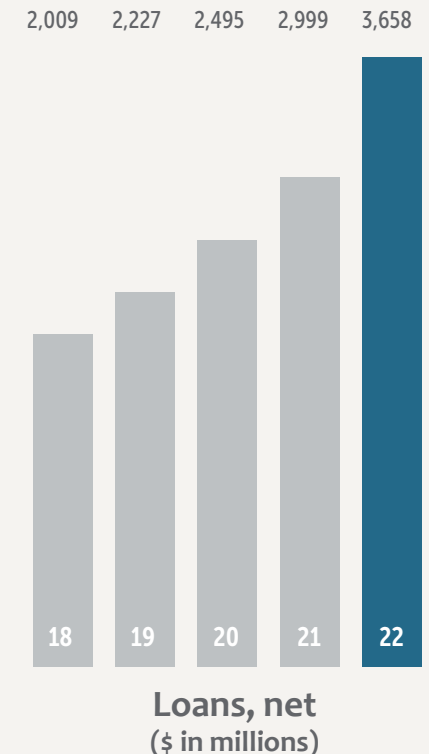
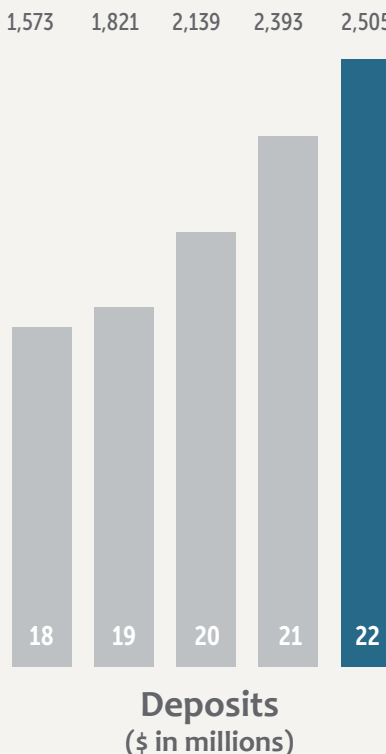
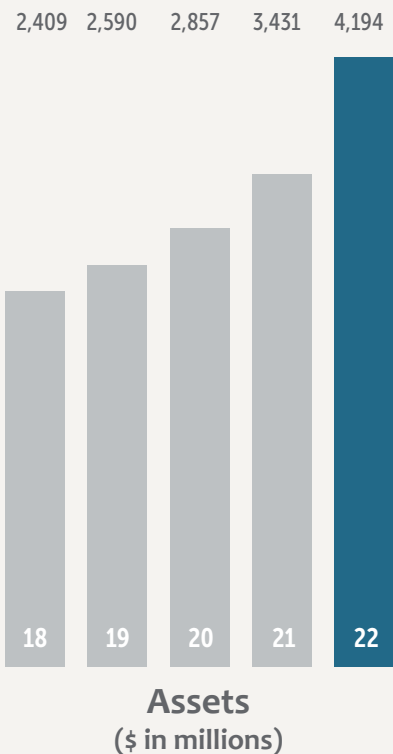
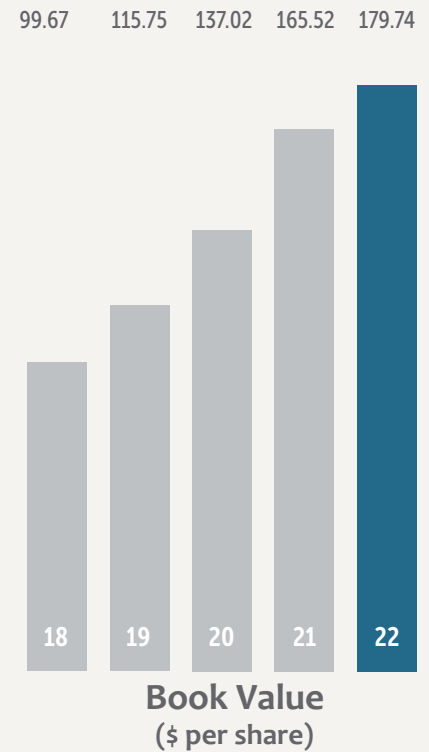
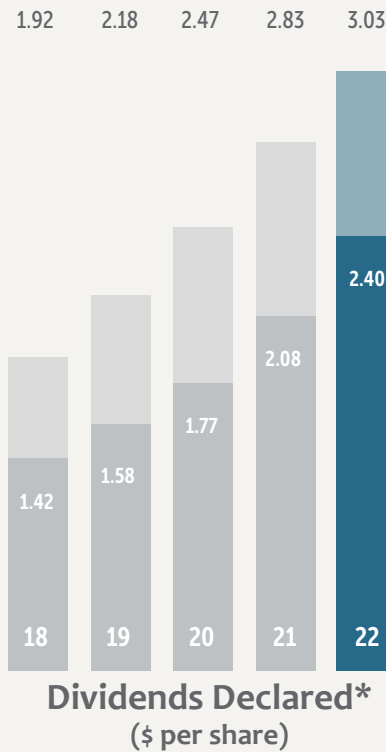
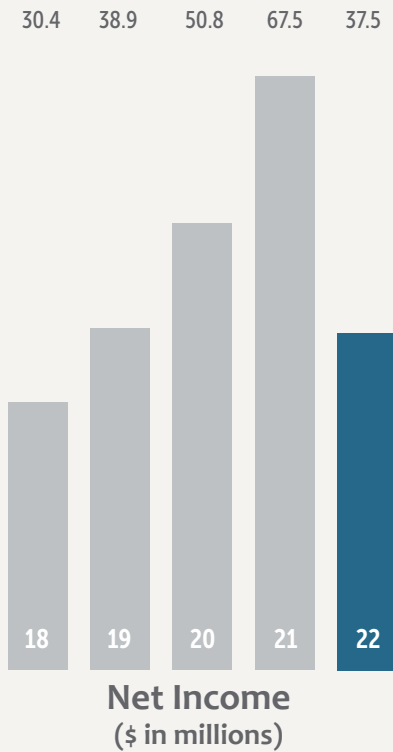




2022 ANNUAL REPORT

# Financial Highlights



\*Dividends Declared: Dividends declared chart includes the total regular dividends declared (dark shading) and the total dividends declared including any special dividends (light shading).

# From the Chairman and the President



## To Our Business Partners:

Although we strive for them, not every year will be an outstanding one. Our results in 2021 were extraordinary, with our lending, deposit, and investment operations firing on all cylinders. We noted at the Annual Meeting last year that our results in 2022 would likely be much more modest in comparison. They were.

We earned \$37.5 million for our owners in 2022, a reflection of significant net interest margin compression over the

course of the year owing to our liability sensitive balance sheet. Our return on average equity of 10.01% and return on average assets of 0.98% were well below our long-term expectations. Net loans increased by 22% to \$3.66 billion. Non-interest bearing deposits shrunk by less than 1% to \$387.2 million, as growth in new customer relationships was offset by customers shifting towards interest-bearing certificates of deposit and higher yielding money market alternatives. Book value per share rose 9% in 2022 from \$165.52 to \$179.74 per share. This excludes capital returned to the owners through regular and special dividends - we declared \$3.03 in dividends per share in 2022. The trailing five year compound annual growth rate in book value per share, an important measure of long-term value creation, was 15.5%. The efficiency ratio in 2022 was 24.81%, a reflection of our continued disciplined approach to expense control.

Our business generates returns for our owners through the efficient transformation of maturity, using deposits and borrowings to fund a loan portfolio composed primarily of mortgages secured by multifamily residential properties. During normal economic conditions, the yield curve - a graphical representation of interest rates on debt for a range of maturities - has a positive slope and we benefit from turning short-term deposits and borrowings into somewhat longer term mortgages. From time to time, for reasons beyond the scope of this letter, the yield curve “inverts” and short-term interest rates are higher than long-term interest rates. We are currently in the midst of a significant inversion. Yield curve inversions will occur and although they are challenging for our liability sensitive model, they are also temporary and they do not cause us to question our approach. We did not, however, foresee the speed and intensity of this inversion and our financial results have suffered as a result.

Our balance sheet will adjust and although we will benefit from lower short-term rates eventually, we cannot count on on their quick arrival. This adjustment may take some time, given our focus on primarily fixed-rate

multifamily real estate lending, and we believe that 2023 will be a challenging year. As we have repeatedly discussed, the most dangerous response to short-term challenges is to make changes that have long-term consequences. We will not add incremental risk, either in our lending or investment operations, and we will continue to make the appropriate investments to support our long-term objectives outlined below.

Whether our financial results in a given year are extraordinary or modest, we can never lose sight of the fact that results in any given year do not fully describe the real accomplishments and progress at Hingham. Our long-term objective is to generate superior returns on equity capital through a disciplined strategy combining a commercial real estate lending business with a relationship-focused deposit business serving families, nonprofits, real estate investors, and institutions. We build these businesses slowly - one employee at a time, one relationship at a time, one loan at a time - and we build them regardless of the shape of the yield curve or the macroeconomic environment in which we operate. There are no shortcuts.

Our commercial real estate business grew steadily last year across each of our markets. A material portion of this growth was in the first half of 2022, before the onset of higher interest rates. Despite widespread uncertainty regarding the potential of gateway cities, we remain confident that the most attractive markets for our business are dense, coastal cities with favorable demographics and concentrations of multifamily real estate. The demand drivers in these markets, combined with the supply constraints stemming from geography and regulation, support slow and consistent growth over time.

Our entry into new markets reflects our cautious and methodical approach to business operations, combined with a belief that these are exercises in hypothesis testing. We gather information, we make small investments in our investment portfolio, we form hypotheses about the size of the market and the customer needs, and we test them via low-risk, low-cost methods (utilizing flyaway staff, starting with smaller transactions, utilizing low cost marketing channels). As we gain more confidence, we adjust and we commit more resources in the form of a local team, a permanent presence and additional offices, and more capital. Like a snowball rolling downhill, this process gains momentum over time.

Our original hypothesis in Washington was that the market had favorable economic characteristics that would support long-term investments in multifamily real estate, characterized by high density, scarcity in the urban core, and a consolidating banking market that left smaller and mid-sized real estate investors, nonprofits, and institutions underserved.

Book Value  
Per Share  
\$7.35

## 30 Years of Performance

	1993*	1994*	1995*	1996*	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assets	\$ 147,889	\$ 153,192	\$ 175,409	\$ 201,586	\$ 222,584	\$ 260,076	\$ 291,183	\$ 337,881	\$ 386,181	\$ 426,430	\$ 483,954	\$ 547,051	\$ 628,251	\$ 691,652	\$ 744,602
Net Loans	\$ 76,936	\$ 100,398	\$ 119,472	\$ 151,166	\$ 172,839	\$ 204,774	\$ 229,687	\$ 266,568	\$ 282,386	\$ 320,692	\$ 358,778	\$ 415,538	\$ 488,126	\$ 539,104	\$ 593,915
Book Value Per Share	\$ 7.35	\$ 8.24	\$ 9.17	\$ 9.87	\$ 10.93	\$ 12.05	\$ 12.83	\$ 14.46	\$ 16.38	\$ 18.48	\$ 19.68	\$ 21.29	\$ 23.01	\$ 24.47	\$ 25.85
Earnings Per Share (Basic)	\$ 0.10	\$ 1.33	\$ 0.98	\$ 1.05	\$ 1.36	\$ 1.53	\$ 1.65	\$ 2.07	\$ 2.49	\$ 2.91	\$ 2.58	\$ 2.80	\$ 2.95	\$ 2.19	\$ 2.12
Return on Equity	1.34%	17.09%	11.11%	11.06%	13.00%	13.18%	13.07%	15.17%	15.95%	16.58%	13.53%	13.56%	13.20%	9.18%	8.40%
Efficiency Ratio	108.32%	61.46%	54.25%	53.36%	50.10%	48.72%	50.25%	47.78%	45.31%	45.42%	45.55%	49.48%	48.50%	57.58%	59.69%

Dollars in thousands except per share data.

\*Per share data for 1993, 1994, 1995 and 1996 adjusted for the 3 for 2 stock split.

Book Value  
Per Share  
\$179.74

In 2022, we completed our sixth full year of operations in Washington, D.C., with a high-quality loan portfolio now exceeding \$1 billion. We finished construction and opened our first D.C. office in Georgetown, and we have significantly expanded our base of D.C. area deposit customers. We have completed the operational work to extend our value-add residential lending to this market and we believe this will help to reinforce and deepen existing and new commercial and nonprofit relationships by serving principals and their family members. We are integrating all of the capabilities from Boston in our Washington D.C. business - commercial term lending, commercial construction, private client banking and cash management, and value-added residential lending - and we eventually intend to expand our branch-light retail banking operations to Washington as well.

Our hypothesis in San Francisco was similar, as the Bay Area is a market with attractive structural economic drivers, including the presence of a vibrant technology sector, links to Asia, land supply restrictions, and a cluster of research universities that produce the intangible assets that are critical drivers of our economy. Although some of the demand drivers linked to technology are more cyclical, this market has a substantial concentration of small multifamily housing stock. The city faces certain well-known challenges in governance and in the downtown urban office core. We believe these challenges are surmountable, as the city has proven itself capable of tremendous adaptation over time.

We completed our second year of operations in San Francisco in 2022, with a portfolio exceeding \$100 million. We continue to build our business in San Francisco slowly, as we approached Washington D.C. in our early years, with a keen eye towards avoiding risk.

Our Specialized Deposit Group continued building on its success in 2022. Our deposit strategy - digital excellence, virtually no fees, and personalized service provided by dedicated relationship managers - is compelling. We are committed to scaling this group to handle larger and more complex customers, with the people, technology, and infrastructure to manage significant relationships across multiple deposit-focused verticals and geographies. Ed Skou joined us to run the group in May 2022 and we continue to add new relationship managers opportunistically. If you are a talented senior or mid-level banker in Boston, Washington, San Francisco or New York that works with these kinds of deposit customers, please call Patrick or Ed. They would like to talk to you.

Eliminating waste remains a core strategic objective of the Bank. We must find ways to increase the velocity of our operations, maintain our narrow focus, and leverage that focus. This year we devoted particular focus to ensuring that we have well-documented standard work across all of our business and operational processes. Eliminating waste at Hingham is not about one-time cost reductions; it is about the continuous and persistent improvement of operational processes that pay small dividends over time.

In our investment operations, we grew our partial ownership in a number of outstanding businesses over 2022, and sold several investments as well. Management teams, working on our behalf, continued to improve these businesses in ways large and small. Our investments are focused on finance - banks, insurers, payment companies, financial infrastructure providers, and ratings agencies. We also have material investments in technology companies that facilitate digital commerce. Our investments - public and private, debt and equity - inform and are informed by our core business operations. When we invest in smaller companies, we look for opportunities to provide both capital and operational expertise, especially when we have the opportunity to invest adjacent to our core business. We continue to benefit from studying and engaging with management teams at high performance companies. We recognize that investment results will be volatile over time, but this does not alter our approach.

Even as we focus on our performance, we recognize that our profitability is ultimately dependent on the health and vitality of the cities in which we operate. We made well over \$250 million in affordable housing and community development loans in 2022, a significant increase over 2021, and we began funding our commitments to both the San Francisco Housing Accelerator Fund and the Washington Housing Initiative, important components of our strategy to support and promote affordable housing in our communities.

Our family became associated with the Bank thirty years ago, when years of mismanagement and poor lending threatened its very solvency. Since then, it has been our objective to build one of America's great banks, characterized by superior long-term financial results, a fortress balance sheet that provides unquestionable assurance to our depositors, and an enduring culture of growth and success. These are not heights reached by sudden flight and we continue to toil upwards.

Very truly yours,



Robert H. Gaughen Jr.  
Chairman of the Board and Chief Executive Officer



Patrick R. Gaughen  
President and Chief Operating Officer

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 806,193	\$ 925,560	\$ 1,017,845	\$ 1,127,276	\$ 1,205,884	\$ 1,356,441	\$ 1,552,205	\$ 1,768,528	\$ 2,014,599	\$ 2,284,599	\$ 2,408,587	\$ 2,590,346	\$ 2,857,093	\$ 3,431,165	\$ 4,193,799
\$ 647,255	\$ 718,242	\$ 792,910	\$ 849,776	\$ 949,662	\$ 1,078,879	\$ 1,238,656	\$ 1,405,533	\$ 1,605,647	\$ 1,833,987	\$ 2,009,288	\$ 2,227,062	\$ 2,495,331	\$ 2,999,096	\$ 3,657,782
\$ 28.20	\$ 30.74	\$ 34.24	\$ 38.70	\$ 43.65	\$ 48.49	\$ 57.08	\$ 64.83	\$ 75.50	\$ 87.29	\$ 99.67	\$ 115.75	\$ 137.02	\$ 165.52	\$ 179.74
\$ 2.96	\$ 3.79	\$ 4.81	\$ 5.68	\$ 6.25	\$ 6.28	\$ 10.46	\$ 9.09	\$ 10.99	\$ 12.08	\$ 14.25	\$ 18.24	\$ 23.76	\$ 31.50	\$ 17.49
11.08%	12.78%	14.67%	15.34%	15.05%	13.52%	19.30%	14.81%	15.59%	14.73%	14.97%	16.82%	18.96%	20.62%	10.01%
52.72%	49.20%	44.91%	42.88%	41.54%	43.26%	37.19%	36.32%	32.15%	30.06%	29.89%	30.26%	25.48%	21.31%	24.81%



# San Francisco Housing Accelerator Fund

San Francisco, CA

Pictured: Rebecca Foster, Chief Executive Officer



The Housing Accelerator Fund (HAF) improves access to financing for affordable housing in the San Francisco Bay Area. Since 2017, HAF has helped over 3,000 residents secure housing stability by making low-cost, quick-close loans to community-based developers that allow them to compete in the market.

HAF depends on investments from banks like Hingham to fuel its revolving loan fund. From the beginning, Hingham understood HAF's mission and needs, working swiftly with realistic terms and operational efficiency to set up a multifaceted relationship as an investor and banking partner.

*"From the moment conversations began, HAF felt sure of Hingham's commitment to being a true partner."*

Rebecca Foster  
Chief Executive Officer





# Community Boating

Boston, MA

Pictured: Charlie Zechel, Executive Director



*"More than any other bank we feel that we have a true relationship with the Hingham Savings team."*

Charlie Zechel  
Executive Director

Community Boating is a nonprofit providing affordable and accessible "Sailing for All" in the greater Boston area. As one of the oldest public sailing organizations in the United States, it has created an educational sailing opportunity for thousands of people and inspired other sailing programs around the country.

Community Boating promotes a welcoming environment for all - but it wasn't feeling welcomed at its bank. Searching for a bank with a personalized approach and competitive products, it turned to Hingham and looks forward to expanding its relationship.



# The Dolben Company, Inc.

Woburn, MA

Pictured left to right: Deane H. Dolben - President,  
Andrew K. Dolben - Executive Vice President



The Dolben Company is a dynamic real estate firm, with a family inspired culture, developing and managing best-in-class multifamily communities throughout New England and the Mid-Atlantic since 1929. As industry-leading experts with an innovative mindset, they maximize each and every investment's potential.

When The Dolben Company went looking for a partner on its new 173-unit apartment building in Wakefield, MA, Hingham became the clear choice with competitive pricing and a construction to permanent solution for this exciting new development.

*"Working with Hingham went as smoothly as possible  
- I was impressed with their flexibility and speed."*

Deane Dolben  
President



Yeni Wong  
Washington, D.C.



*"My business doesn't slow down so I appreciate a team that works as quickly as I do."*

Yeni Wong

Yeni Wong has played a vital role in reviving the spirit and life of Chinatown in downtown Washington, through redevelopment of commercial real estate, the preservation of affordable housing and her restaurant, Chinatown Garden - a landmark property with a historical facade.

When Yeni sought to refinance the property, she recognized Hingham as an active lender with deep knowledge of the market in Washington. Throughout the origination process she developed a strong relationship with the team as they made an effort to clearly understand her needs. As a result, the loan closing was seamless and timely.



# White Heron Theatre

Nantucket, MA

Pictured: Lynne Bolton Founder and Artistic Director



White Heron Theatre opened in Nantucket in 2012. The group produces transformative, professional productions of classical and contemporary plays, develops new work by emerging and established playwrights, and creates innovative educational experiences.

Lynne Bolton wanted to work with a bank that knew and understood her business. Working with Hingham, the Theatre was able to finance its operations sustainably for years to come.



Pictured above Tony Award winner Celia Keenan Bolger (seated right) and Tony nominee Isabel Keating (standing left) star in White Heron's production of DIAL M FOR MURDER by Frederick Knott with Dan Domingues (seated far right). Photos by Cary Hazlegrove photography.

*"The Bank is really the best of both worlds - a traditional bank with progressive banking programs."*

Lynne Bolton  
Founder and Artistic Director





## Pacific Union Development Company

San Francisco, CA

Pictured left to right: Kathleen Callinan - Director of Property Management  
Nathan Nishiguchi - COO & Head of Acquisitions



*"We have a philosophical alignment with Hingham - being family-owned, flexible and valuing simple processes. It makes our relationship highly efficient."*

Thomas Callinan  
President

Pacific Union Development Company has distinguished itself as a leader in real estate development and management of large-scale commercial, residential, and mixed-use properties in the San Francisco Bay Area.

When the team looked to refinance a mixed-use complex including office space, retail space and a 600+ space parking garage in Van Ness Corridor, they found Hingham offered the best rates and terms in the market. More importantly, they found Hingham's process was streamlined and simple.



# Selected Financial Data

	At December 31,				
	2018	2019	2020 (In Thousands)	2021	2022
<b>Balance Sheet Data:</b>					
Total assets	\$ 2,408,587	\$ 2,590,346	\$ 2,857,093	\$ 3,431,165	\$ 4,193,799
Cash & cash equivalents	295,975	252,147	233,986	271,161	362,033
Securities	38,460	47,186	65,868	91,973	66,696
Loans:					
Residential loans	741,841	725,524	656,220	562,783	527,601
Commercial mortgage	1,150,535	1,327,126	1,693,215	2,296,566	2,974,890
Construction	127,274	186,094	153,020	155,668	177,570
Other	542	782	7,438	2,495	442
Allowance for loan losses	13,808	15,376	17,404	20,431	24,989
Deposits	1,573,154	1,820,834	2,139,197	2,392,865	2,505,289
Federal Home Loan Bank advances	606,600	505,200	408,031	665,000	1,276,000
Stockholders' equity	212,576	247,223	292,943	354,612	385,966
	At or For the Years Ended December 31,				
	2018	2019	2020	2021	2022
(Dollars in Thousands, Except Per Share Amounts)					
<b>Income Statement Data:</b>					
Total interest and dividend income	\$ 94,169	\$ 106,952	\$ 106,362	\$ 110,491	\$ 139,028
Total interest expense	28,384	40,050	21,158	8,026	32,894
Net interest income	65,785	66,902	85,204	102,465	106,134
Provision for loan losses	1,270	1,567	2,288	3,028	4,508
Other income (loss)	(1,735)	8,828	9,192	15,308	(20,719)
Operating expenses	20,051	20,615	21,978	22,076	26,592
Income before income taxes	42,729	53,548	70,130	92,669	54,315
Income tax provision	12,330	14,621	19,359	25,211	16,796
Net income	\$ 30,399	\$ 38,927	\$ 50,771	\$ 67,458	\$ 37,519
Core net income *	\$ 32,776	\$ 32,996	\$ 44,443	\$ 56,563	\$ 54,569
<b>Earnings per common share:</b>					
Basic	\$ 14.25	\$ 18.24	\$ 23.76	\$ 31.50	\$ 17.49
Diluted	\$ 13.90	\$ 17.83	\$ 23.25	\$ 30.65	\$ 17.04
<b>Financial Ratios:</b>					
Return on average assets	1.32 %	1.55 %	1.88 %	2.25 %	0.98 %
Return on average equity	14.97	16.82	18.96	20.62	10.01
Core return on average assets *	1.42	1.32	1.65	1.89	1.43
Core return on average equity *	16.14	14.26	16.60	17.29	14.56
Average equity to average assets	8.80	9.24	9.93	10.93	9.81
Interest rate spread	2.66	2.38	3.03	3.40	2.60
Net interest margin	2.90	2.72	3.22	3.48	2.81
Efficiency ratio **	29.89	30.26	25.48	21.31	24.81
Cash dividends declared per common share	\$ 1.92	\$ 2.18	\$ 2.47	\$ 2.83	\$ 3.03
Book value per common share	\$ 99.67	\$ 115.75	\$ 137.02	\$ 165.52	\$ 179.74
Shares outstanding, at year end	2,132,750	2,135,750	2,137,900	2,142,400	2,147,400

\* Non-GAAP measurement which represents net income excluding the after-tax gains and losses on securities, both realized and unrealized, and gain on disposal of fixed assets.  
\*\* The efficiency ratio represents total operating expenses, divided by the sum of net interest income and total other income, excluding gain on equity securities, net and gain on disposal of fixed assets.  
For complete financial information please refer to Form 10-K for the year ended December 31, 2022 filed with the Federal Deposit Insurance Corporation.

# Board of Directors



Standing (left to right):

Ronald D. Falcione

Robert A. Lane, Esq.

Michael J. Desmond

Scott L. Moser

Geoffrey C. Wilkinson, Sr.

Brian T. Kenner, Esq.

Julio R. Hernando, Esq.

Stacey M. Page

Kevin W. Gaughen, Jr., Esq.

Seated (left to right):

Howard M. Berger, Esq.

Jacqueline M. Youngworth

Robert H. Gaughen, Jr., Esq.

Kara Gaughen Smith

Robert K. Sheridan, Esq.

Patrick R. Gaughen



# Stockholder Information

## Hingham Institution for Savings

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

## Chairman and Chief Executive Officer

Robert H. Gaughen, Jr.

## Investor Inquiries

Patrick R. Gaughen  
President and Chief Operating Officer

## Transfer Agent and Registrar

Computershare  
P.O. Box 43006  
Providence, RI 02940  
(800) 288-9541

## Online Registered Shareholder Access

[www.computershare.com/investor](http://www.computershare.com/investor)

## Independent Registered Public Accounting Firm

Wolf & Company, P.C.  
255 State Street  
Boston, MA 02109

## Special Counsel

Goodwin Procter  
100 Northern Avenue  
Boston, MA 02210

## Form 10-K and Proxy Statement

A copy of the Bank's Annual Report on Form 10-K and Proxy Statement for the fiscal year ended December 31, 2022 as filed with the Federal Deposit Insurance Corporation, may be obtained without charge by any stockholder of the Bank upon written request addressed to the Investor Relations Department. Additionally, the Bank's Annual Report on Form 10-K and the Proxy Statement are available electronically at [www.hinghamavings.com](http://www.hinghamavings.com).

## Stock Data

Hingham Institution for Savings' common shares are listed and traded on The NASDAQ Stock Market under the symbol HIFS.

As of December 31, 2022, there were approximately 186 stockholders of record, holding 72,699 outstanding shares of common stock. These shares do not include the number of persons who hold their shares in nominee or street name through various brokerage firms.

The following table presents the quarterly high and low prices for the Bank's common stock reported by NASDAQ.

	<u>High</u>	<u>Low</u>
<b>2022</b>		
First Quarter	\$ 432.19	\$ 340.00
Second Quarter	348.59	270.50
Third Quarter	335.53	250.00
Fourth Quarter	297.90	242.99

<b>2021</b>		
First Quarter	\$ 296.97	\$ 214.00
Second Quarter	325.90	279.56
Third Quarter	347.98	291.00
Fourth Quarter	424.50	339.00

The closing sale price of the Bank's common stock at December 31, 2022 was \$275.96 per share.



# 1834

BOSTON  
COHASSET  
HINGHAM  
HULL  
NANTUCKET  
WASHINGTON, D.C.  
SAN FRANCISCO



[www.hinghamavings.com](http://www.hinghamavings.com)

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