

HINGHAM INSTITUTION FOR SAVINGS

2023 Shareholders Meeting

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30 Years Later

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BUSINESS

The Patriot Ledger, Fri., April 30

Dissident slate wins control of Hingham bank

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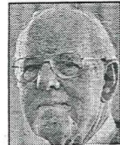
Continued from Page 1

became public in February when Gaughen announced his slate of six challengers to Bulman's candidates.

Gaughen proposed the slate on the grounds that the bank needed new blood.

He cited the \$8 million the bank lost in 1989 through 1991 and the alleged misdeeds of former bank president Wilfred H. Creighton that occurred under the board's watch as reason for the change.

Creighton, who was fired in 1989, was indicted earlier this month on charges that he received kickbacks while making fraudulent loans that caused over \$2 million in bank losses. Bulman replaced Creighton and returned the bank to profitability last year.



Gaughen Sr.



Hingham Institution for Savings marketing Paul E. Bulman and bank counsel Neal J. Cuiing the annual stockholders' meeting last night.

per share, and she saw the value of her shares plummet, she said.



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Power play at Hingham Savings

Director nominates 6-person slate to wrest control of bank

By Robert Berner
The Patriot Ledger

HINGHAM — A dissident director of the Hingham Institution for Savings has nominated his own slate of six candidates for board of director, sparking a power struggle that could determine the future of the bank.

The winning slate will be determined by a vote of stockholders, including four bank directors who have gradually bought 31.9 percent of the bank's stock.

Bank President Paul Bulman said yesterday that the effort to capture six board of director seats at the bank's annual meeting in April is part of a plan by five current board members to wrest control of the bank.

"When someone runs a slate, that is usually the motive," said Bulman, who also is one of the bank's 17 board members.

Bank director Robert Gaughen Sr. filed documents

Hingham bank's battle between directors, dissidents heads to court

By STEVEN SYRE

Civil war in the boardroom at Hingham Institution for Savings has spilled into U.S. District Court.

annual meeting April 28. Victory for an alternate board slate at the meeting allegedly would give the dissidents the votes they need to take control.

All the defendants were directors or officers of East Weymouth Savings Bank, which was sold in 1988 to another bank that eventually failed.

“It is in the best interest of the shareholders that more active and informed directors be elected.”

— Robert Gaughen Sr., Hingham Institution for Savings director



East Weymouth was bought and merged into Southstate Bank for Savings of Brockton in 1988. Southstate failed last April and its branches were purchased by BayBank.

Gaughen Sr. runs a law firm in Weymouth with his sons Robert and Kevin.

Kevin Gaughen, who said yesterday he was representing his father in the fight to win seats on the board, denied that the five people are acting as a group to take control of the bank.

Robert Gaughen Jr. also denied the claim. Youngworth declined to comment and the other three could not be reached.

Gaughen Sr. was a longtime president of East Weymouth Savings Bank. He passed on the seat to Robert Gaughen Jr. in 1980, but remained as chairman. The younger Gaughen was also a director.

Hingham stockholders win dispute

By STEVEN SYRE

Dissident stockholders at Hingham Institution for Savings yesterday won a dispute with management and will be able to vote all their stock in a proxy fight for control of the company.

In a joint statement, both sides said they had given up on lawsuits and allow all shares to be voted at the bank's annual meeting.

Victory for the dissident slate at the annual meeting would give them control of the board. Majority directors backing management originally voted to withhold most of the dissidents' voting power. They went to federal court to back up that decision, but U.S. District Judge Edward Harrington refused to support either side.

A decision would have been made in state

Informal Meeting

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- Financial Results
- Operating Highlights
- Q&A

“Banking is a very good business,
unless you do dumb things.”

Warren Buffett

What We Do

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- Commercial Real Estate Lending
- Commercial and Personal Deposit Banking
- Residential Real Estate Lending

What We Don't Do

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- Commercial and Industrial Lending
 - ABL
 - Leasing
 - Loans and Lines
 - SBA
 - Leveraged Lending
- Consumer Lending
 - Credit Card
 - Marine
 - Auto
 - RV
 - Personal Lines
- Investments
 - Wealth Management
 - Trust
 - Investment Advisory
- Insurance Brokerage or Underwriting
- Secondary Market Residential Mortgage
- Tax Credits
- Solar Lending
- Cannabis Banking
- Cryptocurrency (Deposits, Lending, Ecosystem)
- Commercial Mortgage Participations (*)

Capital Allocation

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1. Attractive

- a. **Organic Growth** - Reinvest in our Lending and Deposit Businesses - Existing and New Geographies
- b. **Minority Equity Investments** - Public and Private - Focused on Financial Services and Technology
- c. **Dividends** - Maintain Appropriate Leverage Through Regular and Special Dividends
- d. **Repurchase** - Opportunistic Repurchase of Shares - Focused on Valuation and Tax

2. Not Attractive

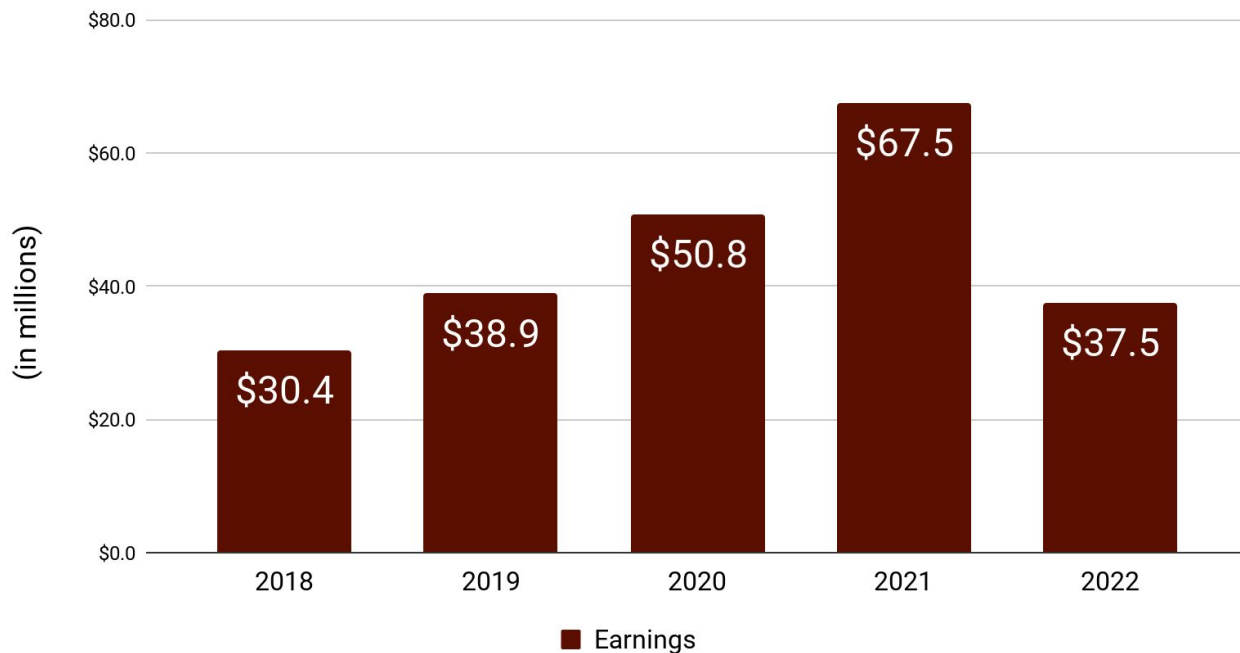
- a. Control Equity Investments (“Acquisitions”) (High Prices, Loss of Focus, Elusive Cost Synergies)

2022 Financial Results

Earnings

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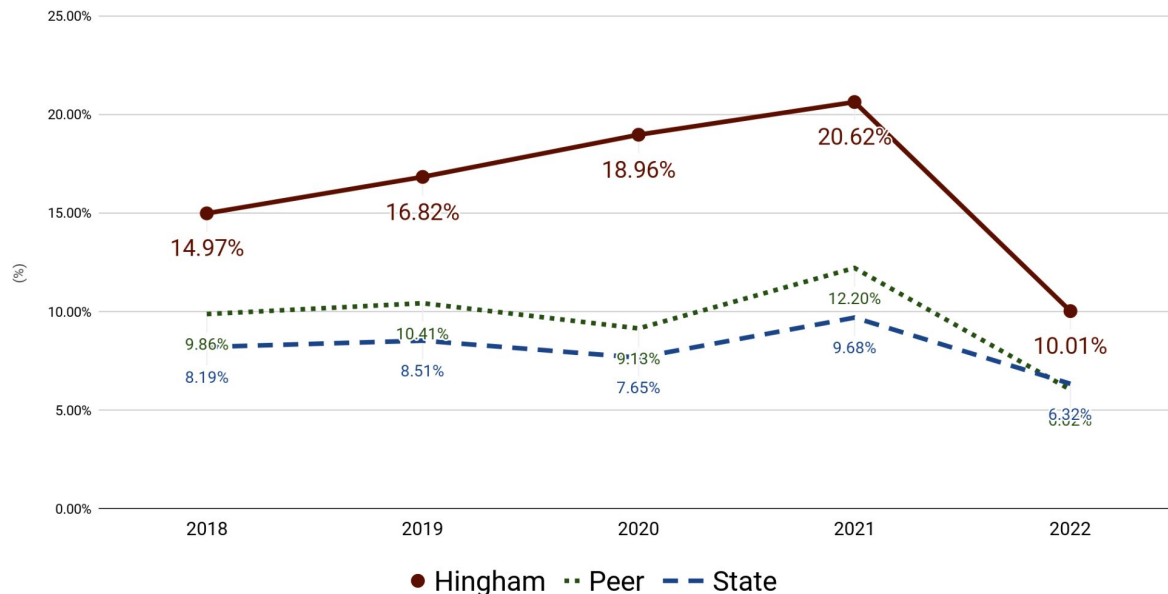
Annual Earnings



Return on Shareholder Equity

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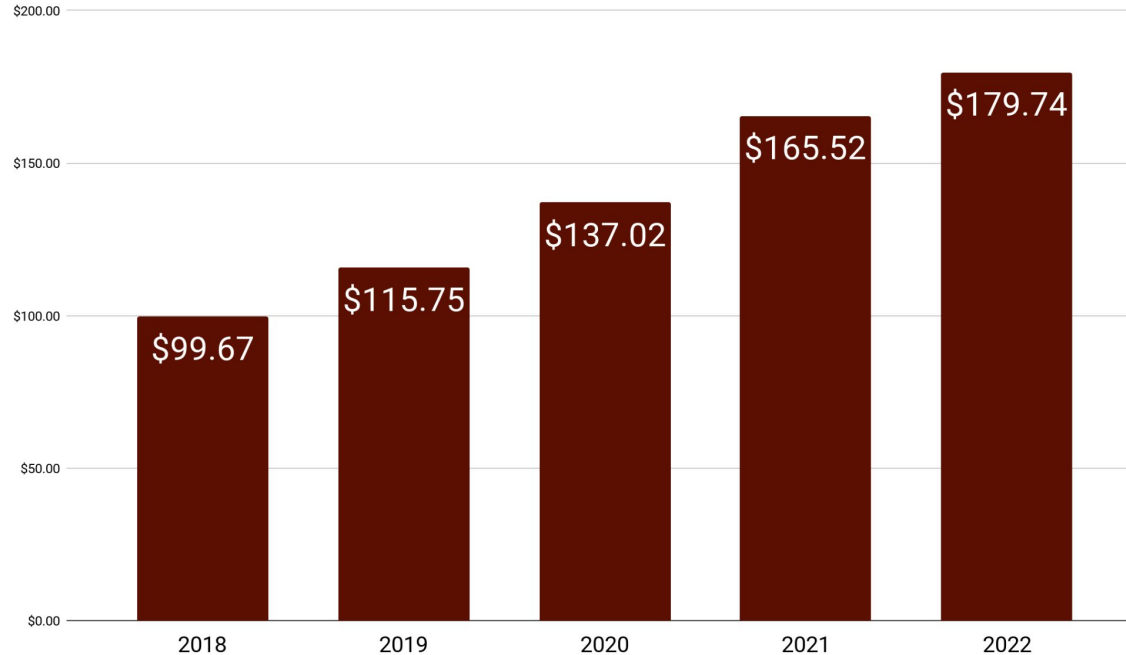
Return on Equity - MA Savings Banks - 2022



Shareholder Equity

Book Value Per Share

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5YR CAGR of 15.5%

Low Cost Leadership

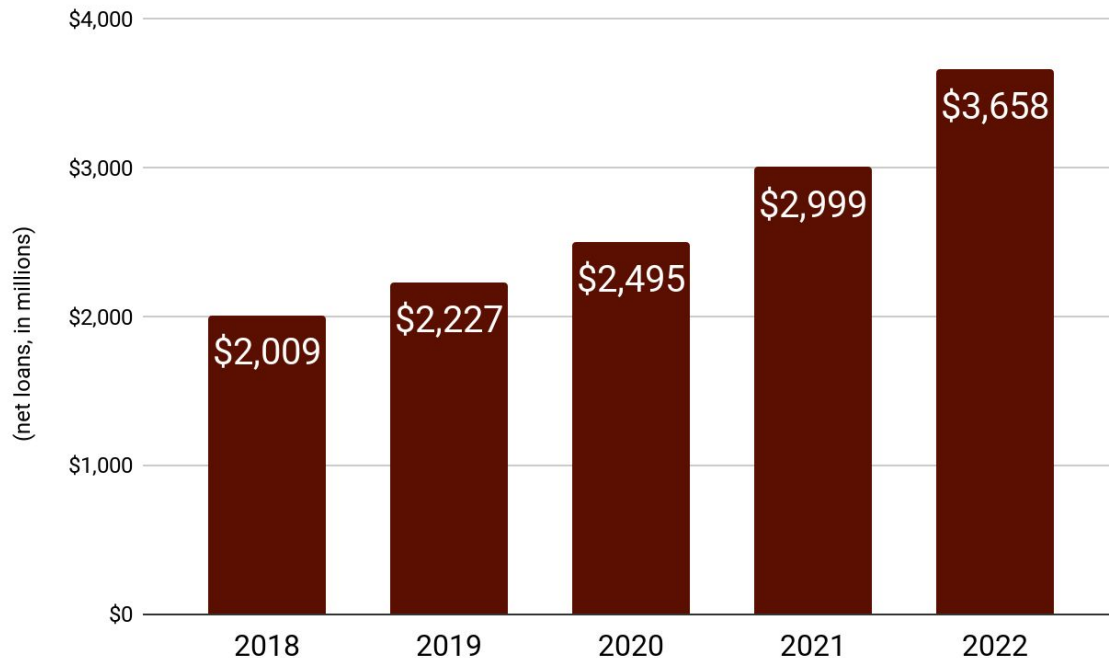
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- 2022 Efficiency Ratio = 24.81%
- Operating Expenses/Total Assets = 70 bps
- This is the product of both **structural** and **operational** choices
 - Structural = Game Selection
 - Operational = Game Play
- We must be relentless in taking unnecessary costs out of our business

Lending

Disciplined Loan Growth

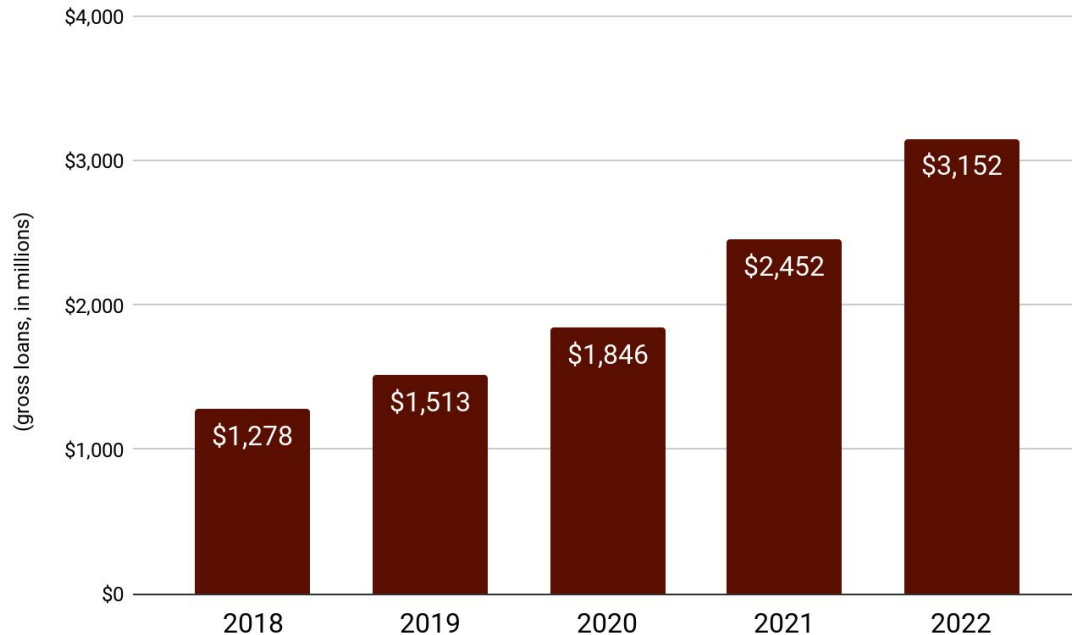
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5YR CAGR of 14.8%

Commercial Loan Growth

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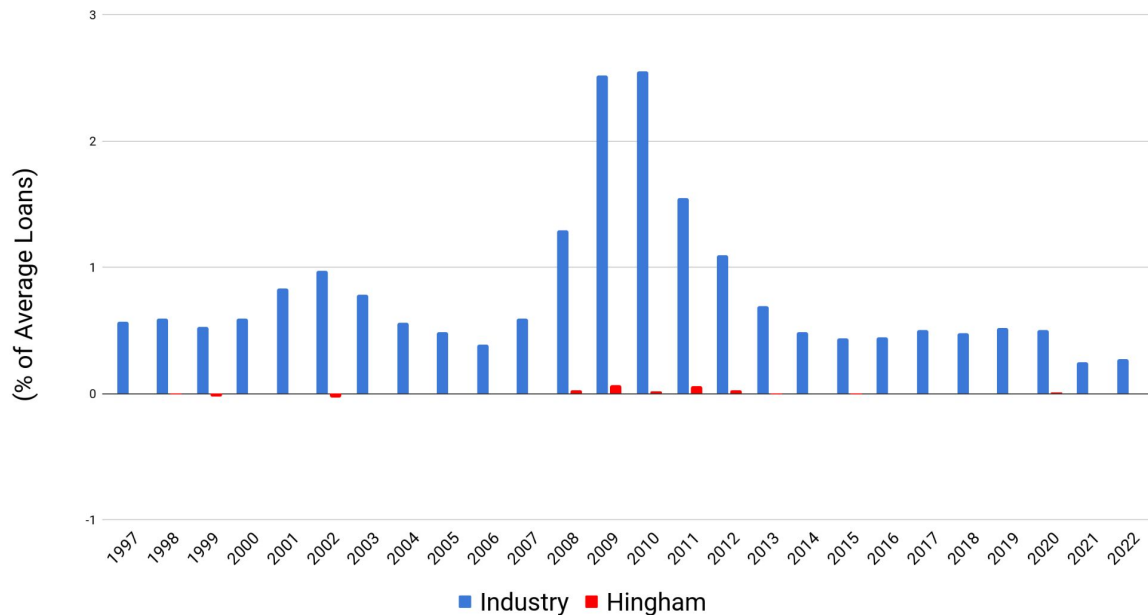


5YR CAGR of 23.0%

Avoid Loan Losses

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Net Charge Offs - Hingham v. All FDIC Insured Banks

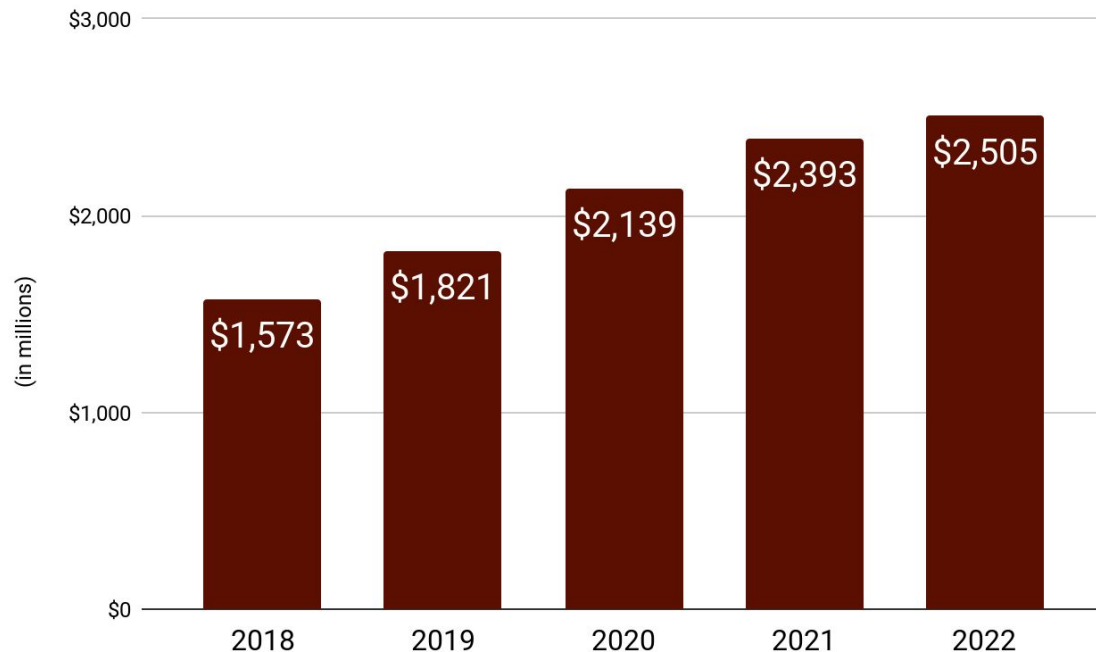


Source: FDIC

Deposits

Deposits

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5YR CAGR of 10.7%

Deposit Approach

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- Approach
 - Personalized Service
 - Digital Excellence
 - Low Fee / No Fee
- Two Engines for Growth
 - Specialized Deposit Group (Private Client and Digital First)
 - Retail Banking Group

Increasing Commercial Deposit Focus

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- Specialized Deposit Group (“SDG”)
 - Team of relationship managers and digital banking specialists that handle our largest and most complex deposit relationships, as well as our digital-first account opening
 - Responsible for \$658MM in retail and business deposits as of March 2023 // total balances flat over the last year // 8% growth in non-interest bearing balances
 - Expansion
 - New relationship managers in Boston with strong commercial experience, including from SVB/Boston Private

Energizing the Retail Footprint

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- Retail Banking Group
 - Boston // South Shore // Nantucket // Washington
 - Single Point of Contact for Deposit and Residential Lending
 - Significant growth in MMDA and time deposit balances over the last year
- Customer Support Team
 - Distributed Team for Remote Customer Support
 - Critical to Supporting Broader Geographic Footprint

Looking Backwards - Key Learnings

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- Hindsight Bias
 - Problem of Connecting Decisions and Outcomes
- Asset / Liability Management
 - Portfolio or Loan Level Swaps
 - Changes to Borrowing Program
- Importance of Key People

Looking Forward - Key Challenges

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- **Funding Conditions - The Key Challenge**
- **Credit Quality**
- Commercial Lending
 - Market Disruption
 - San Francisco
- Scaling SDG
 - Team // Process
 - Washington and San Francisco
- Process Improvement and Eliminating Waste

Discussion and Q&A