

Robert H. Mangler, Jr.

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C. 204529

FORM F - 4

QUARTERLY REPORT UNDER SECTION 13 OF THE SECURITIES EXCHANGE ACT OF
1934 FOR

THE QUARTER ENDED SEPTEMBER 30, 1993

FDIC CERTIFICATE NUMBER - 90211-0

HINGHAM INSTITUTION FOR SAVINGS
(Exact name of bank as specified in its charter)

Massachusetts
(State of Incorporation)

04-1442480
(I.R.S. Employer Identification Number)

55 Main Street, Hingham, MA
(Address of Principal Executive Offices)

02043
(Zip Code)

(617) 749-2200
(Bank's Telephone Number, including area code)

Indicate by check mark whether the bank (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the bank was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) YES X NO _____

(2) YES X NO _____

Indicate the number of shares outstanding of each of the bank's classes of common stock, as of the latest practicable date:

At October 29, 1993 there were 1,276,340 shares of common stock outstanding.

ITEM 1 - FINANCIAL STATEMENTS

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30 1993	December 31, 1992
	(In Thousands)	
	(Unaudited)	
ASSETS		
Cash and due from banks	\$2,189	\$2,509
Interest-bearing deposits in banks	7,085	941
	<hr/>	<hr/>
Total cash and cash equivalents	9,274	3,450
Securities held for sale - market value of \$61,140,000 in 1993, and \$66,494,000 in 1992 . . .	60,934	66,183
Loans, net of allowance for loan losses of \$1,202,000 in 1993 and \$1,501,000 in 1992	67,711	69,465
Real estate owned or substantively repossessed . . .	4,014	2,938
Real estate held for investment	0	2,796
Accrued interest receivable	1,029	996
Deferred income tax asset	400	400
Federal Home Loan Bank stock, at cost.	1,000	1,000
Banking premises and equipment, net.	1,551	1,620
Other assets	843	612
	<hr/>	<hr/>
	\$146,756	\$149,460
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$117,102	\$119,885
Federal Home Loan Bank advances	15,000	15,000
Accrued interest payable	303	409
Mortgagors' escrow	216	148
Other liabilities	505	306
	<hr/>	<hr/>
Total liabilities	133,126	135,748
	<hr/>	<hr/>
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; 1,274,340 and 1,253,000 shares issued and outstanding.	1,274	1,253
Additional paid-in capital	8,444	8,380
Retained earnings	3,912	4,103
	<hr/>	<hr/>
	13,630	13,736
Net unrealized loss on marketable equity securities.	0	(24)
	<hr/>	<hr/>
Total stockholders' equity	13,630	13,712
	<hr/>	<hr/>
	\$146,756	\$149,460
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See accompanying Notes to Consolidated Financial Statements.

ITEM 1 - FINANCIAL STATEMENTS (continued)

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

Consolidated Statements of Operations

	Three Months Ended		Nine Months Ended	
	September 30, 1993	September 30, 1992	September 30, 1993	September 30, 1992
	(In Thousands, Except Per Share Amounts) (Unaudited)			
Interest and dividend income:				
Loans	\$1,424	\$1,855	\$4,315	\$5,748
Investment securities	751	941	2,587	2,889
Interest bearing deposits	55	10	93	62
Total interest and dividend income	2,230	2,806	6,995	8,699
Interest expense:				
Deposits	931	1,367	3,025	4,459
Federal Home Loan Bank advances	164	192	509	626
Total interest expense	1,095	1,559	3,534	5,085
Net interest income	1,135	1,247	3,461	3,614
Provision for loan losses	0	0	63	50
Net interest income after provision for loan losses	1,135	1,247	3,398	3,564
Non-interest income:				
Fees on deposit accounts	65	56	187	164
Gain (loss) on sale of investments, net	(13)	192	559	528
Gain on sale of branch building	0	106	0	106
Fidelity Bond Insurance Settlement	0	0	515	0
Other	26	28	91	101
Total non-interest income	78	382	1,352	899
Non-interest expense:				
Expenses related to Proxy contest	0	0	1,508	0
Salaries and employee benefits	401	362	1,150	1,112
Data processing	72	72	221	224
Occupancy and equipment	82	81	249	258
Foreclosed properties, net	74	478	623	898
Real estate held for investment, net	0	34	291	134
Legal	32	29	101	73
Deposit insurance	77	72	253	214
Other	179	190	543	625
Total non-interest expense	917	1,318	4,939	3,538
Income (loss) before income tax expense	296	311	(189)	925
Income tax expense	0	0	2	2
Net income (loss)	\$ 296	\$ 311	(\$191)	\$ 923
Net income (loss) per common share	\$0.23	\$0.25	(\$0.15)	\$0.74
Weighted average shares outstanding	1,271	1,250	1,265	1,250

See Accompanying Notes to Consolidated Financial Statements.

ITEM 1 - FINANCIAL STATEMENTS (continued)

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 1993 and 1992

	Common stock	Additional paid-in capital	Retained earnings	Net unrealized loss on marketable equity securities	Total stock- holders' equity
	-----	-----	-----	-----	-----
				(In Thousands) (Unaudited)	
Balance at December 31, 1991	\$1,250	\$8,371	\$2,547	(\$180)	\$11,988
Net income			923		923
Stock options exercised. . .	1	3			4
Decrease in net unrealized loss on marketable equity securities				137	137
	-----	-----	-----	-----	-----
Balance September 30, 1992 (unaudited)	\$1,251 =====	\$8,374 =====	\$3,470 =====	(\$43) =====	\$13,052 =====
Balance at December 31, 1992	\$1,253	\$8,380	\$4,103	(\$24)	\$13,712
Net loss			(191)		(191)
Stock options exercised. .	21	64			85
Decrease in net unrealized loss on marketable equity securities				24	24
	-----	-----	-----	-----	-----
Balance September 30, 1993 (unaudited)	\$1,274 =====	\$8,444 =====	\$3,912 =====	\$0 =====	\$13,630 =====

See Accompanying Notes to Consolidated Financial Statements.

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	1993	1992
	(In thousands) (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	(\$191)	\$923
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for loan losses	63	50
Provision for loss and write-downs on real estate owned	432	724
Amortization of discount on investment securities, net of accretion	445	198
Increase (decrease) deferred loan fees, net	0	3
Depreciation	112	235
Loss (gain) on sale of investments, net	(559)	(528)
(Increase) decrease in accrued interest receivable	(33)	297
(Increase) decrease in other assets	(222)	(1,032)
Increase (decrease) in mortgagors' escrow	68	56
Increase (decrease) in accrued interest payable and other liabilities	93	(186)
Net cash provided by (used in) operating activities . .	208	740
Cash flows from investing activities:		
Proceeds from maturities of investment securities	--	5,523
Proceeds from sales of investment securities	36,396	29,658
Principal payments received on mortgage-backed securities	14,912	4,693
Purchase of investment securities	(45,921)	(41,924)
Proceeds from sale of loans	292	343
(Increase) decrease in loans, net	602	(1,209)
Additions to real estate owned, net	4	(187)
Proceeds from sales of real estate owned	1,811	1,218
Gain on sale of real estate owned	--	(41)
Writedown of real estate held for investment	271	15
Additions to real estate held for investment	(14)	(10)
Additions to banking premises and equipment	(39)	(5)
Proceeds from sale of Hanover branch building	--	173
Gain on sale of Hanover branch building	--	(106)
Net cash provided by (used in) investing activities . . .	8,314	(1,859)

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Nine Months Ended September 30,	
	1993	1992
	(In thousands) (Unaudited)	
Cash flows from financing activities:		
Increase (decrease) in deposits, net	(2,783)	1,974
Proceeds from stock options exercised	85	4
Proceeds from FHLB advances	0	7,000
Repayment of FHLB advances	0	(7,000)
Net cash provided by (used in) financing activities. . . .	(2,698)	1,978
Net increase in cash and cash equivalents	5,824	859
Cash and cash equivalents:		
Beginning of period.	3,450	3,500
End of period	\$9,274	\$4,359
Supplementary information:		
Cash paid during the period for interest	\$3,427	\$5,249
Loans transferred to real estate owned or substantively repossessed	2,833	1,393
Loans charged-off, net of recoveries	362	254
Financed sales of real estate owned	1,962	969
Real estate owned or substantively repossessed transferred to loans	74	156
Real estate held for investment transferred to real estate owned or substantively repossessed	2,526	0

See accompanying Notes to Consolidated Financial Statements.

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

Notes to Unaudited Financial Statements

September 30, 1993 and 1992

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited quarterly consolidated financial statements of Hingham Institution for Savings presented herein should be read in conjunction with the consolidated financial statements of Hingham Institution for Savings for the year ended December 31, 1992 filed on Form F-2.

Financial information as of September 30, 1993 and the results of operations and cash flows for the nine months ended September 30, 1993 and 1992 are unaudited, and in the opinion of management reflect all adjustments necessary for a fair presentation of such information. Interim results are not necessarily indicative of results to be expected for the entire year.

Certain amounts in prior year financial statements have been reclassified to reflect the current year's presentation.

2) LEGAL PROCEEDINGS

On April 11, 1990, a lawsuit against the Bank by its former president, Wilfred H. Creighton, was dismissed by the Court without liability to the Bank. The Bank's claims against its former president will continue to be vigorously pursued as the Bank contends that a substantial amount of the cumulative loan losses it has sustained result from the former president's alleged conduct. In February, 1993 the Bank reached a settlement agreement with its insurance carrier in the amount of \$515,000 to compensate the Bank for its losses suffered by its former president's conduct. The settlement allows the Bank to maintain its lawsuit against the former president without competition from the insurance carrier to recover the amount paid under the claim. This recovery is reflected in these Consolidated Financial Statements.

In connection with the alleged conduct of the Bank's former president, several individuals have threatened claims against the Bank. The Bank will vigorously defend itself against any and all such claims if or when they are filed.

The Bank is currently a defendant in two lawsuits relating to lender liability. One of these lawsuits was brought by a borrower who has subsequently initiated two additional suits. The Bank has obtained partial summary judgment in the initial suit. The Bank has recently amended its counterclaim against this borrower to reach and apply proceeds of mortgages payable to him. The second lawsuit was brought by a separate borrower of the Bank. The borrower has alleged that the Bank committed various torts and breached its contract with respect to the borrower's application for funds. The Bank denied these claims and counterclaimed against the borrower for breach of contract. The Bank will continue to vigorously assert its counterclaims.

The outcome of and the ultimate liability of the Bank, if any, from these actions cannot be predicted at this time and, accordingly, the Bank has made no provision for these matters in its financial statements. The Bank believes that it has meritorious defenses to the claims and intends to pursue them through the appropriate legal process.

ITEM 2 - Management's Discussion and Analysis of Financial Condition
and Results of Operations.

REGULATORY MATTERS

In March of 1992, the Bank entered into a Memorandum of Understanding with the FDIC and the Massachusetts Commissioner of Banks. The Memorandum sets forth plans for reducing classified assets, improving the earnings of the Bank, and revises the Bank's Fund's Management Policy to address liquidity needs as well as monitoring interest rate sensitivity. Lending, investment and budget policies will be incorporated into a comprehensive business plan, which will be submitted to the FDIC and the Commissioner of Banks. In addition, specific goals are to be established under this Memorandum for reducing the ratio of non-performing loans to total loans.

LIQUIDITY AND CAPITAL RESOURCES:

Assets totaled \$146,756,000 at September 30, 1993, and \$149,460,000 at December 31, 1992; a decrease of 1.81% due to a decrease in deposits of \$2,783,000. During this period, stockholders' equity decreased from \$13,712,000 to \$13,630,000 primarily due to the net loss of \$191,000. During the period, stock options were exercised increasing the outstanding shares of Common Stock by 21,340 shares.

Massachusetts-Chartered Savings Banks that are insured by the FDIC are subject to minimum capital maintenance requirements. At September 30, 1993 the Bank's total capital of \$13,630,000 was equal to 9.29% of total assets and exceeded FDIC's minimum capital requirements.

LIQUIDITY AND CAPITAL RESOURCES continued:

During the first nine months of 1993 real estate owned or substantively repossessed, together with Real Estate Held for Investment decreased by \$1,720,000 from \$5,734,000 at December 31, 1992 to \$4,014,000 on September 30, 1993 which represents 2.74% of total assets. This represents a year-to-date reduction of 30.0%. Management is continuing its aggressive posture in divesting of properties previously foreclosed and remains optimistic because of the promising increase in residential real estate activity that the region is currently experiencing.

During this same period total gross loans outstanding decreased by \$2,053,000 from \$70,966,000 at December 31, 1992 to \$68,913,000 on September 30, 1993, mainly attributable to amortization, pay-offs and foreclosures. On September 30, 1993, gross loans outstanding represented 46.96% of total assets. Non-accrual loans decreased by \$2,868,000 or 79.29% from \$3,167,000 at December 31, 1992 to \$749,000 at September 30, 1993.

Interest-bearing Deposits in banks increased by \$6,144,000 from \$941,000 at December 31, 1992 to \$7,085,000 on September 30, 1993, which represents 4.83% of total assets.

Securities Held for Sale decreased by \$5,249,000 from \$66,183,000 at December 31, 1992 to \$60,934,000 on September 30, 1993 which represents 41.52% of total assets. The composition of the investments changed as U.S. Treasury and U.S. Government agencies increased by \$2,523,00 to \$17,426,000 on September 30, 1993 which represents 11.87% of total assets. Government guaranteed mortgage-backed securities decreased by \$7,387,000 to \$43,508,000 at September 30, 1993 which represents 29.65% of total assets. The marketable equity securities portfolio was reduced from \$385,000 at December 31, 1992 to \$0. on September 30, 1993, through the sale of all marketable equity securities owned.

LIQUIDITY AND CAPITAL RESOURCES continued:

At December 31, 1992, the Bank reclassified its entire investment portfolio as assets held for sale which are accounted for at the lower of cost or market. The Bank's reclassification decision had no effect on the Bank's earnings. As of September 30, 1993, securities held for sale totaled \$60,934,000 with a market value of \$61,140,000.

Deposits decreased by \$2,783,000 from \$119,885,000 at December 31, 1992 to \$117,102,000 on September 30, 1993. During the same period, with interest rates declining, the composition of deposits continued to experience a shift from certificate accounts to non-certificate accounts. Certificate accounts decreased from \$37,411,000 at December 31, 1992 to \$32,350,000 at September 30, 1993 which represents a \$5,061,000 decrease while non-certificate accounts increased from \$82,474,000 at December 31, 1992 to \$84,752,000 at September 30, 1993 which represents a \$2,278,000 increase.

RECENT ACCOUNTING PRONOUNCEMENT

In April 1993, the Financial Accounting Standards Board approved the Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities". As a result, commencing on December 31, 1993, investments that management has the positive intent and ability to hold to maturity will be classified as "held to maturity" and carried at amortized cost. Investments that are held for current resale will be classified as "trading securities" and carried at fair value, with unrealized

RECENT ACCOUNTING PRONOUNCEMENT continued

gains and losses included in earnings. Investments not classified as either of the above will be classified as "available for sale" and carried at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity. Adoption of this accounting standard could have a significant impact on Banks' consolidated financial statements.

MATERIAL LITIGATION

Litigation was entered into during the first quarter of 1993 as reported on the Form F-3 Current Report for the month of March 1993, and the settlement of that litigation as reported on the Form F-3 Current Report for the month of April 1993 are fully described in said reports which we incorporated herein by reference. The cost incurred in the litigation and the settlement thereof was approximately \$1,508,000.

RESULTS OF OPERATIONS:

THREE MONTHS ENDED SEPTEMBER 30, 1993 AND 1992

GENERAL:

The net income for the quarter ended September 30, 1993 totaled \$296,000 or \$0.23 per share as compared with net income of \$311,000 or \$0.25 per share for the quarter ended September 30, 1992.

The decrease in net income of \$15,000 for the third quarter of 1993 compared to 1992 primarily results from a net reduction in net interest income of \$112,000, the non recurring 1992 Gain on Sale of Branch Building of \$106,000, the non-recurring net Gain on Sale of Investments, net of \$192,000 in the third quarter of 1992 compared to net Loss on the Sale of Investments, net of \$13,000 in the comparable quarter of 1993, a net decrease in non-interest expense - foreclosed properties net of \$74,000 in the third quarter of 1993, as compared to \$478,000 in the comparable quarter of 1992.

NET INTEREST INCOME:

Net interest income decreased to \$1,135,000 for the third quarter of 1993 from \$1,247,000 for the comparable 1992 quarter. The weighted average interest rate spread decreased to 3.14% in the third quarter of 1993 from 3.48% in the third quarter of 1992.

The decrease in net interest income and weighted average interest rate spread are outlined in the following Interest and Dividend Income and Interest Expense sections.

INTEREST AND DIVIDEND INCOME:

Interest and dividend income decreased by \$576,000 for the third quarter of 1993 compared to the third quarter of 1992. This decrease is primarily attributable to a decrease in the yields during the quarter ended September 30, 1993 compared to the quarter ended September 30, 1992. The principle reasons for the reduction in yields are due to the sale of \$13,700,000 loans in the fourth quarter of 1992, the refinancing of fixed rate loans, repricing of adjustable rate mortgage loans at lower interest rates and the sale of investment securities to recognize gains and the reinvestment of the proceeds at lesser yields. The yield on all earning assets decreased to 6.45% for the quarter ended September 30, 1993 as compared to 7.95% for the quarter ended September 30, 1992.

INTEREST EXPENSE:

Total interest expense decreased \$464,000 for the quarter ended September 30, 1993 compared to the quarter ended September 30, 1992 with interest on deposits decreasing by \$436,000. Interest paid on the Federal Home Loan Bank advances for the third quarter of 1993 as compared to the comparable quarter in 1992 decreased by \$28,000. The reductions in interest expense are due to lower weighted average rates paid during the 1993 quarter. The average cost of funds decreased to 3.31% in the third quarter of 1993 from 4.47% in the comparable 1992 quarter.

This decrease in costs of funds is the result of lower interest rates paid on certificates renewed since the third quarter of 1992 and reduction in interest rates paid on regular savings accounts during the third quarter of 1993.

PROVISION FOR LOAN LOSSES:

At September 30, 1993, management's review of the allowance for loan losses concluded that the balance was adequate to provide for potential losses based upon evaluation of risk in the loan portfolio. The balance of the allowance for loan losses as of September 30, 1993 was \$1,202,000 as compared to \$1,424,000 as of September 30, 1992.

NON-INTEREST INCOME:

Total non-interest income decreased to \$78,000 from \$382,000 when comparing the third quarter of 1993 to the third quarter of 1992. The decrease is mainly attributable to a non-recurring \$106,000 Gain on the sale of the Hanover, Massachusetts Branch building during the third quarter of 1992 and the gain on sale of investments, net of \$192,000 in the third quarter of 1992 compared to a Loss on sale of investments net of \$13,000 in the third quarter of 1993.

NON-INTEREST EXPENSE:

Total non-interest expense decreased to \$917,000 from \$1,318,000 when comparing the third quarter of 1993 to the third quarter of 1992, representing a decrease of \$401,000 or 30.42%.

Expenses relating to foreclosed properties, net of rental income, represent the largest single item decrease comparing the third quarter of 1993 expense of \$74,000 to the comparable period of 1992 expense of \$478,000. The decrease is mainly attributable to \$20,000 of provisions for loss on real estate owned in 1993 versus \$437,000 for the comparable 1992 quarter.

NON-INTEREST EXPENSE continued:

Expenses relating to real estate held for investment, net of rental income, decreased when comparing the third quarter of 1993 expense of \$0 to the third quarter of 1992 expense of \$34,000 in that all properties held for investment were transferred to real estate owned or substantively repossessed during the first quarter of 1993.

INCOME TAXES:

The Bank recognizes income taxes under the asset and liability method established in Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes". Under this method, deferred tax assets and liabilities are established for the temporary difference between the accounting basis and the tax basis of the Bank's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. The Bank's deferred tax asset is reviewed quarterly and adjustments to such asset are recognized as deferred income tax expense or benefit based on management's judgements relating to the realizability of such asset.

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

WEIGHTED AVERAGE INTEREST RATES
FOR THE QUARTER ENDED

	Three Months Ended September 30,	
	1993	1992
Weighted average yield earned on:		
Loans (1) (2)	8.29%	8.65%
Investment securities and Federal Home Loan Bank stock (3)	4.83%	6.93%
Interest bearing deposits in banks and short-term investments	2.95%	3.40%
Total interest-earning assets	6.45%	7.95%
Weighted average rate paid on:		
Deposits and mortgagors' escrow	3.18%	4.39%
FHLB advances	4.36%	5.12%
Total interest-bearing liabilities	3.31%	4.47%
Weighted average interest rate spread (4)	3.14%	3.48%

- (1) Non-accrual loans are included in the average loan balances.
- (2) Before deducting average allowance for loan losses.
- (3) Before deducting average net unrealized loss on marketable equity securities.
- (4) Represents the weighted average yield on total interest-earning assets less the weighted average rate paid on interest-bearing liabilities.

RESULTS OF OPERATIONS:

NINE MONTHS ENDED SEPTEMBER 30, 1993 AND 1992

GENERAL:

The net loss for the nine months ended September 30, 1993 totaled \$191,000 or \$0.15 per share as compared with net income of \$923,000 or \$0.74 per share for the nine months ended September 30, 1992.

The decrease in net income for the first nine months of 1993 compared to 1992 primarily results from the expense related to the Proxy Contest of \$1,508,000 reduced by the receipt of \$515,000 from our insurance carrier in settlement of the Bank's claim relating to actions of the Bank's former president, Wilfred H. Creighton (Exhibit A - attached) incorporated by reference to Form F-3 filing for the month of February 1993.

NET INTEREST INCOME:

Net interest income decreased to \$3,461,000 for the first nine months of 1993 from \$3,614,000 for the comparable 1992 period. The weighted average interest rate spread decreased to 3.13% in the first nine months of 1993 from 3.36% in the comparable period of 1992.

The decrease in net interest income and weighted average interest rate spread are outlined in the following Interest and Dividend Income and Interest Expense sections.

INTEREST AND DIVIDEND INCOME:

Interest and dividend income decreased by \$1,704,000 for the first nine months of 1993 compared to the first nine months of 1992. This decrease is primarily attributable to a decrease in the yields during the nine months ended September 30, 1993 compared to the nine months ended September 30, 1992. The principle reasons for the reduction in yields are due to the sale of \$13,700,000 loans in the fourth quarter of 1992, refinancing of fixed rate loans, and repricing of adjustable rate mortgage loans at lower interest rates and the sale of investment securities to recognize gains and the reinvestment of the proceeds at lesser yields. The yield on all earning assets decreased to 6.69% for the nine months ended September 30, 1993 as compared to 8.22% for the nine months ended September 30, 1992.

INTEREST EXPENSE:

Total interest expense decreased \$1,551,000 for the nine months ended September 30, 1993 compared to the nine months ended September 30, 1992 with interest on deposits decreasing by \$1,434,000. Interest paid on the Federal Home Loan Bank advances for the first nine months of 1993 as compared to the comparable period in 1992 decreased by \$117,000. The reductions in interest expense are due to lower weighted average rates paid during the first nine months of 1993. The average cost of funds decreased to 3.56% in the first nine months of 1993 from 4.86% in the comparable 1992 period.

This decrease in costs of funds is the result of lower interest rates paid on certificates, the reduction in interest rates paid on regular savings and NOW accounts, and the continued shift from certificate accounts to non-certificate accounts.

PROVISION FOR LOAN LOSSES:

At September 30, 1993, management's review of the allowance for loan losses concluded that the balance was adequate to provide for potential losses based upon evaluation of then currently identified risks in the loan portfolio and then currently known or foreseen economic conditions. The balance of the allowance for loan losses as of September 30, 1993 was \$1,202,000 as compared to \$1,501,000 as of December 31, 1992.

NON-INTEREST INCOME:

Total non-interest income increased to \$1,352,000 from \$899,000 when comparing the first nine months of 1993 to the first nine months 1992. The increase is mainly attributable to \$515,000 from our insurance carrier in settlement of the Bank's claim relating to actions of the Bank's former president, Wilfred H. Creighton, Gain on sale of investments, net increased to \$559,000 in the first nine months of 1993 compared to \$528,000 in the first nine months of 1992.

During 1992 a non-recurring gain on the sale of Branch building accounted for \$106,000 of non-interest income.

NON-INTEREST EXPENSE:

Total non-interest expense increased to \$4,939,000 from \$3,538,000 when comparing the first nine months of 1993 to the comparable period of 1992. Non recurring expenses related to the Proxy Contest amounted to \$1,508,000 during the first nine months of 1993.

NON-INTEREST EXPENSE continued:

Expenses relating to foreclosed properties, net of rental income, decreased comparing the first nine months of 1993 expense of \$623,000 to the comparable period of 1992 expense of 898,000. The decrease is mainly attributable to a reduction in the average amount of foreclosed properties held during the comparable periods.

Expenses relating to real estate held for investment, net of rental income, increased when comparing the first nine months of 1993 expense of \$291,000 to the first nine months of 1992 expense of \$134,000. All properties held for investment were reviewed to determine estimated net fair value and \$271,000 in excess depreciated costs were charged to operations prior to transferring the balance of \$2,526,000 to real estate owned or substantively repossessed during the first quarter of 1993. Legal costs increased to \$101,000 for the first nine months of 1993 from \$73,000 for the comparable 1992 period. Other expense decreased to \$543,000 for the first nine months of 1993 as compared to \$625,000 for the comparable period of 1992. The decrease is mainly attributable to losses incurred due to the bankruptcy of a local merchant depositor during 1992.

INCOME TAXES:

The Bank recognizes income taxes under the asset and liability method established in Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes". Under this method, deferred tax assets and liabilities are established for the temporary difference between the accounting basis and the tax basis of the Bank's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. The Bank's deferred tax asset is reviewed quarterly and adjustments to such asset are recognized as deferred income tax expense or benefit based on management's judgements relating to the realizability of such asset. No income taxes were provided due to the pre tax loss for the nine month period.

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

WEIGHTED AVERAGE INTEREST RATES
FOR THE NINE MONTHS ENDED

	September 30,	
	1993	1992
Weighted average yield earned on:		
Loans (1) (2)	8.26%	8.90%
Investment securities and Federal Home Loan Bank stock (3)	5.25%	7.30%
Interest bearing deposits in banks and short-term investments	2.92%	3.59%
Total interest-earning assets	6.69%	8.22%
Weighted average rate paid on:		
Deposits and mortgagors' escrow	3.44%	4.78%
FHLB advances	4.52%	5.56%
Total interest-bearing liabilities	3.56%	4.86%
Weighted average interest rate spread (4)	3.13%	3.36%

- (1) Non-accrual loans are included in the average loan balances.
- (2) Before deducting average allowance for loan losses.
- (3) Before deducting average net unrealized loss on marketable equity securities.
- (4) Represents the weighted average yield on total interest-earning assets less the weighted average rate paid on total interest-bearing liabilities.

SIGNATURES

Under the requirements of the Securities Exchange Act of 1934, the bank has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HINGHAM INSTITUTION FOR SAVINGS

Date: November 9, 1993

/s/ Robert H. Gaughen, Jr
President & Chief Executive Officer

Date: November 9, 1993

/s/ Robert F. Cass
Vice President and Treasurer

FEDERAL DEPOSIT INSURANCE CORPORATION

550 17th Street, N.W.
Washington, D.C. 20429

FORM F-3

CURRENT REPORT

Under Section 13 of the Securities
Exchange Act of 1934

For the Month of February, 1993

HINGHAM INSTITUTION FOR SAVINGS
(Exact name of bank as specified in charter)55 Main Street, Hingham, Massachusetts 02043
(Address of principal office)Massachusetts
(state or other
jurisdiction of
incorporation or
organization)90211-0
(FDIC
Certificate No.)04-1442480
(IRS Employer
Identification
No.)(617) 749-2200
(Bank's telephone
number, including
area code)

Item 3: Legal Proceedings

On February 3, 1993, the Bank received \$515,000 from its insurance carrier in settlement of the Bank's Claim relating to actions of the Bank's former president. The claim had been initiated by the Bank against Fidelity & Deposit Company on July 22, 1992, in the United States District Court in Boston, Massachusetts.

A copy of the press release issued by the Bank is attached hereto as Exhibit I and incorporated herein by reference.

Item 12: Other Materially Important Events

On February 9, 1993, the Bank received notice that a shareholder and Director of the Bank, Robert H. Gaughen, Sr., had filed Form F-6 reports with the Federal Deposit Insurance Corporation relating to his intention to propose an alternative slate of Directors for election at the 1993 Annual Meeting of Stockholders of the Bank.

A copy of the press release issued by the Bank is attached hereto as Exhibit I and incorporated herein by reference.

Item 13: Financial Statements and Exhibits

(a) Financial Statements.

Not applicable.

(b) Exhibits.

Exhibit I: Press Release, dated February 11, 1993.

Signatures

Under the requirements of the Securities Exchange Act of 1934, as amended, the Bank has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HINGHAM INSTITUTION FOR SAVINGS

By:

Paul E. Bulman

Paul E. Bulman
President and Chief
Executive Officer

Date: March 9, 1993

HINGHAM INSTITUTION FOR SAVINGS

NEWS RELEASE

FOR IMMEDIATE RELEASE

HINGHAM, MASSACHUSETTS, February 11, 1993 - (H.I.F.S.-NASD National) Paul Bulman, President and CEO of Hingham Institution for Savings, announced that the Bank had received \$515,000 from its insurance carrier in settlement of the Bank's claim relating to actions of the Bank's former president. The Bank and its carrier have entered into arrangements regarding the allocation between them of any future recoveries. Mr. Bulman said that while the Bank will continue to pursue its claims against the former president, no determination can be made at this time as to whether there will in fact be any future recoveries.

Mr. Bulman also announced that a shareholder and Director of the Bank, Robert H. Gaughen, Sr., had filed documents with the Federal Deposit Insurance Corporation relating to his intention to propose an alternative slate of Directors for election at the Bank's upcoming Annual Meeting in this Spring.

Hingham Institution for Savings is a State Chartered Savings Bank serving the South Shore of Massachusetts. On December 31, 1992, total assets were \$149,460,000 and stockholder equity totaled \$13,712,000 for a book value of \$10.94 per share.

Item 3: Legal Proceedings

On March 5, 1993, the Bank instituted litigation in the United States District Court in Boston, Massachusetts against four directors of the Bank and the son of one of those directors. That action is captioned Hingham Institution for Savings v. Gaughen, et al., Civil Action No. 93-10497H (the "Action"). The director defendants are Robert H. Gaughen, Robert H. Gaughen, Jr., James Consentino and Thomas Youngworth. The complaint alleges that defendants have violated, and continue to violate, both federal and state banking and securities laws in connection with efforts to acquire control of the Bank. The complaint further alleges that those violations include the concealment of defendants' concerted activity as a "group" in the purchase, ownership and voting of Bank common stock and their concealment of the purpose of their purchases of Bank common stock to acquire control of the Bank. The complaint also alleges defendants' violation of the provision in the Bank's charter prohibiting through December 20, 1993 the ownership of in excess of 10% of the outstanding common stock by any individual or group. In its complaint, the Bank seeks injunctive relief, a declaration of its rights, money damages and certain other remedies.

A copy of the press release issued by the Bank in connection with the Action is attached hereto as Exhibit I and incorporated herein by reference.

On March 17, 1993, Robert H. Gaughen, one of the defendants in the Action, brought a Verified Third-Party Complaint, in the form of a shareholder's derivative action (the "Third-Party Complaint"), against all directors who voted in favor of the Bank's institution of the Action, principally alleging that the Action is without merit and is a waste of corporate assets. Mr. Gaughen also alleges that these directors have taken improper actions in the past.

Item 13: Financial Statements and Exhibits

(a) Financial Statements.

Not applicable.

(b) Exhibits.

Exhibit I: Press Release relating to the Action, dated March 8, 1993.

Signatures

Under the requirements of the Securities Exchange Act of 1934, as amended, the Bank has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HINGHAM INSTITUTION FOR SAVINGS

By:

Paul E. Bulman

Paul E. Bulman
President and Chief
Executive Officer

Date: April 6, 1993

HINGHAM INSTITUTION FOR SAVINGS
NEWS RELEASE

FOR IMMEDIATE RELEASE

HINGHAM, MASSACHUSETTS March 8, 1993--(H.I.F.S.--NASD National) Paul Bulman, President and CEO of Hingham Institution for Savings, announced that on March 5, 1993, Hingham Institution for Savings instituted a lawsuit in the United States District Court in Boston, Massachusetts against certain of its shareholders, four of whom are also directors of the Bank. The named defendants are Robert H. Gaughen, Robert H. Gaughen, Jr., Kevin Gaughen, James Consentino and Thomas Youngworth. The complaint alleges that the defendants have violated federal and state securities and banking laws in connection with the defendants' attempt to acquire control of the Bank. The Bank's complaint seeks injunctive relief, money damages and other remedies provided for in the Bank's Charter and under the law.

Hingham Institution for Savings is a state-chartered savings bank serving the South Shore of Massachusetts. On December 31, 1992, total assets were \$149,460,000 and stockholder equity totaled \$13,712,000.

FEDERAL DEPOSIT INSURANCE CORPORATION

550 17th Street, N.W.
Washington, D.C. 20429

FORM F-3

CURRENT REPORT

Under Section 13 of the Securities
Exchange Act of 1934

For the Month of March, 1993

HINGHAM INSTITUTION FOR SAVINGS
(Exact name of bank as specified in charter)55 Main Street, Hingham, Massachusetts 02043
(Address of principal office)Massachusetts
(state or other
jurisdiction of
incorporation or
organization)90211-0
(FDIC
Certificate No.)04-1442480
(IRS Employer
Identification
No.)(617) 749-2200
(Bank's telephone
number, including
area code)

Item 3: Legal Proceedings

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Item 13: Financial Statements and Exhibits

(a) Financial Statements.

Not applicable.

(b) Exhibits.

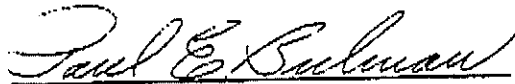
Exhibit I: Press Release relating to the Action, dated March 8, 1993.

Signatures

Under the requirements of the Securities Exchange Act of 1934, as amended, the Bank has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HINGHAM INSTITUTION FOR SAVINGS

By:



Paul E. Bulman
President and Chief
Executive Officer

Date: April 6, 1993

HINGHAM INSTITUTION FOR SAVINGS
NEWS RELEASE

FOR IMMEDIATE RELEASE

HINGHAM, MASSACHUSETTS March 8, 1993--(H.I.F.S.--NASD National) Paul Bulman, President and CEO of Hingham Institution for Savings, announced that on March 5, 1993, Hingham Institution for Savings instituted a lawsuit in the United States District Court in Boston, Massachusetts against certain of its shareholders, four of whom are also directors of the Bank. The named defendants are Robert H. Gaughen, Robert H. Gaughen, Jr., Kevin Gaughen, James Consentino and Thomas Youngworth. The complaint alleges that the defendants have violated federal and state securities and banking laws in connection with the defendants' attempt to acquire control of the Bank. The Bank's complaint seeks injunctive relief, money damages and other remedies provided for in the Bank's Charter and under the law.

Hingham Institution for Savings is a state-chartered savings bank serving the South Shore of Massachusetts. On December 31, 1992, total assets were \$149,460,000 and stockholder equity totaled \$13,712,000.

FEDERAL DEPOSIT INSURANCE CORPORATION

550 17th Street, N.W.
Washington, D.C. 20429

FORM F-3

CURRENT REPORT

Under Section 13 of the Securities Exchange Act of 1934

For the Month of April, 1993

HINGHAM INSTITUTION FOR SAVINGS

(Exact name of bank as specified in charter)

55 Main Street, Hingham, Massachusetts 02043

Massachusetts
(state or other
jurisdiction of
incorporation or
organization)

90211-0
(FDIC
Certificate No.)

04-1442480
(IRS Employer
Identification
No.)

(617) 749-2200
(bank's telephone
number, including
area code)

HINGHAM INSTITUTION FOR SAVINGS

Draft of Text for Portions of Form F-3 Report

Item 3 - Legal Proceedings

On April 19, 1993 the Federal District Court for Massachusetts declined to grant the injunctive relief requested by the Bank in the lawsuit described in the Bank's Current Report on Form F-3 for the month of March, 1993. The court stated that the Bank had failed to establish in a preliminary hearing that there was a likelihood of success on the merits, in that the Bank had failed to show that the five named defendants were members of a group acting in concert. The court also declined to grant the injunctive relief requested by the defendants against Mr. Bulman et al. and recommended that they seek a remedy in state court.

On April 20, 1993 the five individuals brought an action for such relief in Norfolk County Superior Court entitled Robert H. Gaughen, et al., v. Paul B. Bulman, et al. (Civil Action No. 93-00912).

On April 26, 1993 the Bank, the five individuals and the other named parties to the litigation entered into an Agreement to settle all outstanding disputes and litigation. Pursuant to the terms of the Agreement, the federal and state lawsuits have been dismissed, and the parties have released one another with respect to the subject matter of the litigation and any other claims known to them that they could have asserted against one another in the litigation. On the basis of the information that had become available in the course of the litigation, the Board unanimously rescinded its determinations made on March 5, 1993 that the five individuals were acting in concert and that the Bank should invoke the provisions of its charter to limit their voting rights and cause their shares to be sold by a trustee. The Board also voted unanimously to permit a fair and free election at the 1993 Annual Meeting to enable the Bank's stockholders to choose between the slates of nominees presented by Robert H. Gaughen and the Nominating Committee.

The Agreement provided for the Bank to indemnify all of the directors who had been parties to the litigation and to pay the reasonable legal fees incurred by Mr. Gaughen and the other defendants, as well as the legal fees incurred by the Bank, in connection with the litigation (a total of approximately \$265,000 and \$373,000, respectively), subject to any necessary regulatory approvals. Mr. Bulman agreed to resign as a director and officer of the Bank if Mr. Gaughen's nominees were elected. The Board voted, subject to any necessary regulatory approvals, to cause Mr. Bulman's Executive Employment Agreement to be amended so as to

entitle Mr. Bulman to receive, upon such resignation, severance benefits generally comparable to (although somewhat less than) those benefits that he would have received under his Special Termination Agreement in the event of a change in control and a terminating event, as those terms are defined therein. Such severance benefits will consist of approximately \$350,000 in cash payable in semi-monthly installments of \$4,900 each through November 1993 and the balance on November 30, 1993, together with the right to exercise all his outstanding stock options through November 30, 1993. There will be a reduction in the lump-sum payment of up to \$20,000 of the profit realized upon exercise of certain of the options.

The foregoing summary is qualified in its entirety by reference to the text of the Agreement, a copy of which is appended to this Report as Exhibit 1.

Item 9 - Submission of Matters to a Vote of Security Holders

At the Bank's April 29, 1993 Annual Meeting, the stockholders elected Ronald D. Falcione, Warren B. Noble, Stacey M. Page, Donald E. Staszko, James R. White and Geoffrey C. Wilkinson as directors by a vote of 800,595 to 309,049. J. Robert Crowley was elected as Clerk by a plurality of the votes cast (1,109,654 votes in favor).

Following the meeting, Paul E. Bulman, Richard B. Lane and David L. Wightman resigned as directors. Mr. Bulman also resigned as President of the Bank and as an officer or trustee of all of the Bank's subsidiaries and affiliates.

At its organizational meeting immediately following the Annual Meeting, the new Board elected Robert H. Gaughen, Jr. as President of the Bank.

The continuing directors of the Bank, other than those elected for a three-year term at the 1993 Annual Meeting, are James V. Consentino, Robert H. Gaughen, Jr., Herbert E. Soini and Thomas Youngworth, whose terms expire at the 1994 Annual Meeting, and J. Robert Crowley, Marion J. Fahey, Robert H. Gaughen and John R. Lombardo, whose terms expire at the 1995 Annual Meeting.

While the participants in the 1993 proxy contest agreed to settle the litigation brought by them concerning the election (see Item 3 above), they did not settle the proxy contest but rather agreed to the holding of a full and fair election. The Bank's solicitation expenses were approximately \$211,000 and Robert H. Gaughen's solicitation expenses, for which he intends to seek reimbursement from the Bank, were approximately \$242,000.

Item 13 - Financial Statements and Exhibits

(a) Financial Statements.

Not applicable.

(b) Exhibits.

Exhibit 1: Settlement Agreement dated April 26, 1993, by and among the Bank, Kevin Gaughen, Robert H. Gaughen, Sr. and certain other members of the Bank's Board of Directors.

Exhibit 2: Joint press release of the Bank and Mr. Gaughen, dated April 26, 1993, announcing the settlement of all outstanding litigation.

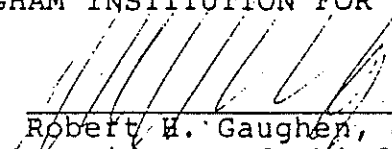
Exhibit 3: Press release of the Bank, dated May 5, 1993, announcing the election of Robert H. Gaughen, Jr. as President and Chief Executive Officer of the Bank.

Signatures

Under the requirements of the Securities and Exchange Act of 1934, as amended, the Bank has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HINGHAM INSTITUTION FOR SAVINGS

By:


Robert H. Gaughen, Jr.
President and Chief
Executive Officer

Dated: May 7, 1993

AGREEMENT

This Agreement (the "Agreement") is made effective the 26th day of April, 1993, by and among the Hingham Institution for Savings (the "Bank"), Kevin Gaughen ("K. Gaughen"), individually, and the following persons both individually and as members of the Bank's Board of Directors Paul E. Bulman ("Bulman"), Gerard Pyne ("Pyne"), J. Robert Crowley ("Crowley"), Richard B. Lane ("Lane"), John R. Lombardo ("Lombardo"), Vito A. Nardo ("Nardo"), Russell G. Sears ("Sears"), Herbert E. Soini ("Soini"), David L. Wightman ("Wightman"), Robert H. Gaughen ("Gaughen"), Robert H. Gaughen Jr. ("Gaughen Jr."), James Consentino ("Consentino"), Thomas Youngworth ("Youngworth"), (each a "Party" and collectively, the "Parties") as follows:

WHEREAS, Bulman, Pyne, Crowley, Lane, Lombardo, Nardo, Sears, Soini, Wightman, Gaughen, Gaughen Jr., Consentino, and Youngworth (the "Party Directors") are and were as of March 5, 1993 each a member of the Bank's Board of Directors; and

WHEREAS, the 1993 Annual Meeting of the Shareholders of the Bank is scheduled to take place on April 29, 1993 (the "1993 Annual Meeting"); and

WHEREAS, at the 1993 Annual Meeting, six positions on the Bank's Board of Directors are up for election (the "1993 Shareholders' Election"); and

WHEREAS, the Bank's Board of Directors, with Bulman, Pyne, Crowley, Lane, Lombardo, Nardo, Sears, Soini, and Wightman voting in favor, and with Gaughen, Gaughen Jr., Consentino, Youngworth, Marian J. Fahey ("Fahey"), Stacey M. Page ("Page") and Warren

Noble ("Noble") voting in opposition, has proposed to the shareholders a slate of six candidates (the "Management Slate") for election to the Bank's Board of Directors to be voted on at the 1993 Annual Meeting; and

WHEREAS, Gaughen has proposed to the shareholders a slate of six candidates (the "Gaughen Slate") for election to the Bank's Board of Directors to be voted on at the 1993 Annual Meeting; and

WHEREAS, at the March 5, 1993 Meeting of the Bank's Board of Directors votes on a series of resolutions set forth in the document attached hereto and incorporated herein by reference as Exhibit 1 were taken (the "March 5 Votes"), with Bulman, Pyne, Crowley, Lane, Lombardo, Nardo, Sears, Soini, and Wightman voting in favor of each, and with Gaughen, Gaughen Jr., Consentino, Youngworth, Fahey, Page and Noble voting in opposition to each.

WHEREAS, there is pending in the United States District Court for the District of Massachusetts a civil action entitled Hingham Institution for Savings v. Robert H. Gaughen, et al. v. Paul E. Bulman, et al., Civil Action No. 93-10497-H (the "Federal Court Action"), and there is pending in the Norfolk Superior Court of the Commonwealth of Massachusetts a civil action entitled Robert H. Gaughen, et al. v. Paul E. Bulman, et al., Civil Action No. 93-00912 (the "State Court Action"); and

WHEREAS, in the Federal Court Action the Parties have engaged in substantial discovery and the federal district court, upon consideration of voluminous materials submitted by the Parties and after a hearing on cross-motions for preliminary

injunction, ruled that the Bank "has failed to establish in a preliminary hearing that there is a likelihood of success on the merits, in that it has failed to show that the five defendants were members of a 'Group acting in concert'" and the court declined to act on the defendants'/third-party plaintiffs' motion for preliminary injunction; and

WHEREAS, following the federal district court's ruling, the defendants filed the State Court Action; and

WHEREAS, on the basis of the information which is now before the Board of Directors, which information includes information developed since the March 5 Votes, including the federal district court ruling referred to above, the Parties believe that the cost of further litigation is likely to exceed the benefits to the Bank from the continuation of litigation, and, therefore, it would be in the best interests of the Bank, its shareholders and its other constituencies to effect a settlement of the litigation; and

NOW, THEREFORE, in consideration of the mutual promises and obligations undertaken herein, the Parties hereby stipulate and agree as follows:

A. The Pending Litigation:

1. With respect to the Federal Court Action, the Parties agree that upon the execution of this Agreement, including the Exhibits thereto, they shall jointly seek the federal district court's approval of the dismissal of the Federal Court Action, and shall pursue reasonable and diligent efforts to obtain such

approval from the Federal District Court.

2. Unless the federal district court has acted to disapprove the dismissal by the 1993 Annual Meeting, all shares of Bank common stock shall be allowed to vote, the votes shall be officially counted, the election certified, and the winning nominees seated. In the event that the federal district court disapproves the dismissal, in whole or in part, then all provisions of this Agreement, the Releases attached hereto and incorporated herein by reference as Exhibit 2, and all other Exhibits hereto, shall be null and void and of no effect whatsoever.

3. With respect to the State Court Action, the Parties shall execute and file a Notice of Dismissal in the form attached hereto and incorporated herein by reference as Exhibit 3.

4. The Parties shall execute and deliver Releases in the form attached hereto and incorporated herein by reference as Exhibit 2.

5. The Parties agree that no Party, from the date of this Agreement, shall initiate, or cause to be initiated by any attorney, agent or employee, any contact with any person or entity with the purpose of alleging or creating an investigation into allegations that (i) Gaughen, Gaughen Jr., K. Gaughen, Consentino, and Youngworth constitute a "Group Acting in Concert" as that term is defined and used in the Bank's Charter or any applicable federal or state law or regulation, or (ii) any of Gaughen, Gaughen Jr., K. Gaughen, Consentino, and Youngworth is a

"beneficial owner," for any purpose under the Bank's Charter or any applicable federal or state law or regulation, of any or all of each others' shares in the Bank.

6. The Parties agree that they shall not reinstitute or otherwise pursue the Federal Court Action or the State Court Action, and shall not commence any new litigation concerning or based upon the allegations set forth in the Complaint filed by the Bank in the Federal Court Action, the allegations set forth in the Third-Party Complaints in the Federal Court Action or the allegations set forth in the Complaint filed by Gaughen, Gaughen Jr., K. Gaughen, Consentino and Youngworth in the State Court Action.

B. Actions by the Board of Directors:

7. The Party Directors shall vote to rescind the following votes adopted by a majority of Directors at its March 5, 1993 meeting:

That, on the basis of the information before the Board of Directors, it is not in the best interests of the Bank, its stockholders and its other constituencies for Robert H. Gaughen, Robert H. Gaughen, Jr., Kevin Gaughen, James Consentino and Thomas Youngworth (the "Group") to gain control of the Bank without compliance with the relevant legal requirements and in violation of the Amended and Restated Charter of the Bank (the "Charter").

That, in accordance with the terms of Article 10 of the Charter, all shares of common stock of the Bank held by the Group in excess of ten percent of the issued and outstanding shares of common stock of the Bank are to be considered "Excess Shares" (as defined in the Charter) for purposes of the Charter.

That, upon a judicial declaration of the Bank's

right to do so, Paul E. Bulman and Gerard W. Pyne be, and each of them acting singly hereby is, authorized and empowered to transfer all of the Excess Shares to an appropriate Trustee for sale in order to bring the Group's common stock ownership interest in the Bank to ten percent of the issued and outstanding shares of the common stock of the Bank.

8. The Party Directors agree that it is in the best interests of the Bank, its shareholders and its other constituencies to vote in favor of each of the Resolutions set forth in the document attached hereto and incorporated herein by reference as Exhibit 4, and agree to vote in favor of the Resolutions at the April 26 Meeting of the Board of Directors, and further agree not to rescind the favorable votes on such Resolutions.

9. In consideration of the settlement set forth in this Agreement, the Party Directors believe that it is in the best interest of the Bank and its shareholders for the Bank to pay reasonable legal fees, costs and expenses incurred by each Party Director and K. Gaughen in connection with the Federal Court Action and the State Court Action, and the claims, proceedings, and investigations resulting in or forming the basis of the Federal Court Action or the State Court Action, so long as such legal fees, costs and expenses were incurred between November 1, 1992 and the later of the date of the termination of the Federal Court Action or the State Court Action; and agree to cause the Bank to pay such reasonable legal fees, costs and expenses so long as any necessary regulatory approval is obtained.

C. The Conduct of the Election:

10. The Parties agree that the 1993 Shareholders' Election shall be conducted in accordance with the rules set forth in the document attached hereto and incorporated herein by reference as Exhibit 5.

11. The Parties agree upon appropriate amendment to the By-Laws, to select and appoint the Honorable John McNaught, or if he is not available, the Honorable James Lynch, as an impartial person to serve as the Presiding Officer and Inspector of Elections at the 1993 Annual Meeting (the "Impartial Inspector").

12. The Parties agree that the Gaughen Slate shall not be declared out of order, challenged under Article III, Section 3 of the Bank's By-Laws, or challenged on any other grounds at the 1993 Shareholders' Election.

13. The Parties agree that all votes relating to shares owned by Gaughen, Gaughen Jr., K. Gaughen, Consentino, and Youngworth cast in the 1993 Shareholders' Election shall be counted.

14. The Parties agree to issue the Joint Statement to Shareholders attached hereto and incorporated herein by reference as Exhibit 6 (the "Joint Statement to Shareholders").

15. The Parties agree not to issue any other written communications to Shareholders in regard to the 1993 Shareholders' Election, the Federal Court Action, or the State Court Action, apart from the Joint Statement to Shareholders, except as otherwise required by law which shall be determined by

the law firm of Bingham, Dana & Gould in the case of the Bank and by the law firm of Hale and Dorr in the case of Gaughen; provided however that nothing herein shall be construed as prohibiting either Gaughen or the Bank, or their respective proxy solicitation firms, from communicating with the shareholders in a manner consistent with the terms of this Agreement.

D. General Provisions:

16. The Parties acknowledge and agree that, if the Gaughen Slate is declared the winner at the 1993 Shareholders' Election, then Bulman would no longer enjoy the support of a majority of the Board of Directors of the Bank. In the event that the Gaughen Slate is declared the winner at the 1993 Shareholders' Election, in consideration of the agreements set forth below Bulman agrees immediately to tender his resignation as a director and officer of the Bank and any and all of its subsidiaries.

17. The Parties agree to make a good faith and reasonable effort (a) to cause the Executive Employment Agreement executed by the Bank and Bulman to be amended to provide that Bulman's resignation shall constitute an event entitling him to receive a termination benefit, in lieu of any other termination benefits payable pursuant to any agreement Bulman has with the Bank, which is equal in amount to the Severance Payment that he would have received had a Change in Control and a Terminating Event, as these terms are defined in the Special Termination Agreement executed by the Bank and Bulman, occurred, such payment to be commenced in installments in regular payroll payments in the same

amounts and on the same dates as Bulman is receiving from the Bank as of the date of this Agreement through November 30, 1993 (the "Installment Payments"), the balance to be paid in a lump-sum payment on November 30, 1993 (the "Lump-Sum Payment"); (b) to vest and accelerate to April 30, 1993 the exercise date of all of Bulman's 6,000 stock options with an exercise price of \$4.00 per share (the "6,000 Options") and extend to November 30, 1993 the termination date of such options; and (c) to vest and accelerate to April 30, 1993 the exercise date of all of Bulman's 20,000 stock options with an exercise price of \$8.50 per share (the "20,000 Options") and extend the termination date of such options to the date that the Lump-Sum Payment is made or until Bulman has received \$200,000 in Installment Payments, whichever is earlier, provided however, that should Bulman choose to exercise any or all of the 20,000 Options (the "Chosen Options"), the Lump-Sum Payment shall be reduced by an amount equal to the product of (i) the number of Chosen Options exercised times (ii) an amount per-share equal to the difference between (A) the per-share exercise price paid by Bulman to exercise such Chosen Options (\$8.50) and (B) the lesser of (1) the market price as of the market close on April 22, 1993 or (2) the market price as of the market close on the date seven days after the public announcement of the signing of this Agreement. The market price shall be the last sale price announced on NASDAQ or, if no sale has occurred during such day, the average of the last bid and asked prices reported on NASDAQ. At his election, Bulman may pay the exercise price of his options

by requesting the Bank to set off such amount against any amounts due and owing from the Bank to Bulman on the exercise date. Any salary or compensation received by Bulman hereafter from any source other than the Bank will not offset or in any way diminish amounts due to Bulman pursuant to this Agreement. Should any federal or state regulatory agency take any action that prevents or prohibits the operation of this paragraph, then the foregoing provisions of this paragraph shall be deemed severed from this Agreement; Bulman's resignation tendered pursuant to Paragraph 16 shall be deemed a "termination without cause" as that term is used in the Executive Employment Agreement and/or a "Terminating Event" under paragraph 3(a) of the Special Termination Agreement; and all remaining provisions of this Agreement and the Exhibits thereto shall remain in full force and effect. The Parties acknowledge that (a) payment under the Executive Employment Agreement or the Special Termination Agreement may require federal or state regulatory approval, and (b) the Parties do not agree as to whether a Change in Control as that term is used in the Special Termination Agreement has or will occur.

18. The Bank agrees that it shall indemnify all Party Directors and K. Gaughen for all losses, expenses, claims, damages or liabilities arising out of the decision to commence the Federal Court Action and/or the State Court Action and to execute this Agreement.

19. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective legal

representatives, successors and assigns.

20. The Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.

21. This Agreement constitutes the entire agreement of the parties hereto with respect to the settlement of each and every actual and potential claim between and among the Parties with respect to the March 5 Votes, the Federal Court Action and the State Court Action, except as otherwise specifically provided herein. The Parties agree that all prior statements, representations, or agreements are superseded by this Agreement and are terminated in their entirety. No party shall be bound by or charged with any oral or written agreement, representation, warranty, statement promise, arrangement or understanding relating to the subject matter of this Agreement which is not specifically set forth in this Agreement or its Exhibits. Each party enters into this Agreement freely, voluntarily and in good faith with and on the advice of independent counsel. Each party acknowledges the terms of this Agreement to be a fair, reasonable and good faith settlement of each and every actual and potential claim between and among the Parties with respect to the March 5 Votes, the Federal Court Action and the State Court Action.

22. This Agreement shall become valid, effective and binding upon the execution of this Agreement by the Parties. This Agreement shall be executed under seal. The Parties agree to execute multiple copies of this Agreement; each executed copy shall constitute an original.

IN WITNESS HEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers and have set their hands and seals.

HINGHAM INSTITUTION FOR SAVINGS

By: Paul E. Bulman

Its: President

Paul E. Bulman
Paul E. Bulman

J. Robert Crowley
J. Robert Crowley

Gerard Pyne
Gerard Pyne

Richard B. Lane
Richard B. Lane

John R. Lombardo
John R. Lombardo

David L. Wightman
David L. Wightman

Vito A. Nardo
Vito A. Nardo

Russell G. Sears
Russell G. Sears

Herbert E. Soini
Herbert E. Soini

James O. Consentino
James Consentino

Robert H. Gaughen
Robert H. Gaughen

Robert H. Gaughen, Jr.
Robert H. Gaughen, Jr.

Kevin Gaughen
Kevin Gaughen

Thomas Youngworth
Thomas Youngworth

HINGHAM INSTITUTION FOR SAVINGS

Joint Statement to Stockholders by the Board of Directors
and Robert H. Gaughen of Hingham Institution For Savings

April 26, 1993

This statement is being furnished to stockholders of Hingham
Institution for Savings

JOINTLY by:

the Board of Directors of the Bank

AND

Robert H. Gaughen, Sr.

As all of you know, Mr. Gaughen and the Bank's Nominating
Committee have each nominated a slate of six nominees for
election to the Bank's Board of Directors at the Bank's 1993
Annual Meeting.

During March 1993 the Bank and Mr. Gaughen each brought
litigation relating to the election and various other matters.
On April 19, 1993 the Federal District Court for Massachusetts
declined to grant the injunctive relief requested by either
party. While it would be possible to continue the litigation,
neither side considers that it would be in the best interests of
the Bank and its stockholders to do so.

ACCORDINGLY, ALL OF THE LITIGATION DESCRIBED IN THE PROXY
MATERIALS CIRCULATED BY BOTH SIDES HAS BEEN TERMINATED.

HOWEVER, THE PROXY CONTEST CONTINUES.

At the April 26 Board meeting, the Board unanimously
determined that the choice between the two slates should be left
to you, the stockholders. The election will be conducted
impartially, and the outcome will be decided by a plurality of
the votes cast by all stockholders, with each stockholder having
one vote per share.

THE BOARD OF DIRECTORS, INCLUDING MR. GAUGHEN, LOOK FORWARD
TO YOUR EXERCISING YOUR VOTING RIGHTS IN A RESPONSIBLE FASHION.

In order to submit a proxy to either side, please follow the
instructions contained in the parties' prior communications with
you.



EXHIBIT 3

55 Main Street • Hingham, Mass. 02043 • 617-749-2200

PRESS RELEASE

FROM Robert H. Gaughen, Jr. President
Hingham Institution for Savings
Hingham, MA (NASDAQ - HIFS)
DATE May 5, 1993
CONTACT Robert H. Gaughen, Jr. (617) 749-2200

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ-HIFS) announced today that its Annual Meeting Of Shareholders voted overwhelmingly to replace Management's Directors and nominees with a dissident slate. The dissident's slate prevailed by a margin of 805,000 shares to 309,000 shares.

On Thursday, April 29, 1993, after the Annual Meeting, the Bank's Board of Directors elected Robert H. Gaughen, Jr., as Chairman and President of the Bank. Gaughen, one of the dissident directors, stated that the Bank's new management team would focus on the reduction of the non-performing assets and the return of the Bank to a profit based on core operating earnings. Gaughen stated that the Bank's market area is one of the finest in the state and that attention to banking basics is expected to return the Bank to operating profitability in the future. Gaughen stated, however, that the legal expenses incurred in management's attempt to keep itself in power, an amount estimated to be approximately 1 million dollars, will substantially impact the Bank's 2nd quarter earnings.

The Bank further announced that Paul E. Bulman, its President for the last four years, and Gerard Pyne, the Chairman of the Board of Directors and Marketing Officer, have been separated from their respective positions with the Bank. The dissident slate had charged that the Bank had been mismanaged and made allegations of violations of federal and state laws by senior management.