



PRESS RELEASE

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Hingham, MA (NASDAQ: HIFS)

DATE: April 11, 2025

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HINGHAM REPORTS FIRST QUARTER 2025 RESULTS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts announced results for the quarter ended March 31, 2025.

Earnings

Net income for the quarter ended March 31, 2025 was \$7,124,000 or \$3.27 per share basic and \$3.24 per share diluted, as compared to \$6,868,000 or \$3.17 per share basic and \$3.13 per share diluted for the same period last year. The Bank's annualized return on average equity for the first quarter of 2025 was 6.46%, and the annualized return on average assets was 0.64%, as compared to 6.63% and 0.63% for the same period last year. Net income per share (diluted) for the first quarter of 2025 increased by 3.5% compared to the same period in 2024.

Core net income for the quarter ended March 31, 2025, which represents net income excluding the after-tax net gain on equity securities, both realized and unrealized, was \$6,125,000 or \$2.81 per share basic and \$2.78 per share diluted, as compared to \$2,213,000 or \$1.02 per share basic and \$1.01 per share diluted for the same period last year. The Bank's annualized core return on average equity for the first quarter of 2025 was 5.56% and the annualized core return on average assets was 0.55%, as compared to 2.14% and 0.20% for the same period last year. Core net income per share (diluted) for the first quarter of 2025 increased by 175.2% compared to the same period in 2024.

See Page 9 for a Non-GAAP reconciliation between Generally Accepted Accounting Principles ("GAAP") net income and core net income. In calculating core net income, the Bank did not make any adjustments other than those relating to the after-tax net gain on equity securities, both realized and unrealized. In the first quarter of 2024, both net income and core net income were positively impacted by lower income tax expense driven by excess tax benefit associated with the exercise of stock options and the revision of state income tax estimates.

Balance Sheet

Total assets increased to \$4.523 billion at March 31, 2025, representing 5.9% annualized growth year-to-date and a 0.1% decline from March 31, 2024.

Net loans increased to \$3.924 billion at March 31, 2025, representing 5.2% annualized growth year-to-date and a 0.4% decline from March 31, 2024. Origination activity was concentrated in the Boston and Washington D.C. markets and remained focused on stabilized multifamily commercial real estate.

Retail and commercial deposits increased to \$2.066 billion at March 31, 2025, representing 13.8% annualized growth year-to-date and 9.2% growth from March 31, 2024. Non-interest-bearing deposits, included in retail and commercial deposits, were \$427.3 million at March 31, 2025, representing 30.0% annualized growth year-to-date and 23.0% growth from March 31, 2024.

Growth in non-interest bearing and money market balances in the first quarter of 2025 continues to reflect the Bank's focus on developing and deepening deposit relationships with new and existing commercial and non-profit customers. The Bank continues to invest in its Specialized Deposit Group, actively recruiting for talented relationship managers in Boston, Washington, and San Francisco, particularly as respected competitors exit these markets or merge with larger regional banks.

The stability of the Bank's balance sheet, as well as full and unlimited deposit insurance through the Bank's participation in the Massachusetts Depositors Insurance Fund, continues to appeal to customers in times of uncertainty.

Wholesale funds, which includes Federal Home Loan Bank ("FHLB") borrowings, brokered deposits, and Internet listing service deposits, were \$1.978 billion at March 31, 2025 representing a 2.8% annualized decline year-to-date and a 9.5% decline from March 31, 2024, as the Bank replaced a large portion of these funds with retail and commercial deposits. In the first quarter of 2025, the Bank continued to manage its wholesale funding mix to optimize the cost of funds while taking advantage of the inverted yield curve at certain durations by adding lower rate longer term liabilities. Wholesale deposits, which include brokered and Internet listing service time deposits, were \$507.1 million at March 31, 2025, representing 9.9% annualized growth year-to-date and 1.4% growth from March 31, 2024. Borrowings from the FHLB totaled \$1.471 billion at March 31, 2025, representing a 6.9% annualized decline from December 31, 2024, and a 12.7% decline from March 31, 2024. As of March 31, 2025, the Bank maintained an additional \$918.0 million in immediately available borrowing capacity at the FHLB of Boston and the Federal Reserve Bank, in addition to \$361.6 million in cash and cash equivalents.

Book value per share was \$200.69 as of March 31, 2025, representing 5.4% annualized growth year-to-date and 5.6% growth from March 31, 2024. In addition to the increase in book value per share, the Bank declared \$2.52 in dividends per share since March 31, 2024.

On March 26, 2025, the Bank declared a regular cash dividend of \$0.63 per share. This dividend will be paid on May 14, 2025 to stockholders of record as of May 5, 2025. This will be the Bank's 125th consecutive quarterly dividend.

The Bank has also generally declared special cash dividends in each of the last thirty years, typically in the fourth quarter, but did not declare a special dividend in 2024 and 2023. The Bank sets the level of the special dividend based on the Bank's capital requirements and the prospective return on other

capital allocation options, particularly the incremental return on capital from new loan originations. This may result in special dividends, if any, significantly above or below the regular quarterly dividend. Future regular and special dividends will be considered by the Board of Directors on a quarterly basis.

Operational Performance Metrics

The net interest margin for the quarter ended March 31, 2025 increased 26 basis points to 1.50%, as compared to 1.24% in the quarter ended December 31, 2024. This was the fourth consecutive quarter of continued expansion, which has continued to accelerate. This improvement was the result of a decline in the cost of interest-bearing liabilities, combined with an increase in the yield on interest-earning assets. The cost of interest-bearing liabilities fell 21 basis points in the first quarter of 2025, as the Bank continued to reduce retail and commercial deposit rates, and to take advantage of the inverted yield curve by adding lower rate FHLB advances and brokered deposits. The yield on interest-earning assets increased by six basis points in the first quarter of 2025, driven primarily by a higher yield on loans, as the Bank continued to originate loans at higher rates and reprice existing loans, partially offset by a lower yield on cash held at the Federal Reserve Bank.

The net interest margin for the quarter ended March 31, 2025 increased 65 basis points to 1.50%, as compared to 0.85% for the same period last year. The Bank experienced a significant decline in the cost of interest-bearing liabilities when compared to the prior year. This was driven primarily by the repricing of the Bank's funding sources, as the Bank began to reduce retail and commercial deposit rates in the second half of 2024, and to take advantage of the inverted yield curve by adding lower rate FHLB advances and brokered deposits. During this period, the yield on interest-earning assets increased, driven primarily by an increase in the yield on loans, partially offset by lower yield on cash held at the Federal Reserve Bank.

Key credit and operational metrics remained strong in the first quarter of 2025. At March 31, 2025, non-performing assets totaled 0.04% of total assets, compared to 0.03% at December 31, 2024 and 0.04% at March 31, 2024. Non-performing loans as a percentage of the total loan portfolio totaled 0.05% at March 31, 2025, compared to 0.04% at both December 31, 2024 and March 31, 2024. The Bank did not record any charge-offs in the first three months of 2025 or 2024. Most of the non-performing assets and loans cited above were and are residential, owner-occupant loans.

The Bank had only one small commercial real estate non-performing loan and no other commercial real estate delinquent loans as of March 31, 2025, and did not have any delinquent or non-performing commercial real estate loans as of December 31, 2024 or March 31, 2024. This commercial loan became current shortly after the close of the first quarter. The Bank did not own any foreclosed property at March 31, 2025, December 31, 2024 or March 31, 2024.

The efficiency ratio, as defined on page 5 below, decreased to 45.82% for the first quarter of 2025, as compared to 52.30% in the prior quarter and 77.24% for the same period last year. Operating expenses as a percentage of average assets increased to 0.68% for the first quarter of 2025, as compared to 0.66% for the prior quarter and 0.67% for the same period last year. This reflects, in part, seasonally higher expenses during the first quarter and continuing investments in deposit-gathering infrastructure. As the efficiency ratio can be significantly influenced by the level of net interest income, the Bank utilizes these paired figures together to assess its operational efficiency over time. During periods of significant net interest income volatility, the efficiency ratio in isolation may over or understate the underlying operational efficiency of the Bank. The Bank remains focused on reducing waste through an ongoing process of continuous improvement and

standard work that supports operational leverage.

Chairman Robert H. Gaughen Jr. stated, “Returns on equity and assets in the first quarter of 2025 remained significantly lower than our long-term performance, reflecting the lingering challenge from the increase in short-term interest rates and a historically long and deep inversion of the yield curve. These conditions have posed a significant - albeit ultimately temporary - challenge to our business model.

This challenge began to fade last year and we are cautiously optimistic moving forward. Returns in our core business have started to improve, driven by acceleration in our net interest margin. Our operational leverage remains critical to generating satisfactory returns over time. Although our investment returns are likely to remain volatile over any individual period, they continue to contribute meaningfully to growth in book value per share over time.

While the last two years have been extraordinarily challenging, the Bank’s business model has been built to compound shareholder capital over time. We remain focused on careful capital allocation, defensive underwriting and rigorous cost control - the building blocks for compounding shareholder capital through all stages of the economic cycle. These remain constant, regardless of the macroeconomic environment in which we operate.”

The Bank’s quarterly financial results are summarized in this earnings release, but shareholders are encouraged to read the Bank’s quarterly report on Form 10-Q, which is generally available several weeks after the earnings release. The Bank expects to file Form 10-Q for the quarter ended March 31, 2025 with the Federal Deposit Insurance Corporation (FDIC) on or about May 7, 2025.

Incorporated in 1834, Hingham Institution for Savings is one of America’s oldest banks. The Bank maintains offices in Boston, Nantucket, Washington, D.C., and San Francisco.

The Bank’s shares of common stock are listed and traded on The NASDAQ Stock Market under the symbol HIFS.

Annual Meeting

The Bank will hold its Annual Meeting of Stockholders (the “Meeting”) at 2:00PM EST on Wednesday, April 30, 2025 at the Hingham Historical Society (Old Derby Academy), located at 34 Main Street, Hingham, Massachusetts. We strongly encourage shareholders to attend in person, although they may also observe the Meeting by streaming video. Following the business meeting, the Bank will hold an informal meeting to discuss the results of the prior year and the operations of the Bank, as well as a question and answers session. We strongly encourage all shareholders to vote by proxy. Electronic voting will not be available. Registration for the meeting is available on the Bank’s website (click [here](#)). In addition to participating in the meeting itself, we also encourage shareholders to submit questions in writing in advance using the form on the Bank’s website.

HINGHAM INSTITUTION FOR SAVINGS
Selected Financial Ratios

<i>(Unaudited)</i>	Three Months Ended	
	March 31,	
	2024	2025
Key Performance Ratios		
Return on average assets (1)	0.63 %	0.64 %
Return on average equity (1)	6.63	6.46
Core return on average assets (1) (5)	0.20	0.55
Core return on average equity (1) (5)	2.14	5.56
Interest rate spread (1) (2)	0.13	0.80
Net interest margin (1) (3)	0.85	1.50
Operating expenses to average assets (1)	0.67	0.68
Efficiency ratio (4)	77.24	45.82
Average equity to average assets	9.54	9.98
Average interest-earning assets to average interest bearing liabilities	119.91	122.26

<i>(Unaudited)</i>	March 31, 2024	December 31, 2024	March 31, 2025	
	Asset Quality Ratios			
	Allowance for credit losses/total loans	0.67 %	0.69 %	0.69 %
Allowance for credit losses/non-performing loans	1,530.95	1,775.00	1,487.46	
Non-performing loans/total loans	0.04	0.04	0.05	
Non-performing loans/total assets	0.04	0.03	0.04	
Non-performing assets/total assets	0.04	0.03	0.04	
Share Related				
Book value per share	\$ 190.07	\$ 198.03	\$ 200.69	
Market value per share	\$ 174.46	\$ 254.14	\$ 237.80	
Shares outstanding at end of period	2,180,250	2,180,250	2,180,250	

(1) Annualized.

(2) Interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.

(3) Net interest margin represents net interest income divided by average interest-earning assets.

(4) The efficiency ratio is a non-GAAP measure that represents total operating expenses, divided by the sum of net interest income and total other income, excluding the net gain on equity securities, both realized and unrealized.

(5) Non-GAAP measurements that represent return on average assets and return on average equity, excluding the after-tax net gain on equity securities, both realized and unrealized.

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

<i>(In thousands, except share amounts)</i> <i>(Unaudited)</i>	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2025</u>
ASSETS			
Cash and due from banks	\$ 6,200	\$ 4,183	\$ 8,664
Federal Reserve and other short-term investments	367,046	347,647	352,977
Cash and cash equivalents	<u>373,246</u>	<u>351,830</u>	<u>361,641</u>
CRA investment	8,759	8,769	8,900
Other marketable equity securities	78,497	104,575	109,335
Securities, at fair value	<u>87,256</u>	<u>113,344</u>	<u>118,235</u>
Securities held to maturity, at amortized cost	5,500	6,493	6,494
Federal Home Loan Bank stock, at cost	69,484	61,022	61,322
Loans, net of allowance for credit losses of \$26,760 at March 31, 2024, \$26,980 at December 31, 2024 and \$27,280 at March 31, 2025	3,938,252	3,873,662	3,924,108
Bank-owned life insurance	13,723	13,980	14,064
Premises and equipment, net	16,844	16,397	16,244
Accrued interest receivable	8,783	8,774	9,006
Other assets	16,263	12,269	12,314
Total assets	<u>\$ 4,529,351</u>	<u>\$ 4,457,771</u>	<u>\$ 4,523,428</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest-bearing deposits	\$ 2,045,524	\$ 2,094,626	\$ 2,146,091
Non-interest-bearing deposits	347,397	397,469	427,287
Total deposits	<u>2,392,921</u>	<u>2,492,095</u>	<u>2,573,378</u>
Federal Home Loan Bank advances	1,684,675	1,497,000	1,471,000
Mortgagors' escrow accounts	13,570	16,699	15,820
Accrued interest payable	14,040	8,244	11,266
Deferred income tax liability, net	1,765	3,787	4,069
Other liabilities	7,982	8,191	10,338
Total liabilities	<u>4,114,953</u>	<u>4,026,016</u>	<u>4,085,871</u>
Stockholders' equity:			
Preferred stock, \$1.00 par value, 2,500,000 shares authorized, none issued	—	—	—
Common stock, \$1.00 par value, 5,000,000 shares authorized; 2,180,250 shares issued and outstanding at March 31, 2024, December 31, 2024 and March 31, 2025	2,180	2,180	2,180
Additional paid-in capital	15,416	15,571	15,622
Undivided profits	396,802	414,004	419,755
Total stockholders' equity	<u>414,398</u>	<u>431,755</u>	<u>437,557</u>
Total liabilities and stockholders' equity	<u>\$ 4,529,351</u>	<u>\$ 4,457,771</u>	<u>\$ 4,523,428</u>

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Income

	Three Months Ended March 31,	
	2024	2025
<i>(In thousands, except per share amounts)</i>		
<i>(Unaudited)</i>		
Interest and dividend income:		
Loans	\$ 43,120	\$ 45,221
Debt securities	45	95
Equity securities	1,450	1,451
Federal Reserve and other short-term investments	2,827	3,055
Total interest and dividend income	47,442	49,822
Interest expense:		
Deposits	21,146	18,621
Federal Home Loan Bank advances	17,212	15,165
Total interest expense	38,358	33,786
Net interest income	9,084	16,036
Provision for credit losses	108	300
Net interest income, after provision for credit losses	8,976	15,736
Other income:		
Customer service fees on deposits	137	135
Increase in cash surrender value of bank-owned life insurance	81	84
Gain on equity securities, net	5,971	1,281
Miscellaneous	55	49
Total other income	6,244	1,549
Operating expenses:		
Salaries and employee benefits	4,297	4,467
Occupancy and equipment	431	439
Data processing	755	724
Deposit insurance	810	748
Foreclosure and related	32	10
Marketing	89	136
Other general and administrative	813	946
Total operating expenses	7,227	7,470
Income before income taxes	7,993	9,815
Income tax provision	1,125	2,691
Net income	\$ 6,868	\$ 7,124
Cash dividends declared per common share	\$ 0.63	\$ 0.63
Weighted average shares outstanding:		
Basic	2,169	2,180
Diluted	2,192	2,201
Earnings per share:		
Basic	\$ 3.17	\$ 3.27
Diluted	\$ 3.13	\$ 3.24

HINGHAM INSTITUTION FOR SAVINGS

Net Interest Income Analysis

	Three Months Ended								
	March 31, 2024			December 31, 2024			March 31, 2025		
	Average Balance (9)	Interest	Yield/ Rate (10)	Average Balance (9)	Interest	Yield/ Rate (10)	Average Balance (9)	Interest	Yield/ Rate (10)
<i>(Dollars in thousands)</i>									
<i>(Unaudited)</i>									
Assets									
Loans (1) (2)	\$ 3,956,135	\$ 43,120	4.36 %	\$ 3,882,297	\$ 44,787	4.58 %	\$ 3,929,828	\$ 45,221	4.67 %
Securities (3) (4)	116,203	1,495	5.15	126,771	1,642	5.14	130,674	1,546	4.80
Short-term investments (5)	208,245	2,827	5.43	293,987	3,515	4.74	278,722	3,055	4.45
Total interest-earning assets	<u>4,280,583</u>	<u>47,442</u>	<u>4.43</u>	<u>4,303,055</u>	<u>49,944</u>	<u>4.60</u>	<u>4,339,224</u>	<u>49,822</u>	<u>4.66</u>
Other assets	64,034			72,638			79,209		
Total assets	<u>\$ 4,344,617</u>			<u>\$ 4,375,693</u>			<u>\$ 4,418,433</u>		
Liabilities and stockholders' equity:									
Interest-bearing deposits (6)	\$ 2,098,851	21,146	4.03 %	\$ 2,136,101	20,518	3.81 %	\$ 2,141,294	18,621	3.53 %
Borrowed funds	1,471,027	17,212	4.68	1,421,152	15,985	4.46	1,407,844	15,165	4.37
Total interest-bearing liabilities	<u>3,569,878</u>	<u>38,358</u>	<u>4.30</u>	<u>3,557,253</u>	<u>36,503</u>	<u>4.07</u>	<u>3,549,138</u>	<u>33,786</u>	<u>3.86</u>
Non-interest-bearing deposits	346,136			374,461			413,877		
Other liabilities	14,261			14,072			14,464		
Total liabilities	<u>3,930,275</u>			<u>3,945,786</u>			<u>3,977,479</u>		
Stockholders' equity	<u>414,342</u>			<u>429,907</u>			<u>440,954</u>		
Total liabilities and stockholders' equity	<u>\$ 4,344,617</u>			<u>\$ 4,375,693</u>			<u>\$ 4,418,433</u>		
Net interest income		<u>\$ 9,084</u>			<u>\$ 13,441</u>			<u>\$ 16,036</u>	
Weighted average interest rate spread			<u>0.13 %</u>			<u>0.53 %</u>			<u>0.80 %</u>
Net interest margin (7)			<u>0.85 %</u>			<u>1.24 %</u>			<u>1.50 %</u>
Average interest-earning assets to average interest-bearing liabilities (8)	<u>119.91 %</u>			<u>120.97 %</u>			<u>122.26 %</u>		

- (1) Before allowance for credit losses.
- (2) Includes non-accrual loans.
- (3) Excludes the impact of the average net unrealized gain or loss on securities.
- (4) Includes Federal Home Loan Bank stock.
- (5) Includes cash held at the Federal Reserve Bank.
- (6) Includes mortgagors' escrow accounts.
- (7) Net interest income divided by average total interest-earning assets.
- (8) Total interest-earning assets divided by total interest-bearing liabilities.
- (9) Average balances are calculated on a daily basis.
- (10) Annualized.

HINGHAM INSTITUTION FOR SAVINGS
Non-GAAP Reconciliation

The Bank believes the presentation of the following non-GAAP financial measures provide useful supplemental information that is essential to an investor's proper understanding of results of operations and financial condition of the Bank. Management uses these measures in its analysis of the Bank's performance. These non-GAAP measures should not be viewed as substitutes for the financial measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other banks.

The table below presents the reconciliation between net income and core net income, a non-GAAP measurement that represents net income excluding the after-tax net gain on equity securities, both realized and unrealized.

<i>(In thousands, unaudited)</i>	Three Months Ended March 31,	
	2024	2025
Non-GAAP reconciliation:		
Net Income	\$ 6,868	\$ 7,124
Gain on equity securities, net	(5,971)	(1,281)
Income tax expense (1)	1,316	282
Core Net Income	\$ 2,213	\$ 6,125

(1) The equity securities are held in a tax-advantaged subsidiary corporation. The income tax effect of the gain on equity securities, net, was calculated using the effective tax rate applicable to the subsidiary.

The table below presents the calculation of the efficiency ratio, a non-U.S. GAAP performance measure that management uses to assess operational efficiency which represents total operating expenses, divided by the sum of net interest income and total other income, excluding net gain on equity securities, both realized and unrealized.

<i>(In thousands, unaudited)</i>	Three Months Ended		
	March 31, 2024	December 31, 2024	March 31, 2025
Non-U.S. GAAP efficiency ratio calculation:			
Operating expenses	\$ 7,227	\$ 7,174	\$ 7,470
Net interest income	\$ 9,084	\$ 13,441	\$ 16,036
Other income	6,244	8,779	1,549
Gain on equity securities, net	(5,971)	(8,503)	(1,281)
Total revenue	\$ 9,357	\$ 13,717	\$ 16,304
Efficiency ratio	77.24 %	52.30 %	45.82 %