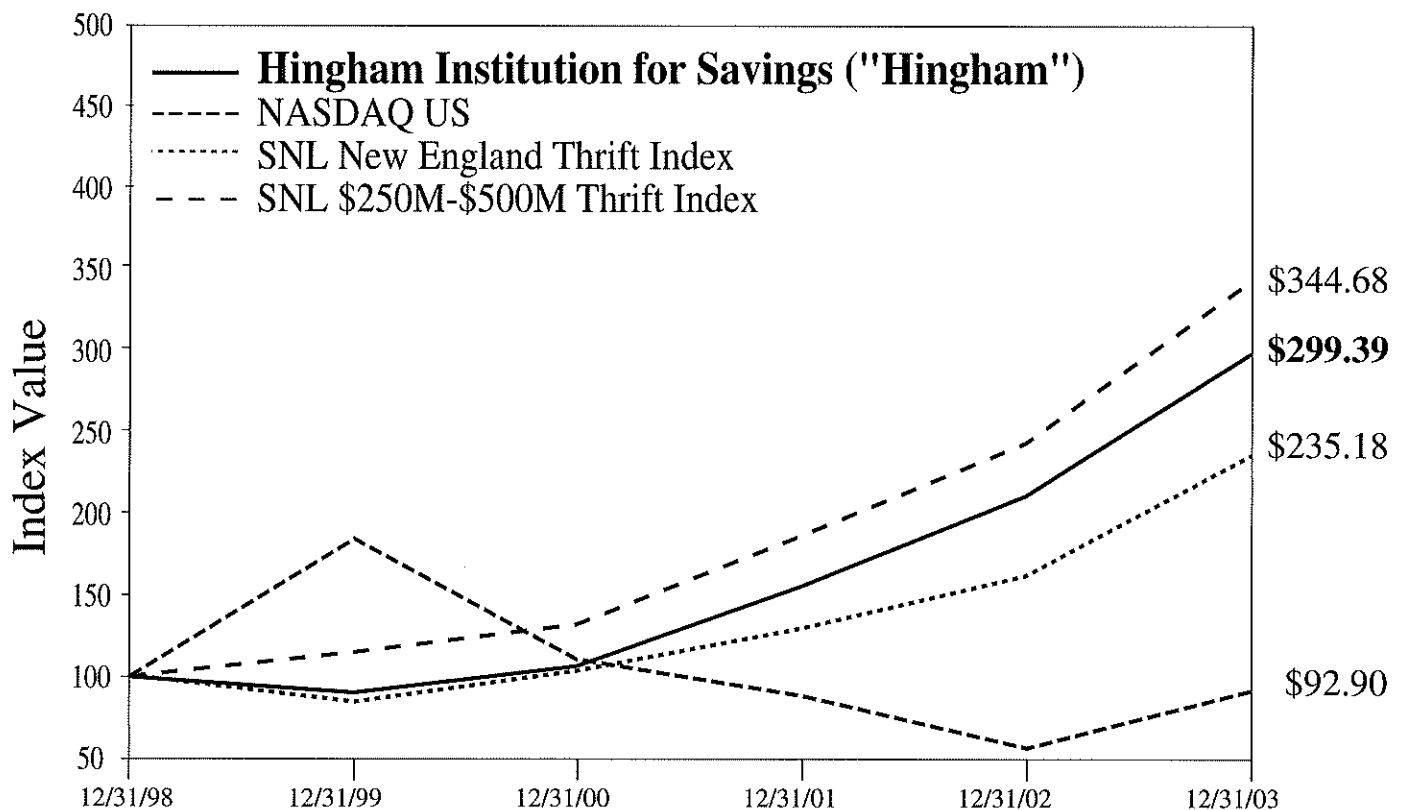
The chart which appears below sets forth the percentage change, on an annual basis, in the cumulative total return of the Bank's Common Stock since December 31, 1998 through December 31, 2003. For comparative purposes, changes in the cumulative total return on three indices of publicly traded stocks (the "Indices") are also set forth on the chart.

The NASDAQ Total Return Index reflects the total return of a group of stocks in a cross section of industries. Many of these stocks have substantially larger market capitalizations than the Bank. The SNL \$250-500M Thrift Index tracks a peer group of publicly traded thrift institutions having total assets of between \$250 million and \$500 million. The final Index, SNL New England Thrift Index, tracks a peer group of all publicly traded thrift institutions located in New England. SNL Securities is a research and publishing firm specializing in the collection and dissemination of data on the banking, thrift, and financial services industries.

The chart begins with an equal base value of \$100 for the Bank's stock and for each of the Indices on December 31, 1998 and reflects year-end closing prices and dividends paid thereafter by the Bank and by the companies which comprise the Indices. The chart assumes full reinvestment of such dividends.

Information about the Indices has been obtained from sources believed to be reliable, but neither the accuracy nor the completeness of such information is guaranteed by the Bank.

Hingham Institution for Savings Total Return Performance



Period Ending	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03
Hingham	100.00	94.12	109.89	161.45	210.51	299.39
NASDAQ - Total US	100.00	185.95	113.19	89.65	61.67	92.90
SNL New England Thrift Index	100.00	85.61	104.93	127.14	163.86	235.18
SNL \$250M-500M Thrift Index	100.00	117.55	131.02	186.37	243.49	344.68

CERTAIN TRANSACTIONS WITH MANAGEMENT AND ASSOCIATES

Indebtedness of Management and Associates

Prior to May 1993, the Bank made loans and extended credit to Directors and officers of the Bank, and their associates, subject to the limitations of Massachusetts General Laws, Chapter 168, Section 19, the administrative guidelines issued thereunder and subject to the provisions of FDIC regulations. All such loans, as well as all loans to other employees of the Bank, were represented by the Bank's management at the time of the origination of such loans as having been made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated persons and did not involve more than the normal risk of collectibility or present other unfavorable features to the Bank.

In November 1993, the Bank adopted a policy providing that the Bank will no longer extend credit (excluding passbook loans) to Directors, officers and other employees of the Bank.

Other Transactions

The Bank may engage in additional transactions with, or use products or services of, Directors, nominees for Director, principal officers, principal shareholders or various organizations in which such persons may have interests or of which such persons may be directors, nominees for director, officers, partners or principal stockholders. With respect to the year ended December 31, 2003, unless specifically disclosed herein, any amounts so involved have in no case been material in relation to the business of the Bank, and it is believed that other than as described below, the amount involved in any such transaction or series of transactions did not exceed \$60,000 and was not otherwise material in relation to the business of any such person or other organization.

During 2003, the Bank paid legal fees to the law firm of Gaughen, Gaughen, Lane & Hernando in the amount of approximately \$1,047,556 in connection with representation of the Bank in connection with commercial and residential mortgage loan originations, foreclosure and collection actions and certain other routine litigation. Additionally, the law firm received the sum of \$414,117 in agency fees for title insurance due them in connection with loan originations. The Bank believes that the foregoing sums have been reasonable in relation to the services provided to the Bank. It is expected that the Bank will continue to have similar transactions with, and use the services of, the law firm of Gaughen, Gaughen, Lane & Hernando in the future. All legal fees and title insurance fees paid to the law firm of Gaughen, Gaughen, Lane & Hernando have been reimbursed to the Bank by its borrowers, with the exception of \$100,689. Directors Kevin W. Gaughen, Robert A. Lane and Julio R. Hernando are partners of Gaughen, Gaughen, Lane & Hernando.

It is expected that any future transactions between the Bank and its Directors, officers, holders of 5% or more of the shares of any class of its voting stock or any affiliates thereof will be on terms no less favorable to the Bank than could be obtained by the Bank in arm's length negotiation with unaffiliated third parties.

**PRINCIPAL STOCKHOLDERS:
SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth information with respect to ownership of the Common Stock, the Bank's only voting security, by the Bank's Directors, nominees for Director and principal officers as of February 12, 2004. Information presented as to the Common Stock includes the number of shares beneficially owned by such person and the percentage of such number of shares to the total amount of Common Stock outstanding in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent Of Class(1)</u>
Howard M. Berger	8,925 (2)	*
James V. Consentino	171,000 (3)	8.22
Marion J. Fahey	18,800 (4)	*
Ronald D. Falcione	54,325 (5)	2.61
Kevin W. Gaughen	142,230 (6)	6.83
Robert H. Gaughen, Jr.	349,191 (7)	16.70
Julio R. Hernando	136,860 (8)	6.58
Robert A. Lane	152,470 (9)	7.33
Warren B. Noble	28,400 (10)	1.37
Stacey M. Page	5,471 (11)	*
Joseph A. Ribauda	3,500 (12)	*
Edward L. Sparda	3,700 (13)	*
Donald M. Tardiff, M.D.	3,000 (14)	*
James R. White	3,150 (15)	*
Geoffrey C. Wilkinson, Sr.	14,541 (16)	*
Jacqueline M. Youngworth	192,900 (17)	9.28
William M. Donovan, Jr.	6,450 (18)	*
Deborah J. Jackson	10,850 (19)	*
Michael J. Sinclair	454 (20)	*
Peter R. Smollett	6,000 (21)	*
Shawn T. Sullivan	0	*
Thomas I. Chew	0	*
Directors, nominees for Director and Principal Officers as a group (22 persons)	939,129 (22)	44.18%

(1) An asterisk denotes less than 1%.

(2) Includes (i) 4,600 shares of Common Stock held directly by Mr. Berger's IRA account, (ii) 2,825 shares of Common Stock held in Mr. Berger's wife's IRA account, and (iii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.

(3) Includes (i) 19,014 shares of Common Stock held directly by Mr. Consentino, (ii) 29,516 shares of Common Stock held directly by Ruth M. Consentino, Mr. Consentino's wife, (iii) 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00 as to which Mr. Consentino shares voting and dispositive power as a trustee, (iv) 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00 as to which Mr. Consentino shares voting and dispositive power as a trustee, and (v) 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01 as to which Mr. Consentino is the current beneficiary.

(4) Includes (i) 750 shares of Common Stock held jointly with Jessica M. Keefe, Miss Fahey's grandniece, (ii) 750 shares held jointly with Janet M. Keefe, Miss Fahey's grandniece, (iii) 1,600 shares held jointly with Mary Ellen Keefe Graziano, Miss Fahey's niece, (iv) 11,200 shares held in Miss Fahey's IRA account, (v) 1,000 shares held jointly with James D. Keefe, Miss Fahey's nephew, and (vi) 3,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.

- (5) Includes (i) 48,325 shares of Common Stock held directly by Mr. Falcione, (ii) 4,000 shares held by Dorothy E. Falcione, his wife, and (iii) 2,000 shares of Common Stock that Mr. Falcione owns jointly with his wife.
- (6) Includes (i) 450 shares of Common Stock held in Mr. Gaughen's IRA account, (ii) 150 shares of Common Stock held of record by Mr. Gaughen as custodian for Kevin W. Gaughen, Jr., his son, (iii) 4,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004, (iv) 128,148 shares of Common Stock held by The Music Box Trust which Mr. Gaughen is a co-trustee of, and in which Mr. Gaughen has a beneficial interest in 21,358 shares, (v) 6,517 shares of Common Stock held directly by Mr. Gaughen, and (vii) 2,465 shares of Common Stock held directly by Beverly Gaughen, Mr. Gaughen's wife.
- (7) Includes (i) 154,781 shares of Common Stock held directly by Mr. Gaughen, Jr., (ii) 10,146 shares that Mr. Gaughen, Jr. owns jointly with his wife, (iii) 36,400 shares held in Mr. Gaughen, Jr.'s IRA account, (iv) 11,500 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Gaughen, Jr. on or within 60 days after February 12, 2004, (v) 4,080 shares of Common Stock held by The Robert H. Gaughen, Jr. Secular Trust dated 9/1/02, (vi) 128,148 shares of Common Stock held by The Music Box Trust of which Mr. Gaughen, Jr. is a co-trustee and in which trust his beneficial interest is 21,358 shares, (vii) 1,380 shares of Common Stock held directly by Margaret Corrigan, Mr. Gaughen, Jr.'s wife, (viii) 1,378 shares of Common Stock held directly by Patrick Gaughen, Mr. Gaughen, Jr.'s son, and (ix) 1,378 shares of Common Stock held directly by Kara Gaughen, Mr. Gaughen, Jr.'s daughter.
- (8) Includes (i) 8,028 shares of Common Stock held directly by Mr. Hernando, (ii) 824 shares of Common Stock held by Mr. Hernando's IRA account, (iii) 3,950 shares of Common Stock which Mr. Hernando owns jointly with Jill Hernando, his wife, (iv) 1,378 shares of Common Stock held directly by Jill Hernando, Mr. Hernando's wife, (v) 210 shares of Common Stock held by the IRA account of Jill Hernando, Mr. Hernando's wife, (vi) 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (vii) 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, and (viii) 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership.
- (9) Includes (i) 17,666 shares of Common Stock held directly by Mr. Lane, (ii) 965 shares of Common Stock held by Mr. Lane's IRA account, (iii) 314 shares of Common Stock held by the IRA account of Martha Lane, Mr. Lane's wife, (iv) 10,055 shares of Common Stock held directly by Mrs. Lane, (v) 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (vi) 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (vii) 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, and (viii) 1,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.
- (10) Includes (i) 20,400 shares of Common Stock held directly by Mr. Noble, and (ii) 8,000 shares of Common Stock held directly by Dorothy Noble, Mr. Noble's wife.
- (11) Includes (i) 2,262 shares of Common Stock held directly by Mrs. Page, (ii) 1,709 shares of Common Stock which Mrs. Page owns jointly with David B. Page, her husband, and (iii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.
- (12) Includes (i) 2,000 shares of Common Stock held directly by Mr. Ribaud, and (ii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.
- (13) Includes (i) 2,200 shares of Common Stock which Mr. Sparda owns jointly with Chris E. Sparda, his son, and (ii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.
- (14) Includes (i) 1,500 shares of Common Stock held directly by Dr. Tardiff, and (ii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.

- (15) Includes: (i) 1,650 shares of Common Stock held by Mr. White's IRA account, and (ii) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.
- (16) Includes: (i) 8,954 shares of Common Stock which Mr. Wilkinson, Sr. owns jointly with Nancy S. Wilkinson, his wife, (ii) 2,587 shares of Common Stock held by New England Combustion Products Inc. of which Mr. Wilkinson is President, (iii) 1,500 shares of Common Stock held by Mr. Wilkinson's IRA account, and (iv) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.
- (17) Includes: (i) 189,900 shares of Common Stock held by The Youngworth Security Trust, as to which Mrs. Youngworth has voting and dispositive power as a trustee, and (ii) 3,000 shares of Common Stock held by the Estate of Thomas H. Youngworth, Sr. which Mrs. Youngworth is executrix of.
- (18) Includes (i) 1,600 shares of Common Stock held directly by Mr. Donovan, (ii) 2,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Donovan on or within 60 days after February 12, 2004, and (iii) 2,850 shares of Common Stock held by Mr. Donovan's IRA account.
- (19) Includes (i) 1,100 shares of Common Stock held by Ms. Jackson's IRA account, (ii) 2,000 shares of Common Stock held by the William G. Jackson Living Trust, of which Ms. Jackson is sole beneficiary, (iii) 250 shares of Common Stock held by The Hingham Institution for Savings Secular Trust FBO Deborah J. Jackson, and (iv) 7,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 12, 2004.
- (20) Includes (i) 160 shares of Common Stock held by Mr. Sinclair's IRA account, and (ii) 294 shares of Common Stock held by Kimberley A. Sinclair, Mr. Sinclair's wife.
- (21) Comprised of 6,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Smollett on or within 60 days after February 12, 2004.
- (22) Beneficial ownership of 128,148 shares held by The Music Box Trust is attributed to both Mr. Kevin W. Gaughen and Mr. Robert H. Gaughen, Jr. in the above table. Such shares are counted only once in this total.

Shared voting and dispositive power as co-trustees of 20,591 shares of Common Stock held by the Consentino Family Trust u/d/t 8/29/00 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mr. James V. Consentino's total and are counted only once in this total.

Shared voting and dispositive power as co-trustees of 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mr. James V. Consentino's total and are counted only once in this total.

Shared voting and dispositive power as co-trustees of 40,379 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mr. James V. Consentino's total and are counted only once in this total.

**PRINCIPAL STOCKHOLDERS:
PERSONS OWNING MORE THAN FIVE PERCENT OF COMMON STOCK**

The following table sets forth information with respect to the ownership of the Common Stock by persons (including any "group" as that term is used in Rule 13d-3 of the Exchange Act) who are known to be the beneficial owners of more than five percent (5%) of the Common Stock of the Bank as of February 12, 2004. Information presented as to the Common Stock includes the number of shares beneficially owned by such person and the percentage of such number of shares to the total amount of Common Stock outstanding.

<u>Name and Address</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class</u>
James V. Consentino (2) 252 Neck Street North Weymouth, MA 02191	171,000	8.22
Kevin W. Gaughen (3) 110 Highland Ave. Hull, MA 02045	142,230	6.83
Robert H. Gaughen, Jr. (4) 351 Forest Avenue Cohasset, MA 02025	349,191	16.70
Eleanor G. Hernando (5) Diego Ayllon #13, Apt. 1B Madrid, Spain 28043	134,459	6.47
Julio R. Hernando (6) 9 Heather Avenue Milton, MA 02186	136,860	6.58
Robert A. Lane (7) 63 Pondview Drive Kingston, MA 02364	152,470	7.33
The Music Box Trust (8) 528 Broad Street East Weymouth, MA 02189	128,148	6.16
The Youngworth Security Trust Jacqueline M. Youngworth 1000 Cordwainer Drive Norwell, MA 02061	189,900	9.13
Jacqueline M. Youngworth (9) 1000 Cordwainer Drive Norwell, MA 02061	192,900	9.28

(1) Sole voting and investment power, except as noted in the footnotes to the Management Stockholder Table. See "PRINCIPAL STOCKHOLDERS: SECURITIES OWNERSHIP OF MANAGEMENT."

(2) See footnote 3 to the previous table.

(3) See footnote 6 to the previous table.

(4) See footnote 7 to the previous table.

(5) Includes (i) 4,931 shares held of record by Ms. Hernando, (ii) 128,148 shares of Common Stock held by The Music Box Trust, as to which Ms. Hernando shares voting and dispositive power as a co-trustee, and (iii) 1,380 shares of Common Stock held by Julio Hernando, Ms. Hernando's husband.

(6) See footnote 8 to the previous table.

- (7) See footnote 9 to the previous table.
- (8) Robert H. Gaughen, Jr., a Director and principal officer of the Bank, Kevin W. Gaughen, a Director of the Bank, and Eleanor Hernando, their sister, are co-trustees of The Music Box Trust.
- (9) See footnote 17 to the previous table.

ELECTION OF CLERK

(Notice Item 2)

At the Meeting, the Clerk is to be elected to hold office until the next annual meeting and until his or her successor is duly elected and qualified. It is the responsibility of the Clerk to maintain a complete and accurate record of all votes and proceedings of the stockholders and of the Board of Directors at their respective meetings, as well as to perform such additional duties as the Board of Directors may from time to time determine.

The Board of Directors recommends that Marion J. Fahey be elected as Clerk of the Bank, to serve until the next annual meeting and until her successor is duly elected and qualified or until her earlier resignation, death or removal.

Miss Fahey has served as Clerk since 1993. Miss Fahey has served as a Director of the Bank since 1992. Biographical information about Miss Fahey is set forth under "ELECTION OF DIRECTORS."

Unless contrary instructions are given, shares represented by proxies solicited by the Board of Directors will be voted FOR the election of Marion J. Fahey as Clerk of the Bank to serve until the next annual meeting and until her successor is duly elected and qualified or until her earlier resignation, death or removal. The affirmative vote of the holders of a majority of shares constituting the quorum at the Meeting is required to elect the Clerk of the Bank.

INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors has selected the firm of Wolf & Company, P.C. ("Wolf"), independent certified public accountants, to be the independent auditors of the consolidated financial statements of the Bank for the fiscal year ending December 31, 2004. Wolf has no direct or indirect financial interest in the Bank nor has it had any connection with the Bank in the capacity of promoter, voting trustee, Director, officer or employee. A representative of Wolf is expected to be present at the Meeting to respond to appropriate questions and will have the opportunity to make a statement if such representative so desires.

Wolf has served as independent auditors of the Bank since July 21, 1993 and, prior to the fiscal year ending December 31, 1990, Wolf served as independent auditors of the Bank for more than ten years. For the two fiscal years ending December 31, 1991 and 1992 the Bank selected the firm of KPMG Peat Marwick, independent certified public accountants, to be the Bank's independent auditors.

The consolidated financial statements of the Bank as of December 31, 2003 and 2002 and for each of the years in the three-year period ended December 31, 2003, have been audited by Wolf. All such financial statements are included in the Bank's 2003 Annual Report which accompanies this Proxy Statement.

Audit Fees

Wolf billed the Bank an aggregate of \$90,000 and \$79,400 in fees for professional services rendered in connection with the audit of the Bank's consolidated financial statements for the two most recent fiscal years and for the reviews of the financial statements included in each of the Bank's Quarterly Reports on Form 10-Q during the fiscal years ended December 31, 2003 and 2002, respectively.

Wolf did not bill the Bank for any professional services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2003 and 2002 in connection with financial information systems design or implementation, the operation of the Bank's information system or the management of its local area network.

Audit Related Fees

Wolf billed the Bank an aggregate of \$1,600 and \$1,400 in audit-related fees for professional services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2003 and 2002, respectively. The fees related to the review of the Bank's pension plans.

Tax Fees

Wolf billed the Bank an aggregate of \$21,000 and \$20,000 in fees for tax-related services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2003 and 2002 respectively.

All Other Fees

Wolf billed the Bank an aggregate of \$4,000 and \$18,225 in other fees for professional services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2003 and 2002 respectively. The fees related to control reviews applicable to information technology areas.

All such services were pre-approved by the Audit Committee in accordance with the requirements of the Audit Committee Charter and Plan attached as Appendix B.

The Audit Committee of the Bank's Board of Directors has determined that the independence of Wolf has not been compromised through provision of these services.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee of the Bank's Board of Directors is composed of five members and acts under a written charter first adopted and approved in 1993. The Board has determined that all members of the Audit Committee are independent directors, as defined by its charter and the rules of the NASDAQ Stock Market, and that Mr. Ribaud, the chairman of the Committee, is an "audit committee financial expert" as that term is defined by the Securities and Exchange Commission in light of his experience as a certified public accountant. The Audit Committee held four meetings during the fiscal year ended December 31, 2003.

The Audit Committee reviewed the Bank's audited consolidated financial statements for the fiscal year ended December 31, 2003 and discussed these financial statements with the Bank's management. The Audit Committee also reviewed and discussed the audited consolidated financial statements and the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees) with Wolf, the Bank's independent auditors.

The Bank's independent auditors also provided the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). In addition, the Audit Committee discussed with the independent auditors the matters disclosed in this letter and their independence from the Bank. The Audit Committee also considered whether the independent auditors' provision of the other, non-audit related services to the Bank which are referred to in the "Independent Auditors" section of this Proxy Statement is compatible with maintaining such auditors' independence.

Based on its discussions with management and the independent auditors, and its review of the representations and information provided by management and the independent auditors, the Audit Committee recommended to the Bank's Board of Directors that the audited consolidated financial statements be included in the Bank's Annual Report on Form 10-K for the year ended December 31, 2003.

By the Audit Committee of the Board of Directors of Hingham Institution for Savings, including all persons who have served on the committee in 2003.

Current Members:

Marion J. Fahey
Stacey M. Page
Joseph A. Ribaud CPA
Donald M. Tardiff, M.D.
Geoffrey C. Wilkinson, Sr.

Prior Members During 2003:

Marion J. Fahey
Stacey M. Page
Joseph A. Ribaud CPA
Donald M. Tardiff, M.D.
Geoffrey C. Wilkinson, Sr.

OTHER MATTERS

(Notice Item 3)

The Board of Directors knows of no business which will be presented for consideration at the Meeting other than that set forth in this Proxy Statement. The enclosed form of proxy confers upon each proxy holder discretionary authority to vote the shares represented by such proxy in accordance with his or her best judgment with respect to any other matter which may be properly presented for action at the Meeting.

STOCKHOLDER PROPOSALS

No person who intends to present a proposal for action at the 2005 Annual Meeting of the Stockholders of the Bank may seek to have the proposal included in the proxy statement or form of proxy for the meeting unless that person (a) is a record or beneficial owner of shares of Common Stock representing at least \$2,000 in market value or 1% of the securities entitled to be voted on the proposal at the meeting, which shares have been held by such person for at least one year, continue to be owned by such person at the time the proposal is submitted and through the date on which the meeting is held, (b) notifies the Bank in writing of his or her intention to appear personally or by appropriate representative at that meeting to present his or her proposal for action, (c) submits his or her proposal so that it is received at the Bank's principal executive office on or before November 16, 2004 for inclusion in the appropriate proxy statement and form of proxy relating to such meeting, and (d) otherwise satisfies the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended. The Bank's By-Laws provide that any director nominations and new business submitted by stockholders must be filed with the Clerk of the Bank at least 60 days (February 22, 2005), but not more than 150 days (November 24, 2004), prior to the date of the meeting, and that no other nominations or proposals by stockholders shall be acted upon at the meeting. Therefore, proposals submitted prior to the deadline for consideration at the meeting but after the deadline for inclusion in the proxy statement will be placed on the agenda at the meeting but will not be included in the proxy statement. Any such proposal should be mailed to: Clerk, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043.

Even if the foregoing requirements are satisfied, a person may only submit a maximum of one proposal and supporting statement of not more than 500 words for inclusion in the proxy materials and, under certain circumstances enumerated in the rules of the Securities and Exchange Commission relating to the solicitation of proxies, the Bank may be entitled to omit the proposal and any statement in support thereof from its proxy statement and form of proxy.

EXPENSES OF SOLICITATION

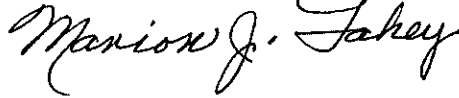
The Bank will bear the cost of preparing, assembling and mailing the Notice, Proxy Statement and form of proxy for the Meeting. Solicitation of proxies will be primarily through the use of mails, but regular employees of the Bank may solicit proxies by personal interview, by telephone or by telegraph without additional remuneration therefor. The Bank will also provide persons, firms, banks and corporations holding shares in their names, or in the names of their nominees, which in either case are beneficially owned by others, with proxy materials for transmittal to such beneficial owners and will reimburse such record holders for their reasonable expenses in so doing. In addition, the Bank has retained Regan & Associates, Inc. to aid in the solicitation of proxies from individuals, brokers, bank nominees and other institutional holders, for which a base fee of \$3,500 (plus out-of-pocket expenses) will be paid.

The Board of Directors would like to have you attend the Meeting in person. However, whether or not you expect to attend the Meeting, it is very important that your shares be represented. Therefore, it would be helpful if you would sign and date the enclosed form of proxy and promptly return it. If you attend the Meeting, you may, if you wish, withdraw any proxy previously given and vote your shares in person.

ANNUAL DISCLOSURE STATEMENT; STOCKHOLDERS' ANNUAL REPORT; FORM 10-K

The Bank's Annual Report to Stockholders for the fiscal year ended December 31, 2003 accompanies this Proxy Statement. The Annual Report to Stockholders constitutes the annual disclosure statement of the Bank and is available to the public at the main office and each branch office of the Bank in accordance with the regulations of the Federal Deposit Insurance Corporation. In addition, a copy of the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, as filed with the Federal Deposit Insurance Corporation, as well as the Annual Report to Stockholders, may be obtained without charge, by any stockholder of the Bank upon written request addressed to Robert H. Gaughen, Jr., President, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043, telephone (781) 749-2200.

By Order of the Board of Directors,

A handwritten signature in black ink, reading "Marion J. Fahey". The signature is written in a cursive style with a large, stylized "M" and "F".

Marion J. Fahey
Clerk

Dated: March 23, 2004

**HINGHAM INSTITUTION FOR SAVINGS
NOMINATING COMMITTEE CHARTER**

This Committee shall be responsible for recommending to the Board candidates for membership on the Board of Directors. The Committee shall also be responsible for recommending to the Board individuals for election to positions of senior management. It shall review senior management compensation and make salary recommendations to the Board. The Committee may periodically review this Management Plan and make recommendations thereon to the Board.

In performing its functions, these provisions shall constitute the charter referred to in NASDAQ Rule 4350(c)(4)(b) for the Nominating and Personnel Committee in its capacity as the Bank's nominations committee for purposes of NASDAQ Rule 4350(c)(4)(a).

A. Purpose

In furtherance of the previously described responsibilities, the purpose of the Nominating and Personnel Committee is to:

1. Identify and nominate Board members;
2. Develop and recommend to the Board a set of principles applicable to the Bank as they relate to Director nominations; and
3. Make appropriate recommendations concerning senior management and retention and compensation.

B. Structure and Membership

1. Number. The Nominating and Personnel Committee shall consist of such number of Directors as the Board shall from time to time determine.
2. Independence. Except as otherwise permitted by the applicable rules of NASDAQ, each member of the Nominating and Personnel Committee shall be independent as defined by such rules from time to time.
3. Chair. The Board shall designate a Chair of the Nominating and Personnel Committee on an annual basis.
4. Compensation. The compensation of Nominating and Personnel Committee members shall be as determined by the Board.
5. Selection and Removal. Members of the Nominating and Personnel Committee shall be appointed by the Board, upon the recommendation of the Committee. The Board may remove members of the Nominating and Personnel Committee from such Committee, with or without cause at any time.

C. Authority and Responsibilities

Board and Committee Membership

1. Selection of Director Nominees. Except where the Bank is legally required by by-law, contract or otherwise to provide third parties with the ability to nominate Directors, the nomination of Bank Directors will be determined by the Nominating and Personnel Committee making recommendations to the Board for the Board's consideration and approval.
2. Criteria for Selecting Directors. The Board's criteria for selecting Directors are as follows:
 - a. Independence. The Board shall have a majority of Directors who meet the criteria for independence required by the NASDAQ Stock Market Marketplace Rules.

b. Size of the Board. The Board currently has 16 members. The Board believes this is an appropriate size given the Bank's present circumstances, but that a smaller or larger Board may be appropriate at any given time, depending on circumstances and changes in the Bank's business.

c. Other Directorships. A Director shall limit the number of other public company boards on which he or she serves so that he or she is able to devote adequate time to his or her duties to the Bank, including preparing for and attending meetings. Directors should advise the Chairman of the Board and the Chairman of the Nominating and Personnel Committee in advance of accepting an invitation to serve on another public company board. Service on boards and/or committees of other organizations shall comply with the Bank's conflict of interest policies.

d. Tenure. The Board does not believe it should establish term limits. Term limits could result in the loss of Directors who have been able to develop, over a period of time, increasing insight into the Bank and its operations and an institutional memory that benefit the entire membership of the Board as well as management. As an alternative to term limits, the Nominating and Personnel Committee shall review each Director's continuation on the Board at least once every three years. This will allow each Director the opportunity to conveniently confirm his or her desire to continue as a member of the Board and allow the Bank to conveniently replace Directors who are no longer interested or effective.

e. Retirement. There shall be no age limit on service. Each member shall be evaluated based on his or her capacity to be effective.

The Nominating and Personnel Committee shall use such criteria to guide its Director selection process. The Committee shall be responsible for reviewing with the Board, on an annual basis, the requisite skills and criteria for new Board members as well as the composition of the Board as a whole.

3. Search Firms. The Nominating and Personnel Committee shall have the sole authority to retain and terminate any search firm that might be used to identify Director nominees, including sole authority to approve the search firm's fees and other retention terms. The Committee is empowered, without further action by the Board, to cause the Bank to pay the compensation of any search firm engaged by the Committee.
4. Selection of Committee Members. The Nominating and Personnel Committee shall be responsible for recommending to the Board the Directors to be appointed to each Committee of the Board as well as the Chair, Clerk, and compensation for the same.

Succession Planning

5. Evaluation of Senior Executives. The Nominating and Personnel Committee, in its capacity as the Board's executive compensation committee, shall be responsible for overseeing the evaluation of the Bank's senior executives (as defined in the Management Plan) on at least an annual basis. The Nominating and Personnel Committee shall determine the nature and frequency of the evaluation, the persons subject to evaluation, conduct of the evaluation and present assessments of the performance of the Bank's senior executives, to be discussed and acted upon by the Board of Directors.

Procedures and Administration

1. Meetings. The Nominating and Personnel Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee shall keep such records of its meetings as it shall deem appropriate.
2. Subcommittees. The Nominating and Personnel Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.
3. Reports to the Board. The Nominating and Personnel Committee shall report at least annually to the Board.
4. Charter. The Nominating and Personnel Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

5. Independent Advisors. The Nominating and Personnel Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Bank. The Committee is empowered, without further action by the Board, to cause the Bank to pay the compensation of such advisors as established by the Committee.
6. Investigations. The Nominating and Personnel Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Bank to meet with the Committee or any advisors engaged by the Committee.

**HINGHAM INSTITUTION FOR SAVINGS
AUDIT COMMITTEE CHARTER AND PLAN**

OVERVIEW OF RESPONSIBILITIES

It is the function of the Audit Committee of Hingham Institution for Savings to assist the Board of Directors of the Bank in monitoring compliance with Board policies and applicable laws and regulations, ensuring comprehensive audit coverage by both the internal and external auditors, and in overseeing the external reporting of the Bank.

As a publicly traded company, the Bank is subject to the rules and regulations of the FDIC, which are analogous to those of the Securities and Exchange Commission, and other applicable securities exchanges. It is the responsibility of the Audit Committee to oversee compliance with these rules and regulations.

The Audit Committee will meet as often as necessary but at least four times each year including a meeting with the Bank's external auditors prior to the issuance of the Annual Report. A majority of the members of the Committee will constitute a quorum at any meeting.

The Committee shall have the authority to call before it members of management and other Bank employees. It shall also have the authority and funding to engage independent counsel and other advisors as necessary to perform their duties and responsibilities.

Compensation for these meetings will be set by the full Board of Directors of the Bank. The Chairman and Clerk of the Committee shall be designated by the full Board of Directors. The Committee shall be composed of a minimum of three Directors. All members shall be independent Directors, and at least one member must have past employment experience in finance or accounting or other comparable experience or background including a current or past position as a chief executive or finance officer. All members must be capable of reading and understanding fundamental financial statements. It is incumbent on the members of the Audit Committee to acquire and maintain the necessary banking knowledge to keep themselves informed about the Bank's affairs in meeting its overall responsibilities to the shareholders, depositors, and the community.

DUTIES AND RESPONSIBILITIES

This Audit Committee Charter and Plan is intended to include the following duties and responsibilities of the Committee's members:

1. Direct responsibility for hiring and overseeing the work of the external auditors, consisting of an annual audit of the Bank's financial statements forming a part of the Annual Report on Form 10-K. The audit shall be made by an independent certified public accountant in accordance with generally accepted auditing standards.
2. Reviewing the annual audit scope with the external auditors.
3. Reviewing the Annual Report on Form 10-K with the external auditors before filing with the FDIC.
4. Reviewing quarterly the financial reports on Form 10-Q filed with the FDIC.
5. Reviewing supplemental reports issued by the external auditors in connection with their audit, containing comments and recommendations on internal controls, as well as other reports required by regulatory and other requesting agencies.
6. Receiving reports from the external and internal auditors regarding the Bank's critical accounting policies and material communications between the auditors and the Bank's management.

7. Selecting the internal audit firm and supervising its operations and the resolution of related comments and recommendations. Such work shall include reviewing on a quarterly basis the reports of the internal audit firm and confirm the adequacy of management's responses thereto. Meetings and discussions with the internal audit firm shall include a review of the overall control environment to ensure that management and the Board of Directors have established a sound control environment and that the necessary components of internal control are present and functioning in each major area of operations.
8. Reviewing annually the Bank's overall Risk Management process. The objectives of the review are to determine whether there are (1) active Board and senior management oversight, (2) adequate policies, procedures and limits, and (3) adequate risk management assessment.
9. Reviewing FDIC and state regulatory Safety and Soundness and Compliance Examination Reports upon receipt by the Bank.
10. Reviewing the Quarterly Loan Review Report prepared by an outside consulting firm retained by the Committee to confirm management's review of the quality level of the loan portfolio.
11. Reporting at least quarterly to the Board of Directors.

OTHER ADMINISTRATIVE MATTERS

12. The Committee shall establish procedures for the confidential receipt and handling of anonymous submissions of concerns from employees or others regarding questionable accounting practices. Any such complaint should be in writing addressed to the Chairman of the Audit Committee, 49 Main Street, Hingham, MA 02043 and will be delivered in confidence to him/her.
13. Procedures will be maintained to handle the receipt, retention and treatment of complaints received by the Bank regarding accounting matters. Any such complaint should be in writing addressed to the Chairman of the Audit Committee, 49 Main Street, Hingham, MA 02043 and will be delivered in confidence to him/her.
14. Committee members may not accept consulting, advisory or other compensatory fees from the Bank, other than Director's fees which by definition shall include fees paid for service as a member, chair or clerk of the Board or any Committee thereof.
15. Tax services and other non-audit services from the Bank's external audit firm that are not expressly prohibited by regulatory authorities may continue to be provided by such firm, so long as they are pre-approved by the Audit Committee.
16. Where applicable, reports to the FDIC shall disclose that the Audit Committee includes at least one member who is a financial expert, as defined.

All of the above duties and responsibilities shall be subject to review and change at the discretion of the full Board of the Bank.

