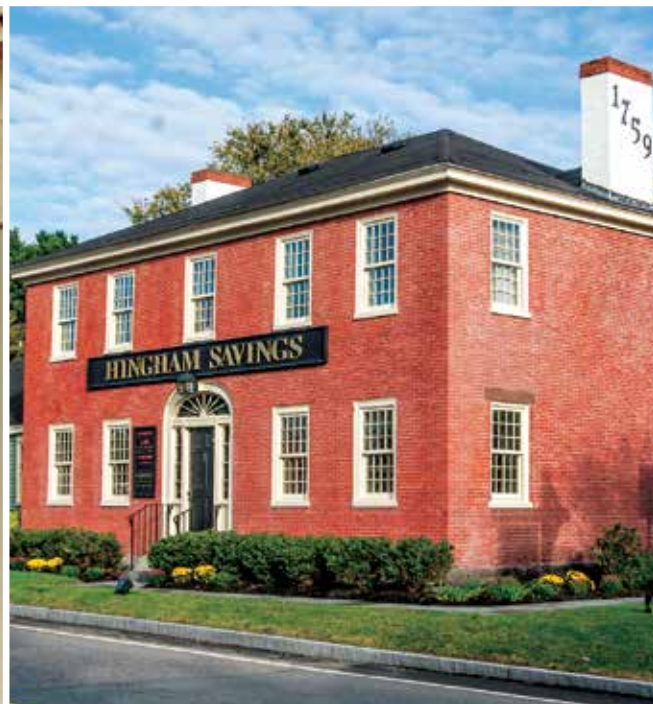
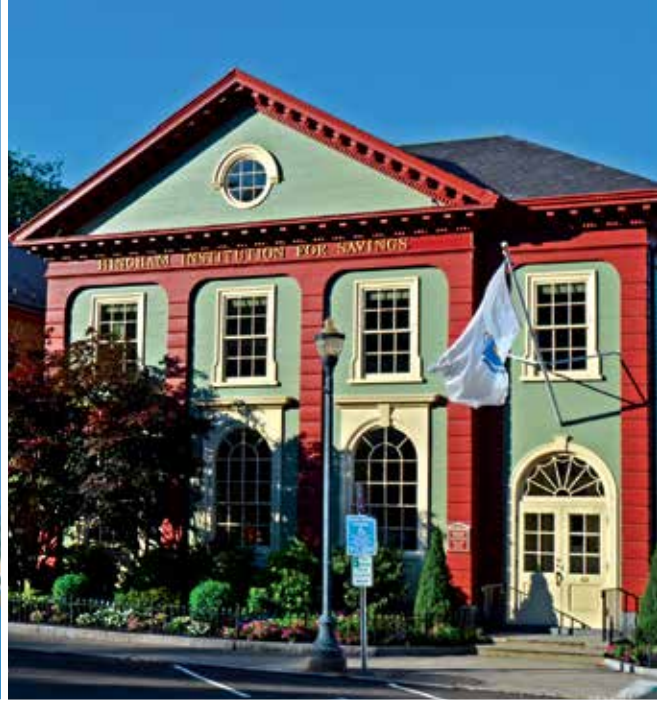
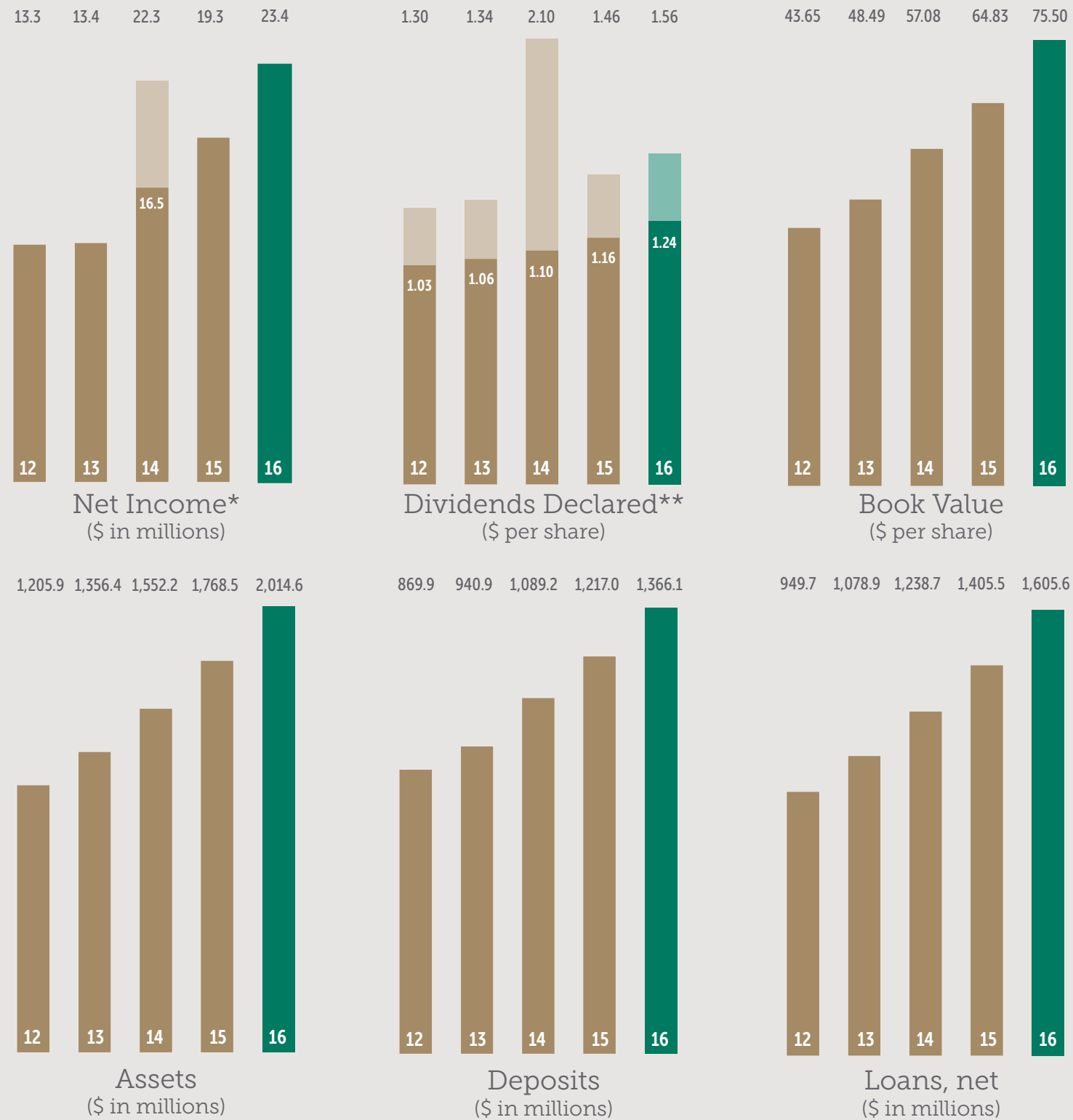




2016 ANNUAL REPORT



Financial Highlights



*Net Income: 2014 includes a one-time net gain of \$5.7 million related to a non-taxable life insurance death benefit (light shading reflects this one-time gain).

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

From the President



To Our Business Partners:

2016 was another outstanding year for Hingham Institution for Savings. Since the present management group became associated with the Bank twenty four years ago, it has been our objective to build a great bank, 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. In 2016, we continued to expand on this vision - a vision that attracts the best associates, customers, and shareholders to our company.

Last year, we produced earnings of \$23.4 million dollars for our owners, a 21.1% increase from 2015. Our return on average equity of 15.59% and return on average assets of 1.22% place us among the most profitable banks in the country. Net loans increased by 14.2% to \$1.606 billion, deposits increased by 12.2% to \$1.366 billion, and total assets increased by 13.9% to

\$2.015 billion. Book value per share rose 16.5% in 2016 to \$75.50 per share. This excludes capital returned to the shareholders through regular and special dividends - we declared \$1.56 in dividends per share in 2016. The trailing five year compound annual growth rate in book value per share, an important measure of long-term value creation, rose to 14.3%. The efficiency ratio fell to a record low of 32.15%, a reflection of our disciplined cost control.

Although our financial results in 2016 were strong, the Bank's long-term success is a reflection of the fact that banking is a long-term business. Our relationships with customers, their businesses, and their families span generations. Investments we made a decade ago continue to bear fruit today and investments we make today will dictate our returns and our competitive position many years from now. As a publicly-traded, closely-held business, we are corporate in form but a partnership in spirit. Our partnership will always lend and invest with long-term performance in mind.

This means that we must balance improving near-term efficiency with ensuring that we have the people, products, and technology necessary to serve our customers and manage risk as we grow. We are committed to investing in a high-performance team and we continue to attract some of the best banking and commercial real estate talent in our industry. We significantly expanded our benefits program in 2016 with extended fully paid parental leave for new mothers and fathers and began sponsoring key staff for advanced degrees. Our culture of performance, innovation, and deliberate development, coupled with our commitment to independence and our increasing geographic reach, make Hingham a great place to build a career.

As one of the oldest continuously operating banks in the United States, we enjoy deep relationships with many of our customers - we are quite literally invested in their success. Many are also long-term shareholders of the Bank and we know them from our active participation in the civic life of the communities in which we operate. You are our neighbors and friends, as well as our partners and customers. In our 183rd year, we have every intention of continuing to earn the trust you have placed in us.

Very truly yours,

Robert H. Gaughen Jr.

President and Chairman of the Board

Nino, Marcello and Giancarlo Micozzi

Owners, The Micozzi Companies



The Micozzi Companies are leaders in commercial property management, with current holdings of more than 2,000 apartments and a half million square feet of retail properties across New England. Nino Micozzi is one of the original founders of Dellaria Salons, and established The Micozzi Companies in 1979. Nino and his sons Marcello and Giancarlo have worked with Hingham on several real estate investment projects. They came to Hingham because of our strong reputation among real estate investors for speed, streamlined processing, and flexible terms.

"Hingham is a bank that stands out and takes great care of their clients. They are there whenever we need them."

NINO MICOZZI

Chris Perry & Tim Vieth

Owners, White Hart Development



Tim Vieth and Chris Perry are partners in White Hart Development, a full-service design/build firm that specializes in luxury construction and renovation projects on Nantucket. As the leading construction lender on Nantucket, Hingham has financed several successful White Hart projects. The Bank also supports the personal banking needs of Tim, Chris, and their families, a hallmark of the deep, long-term relationships Hingham enjoys with its customers and a marker of the trust they have placed in us.

"Hingham is a relationship-based bank, with new technology and efficiency in mind."

TIM VIETH



Ruby Steele-Morris
Commercial Real Estate Investor



"I take pride in my relationship with Hingham and the Gaughens, and I see them as family. Hingham's focus on client service is extraordinary."

RUBY STEELE-MORRIS

A seasoned commercial real estate investor, Ruby Steele-Morris purchased her first house when she was 21. Ruby's objective is to provide high quality affordable housing in Boston and her daughter Brittany helps her mother manage the family business. Hingham has provided a full range of banking services and real estate financing for Ruby and her family.



Marcel Safar
Founder, Chevron Partners



"Hingham shares our commitment to excellence and that is at the heart of our strong relationship."

MARCEL SAFAR

Marcel Safar is the founder of Chevron Partners, a privately-held and integrated real estate development firm. He was previously the General Manager of Daniel Rene Boston, a family-owned real estate company. Marcel and his family have a longstanding banking relationship with Hingham. Marcel chose Hingham for the financing of the Sears Crescent building, a historic landmark in the heart of Boston, because of Hingham's experienced lenders, certainty of execution, and a commitment to service.

Steve Elbaz & Andrew Terrat

Principals, Mitchell Gold + Bob Williams, Boston



Steve Elbaz and Andrew Terrat are principals at Mitchell Gold + Bob Williams, an American home furnishings company respected for its stylish, high-end furniture as well as its commitment to social justice. They came to Hingham on the recommendation of Dennis Kanin and David Goldman of New Boston Ventures, long-time business and personal clients of the Bank. The Bank moved quickly to provide Steve and Andrew financing on a complicated transaction, and they were impressed with their banker's guidance throughout the process. We now handle Steve's personal banking needs at our South End office.

"We knew we had come to the right place when we came to Hingham. Our banker was fast and transparent and ensured the entire process went very smoothly."

STEVE ELBAZ



Town of Plymouth

Pamela L. Borgatti, Treasurer

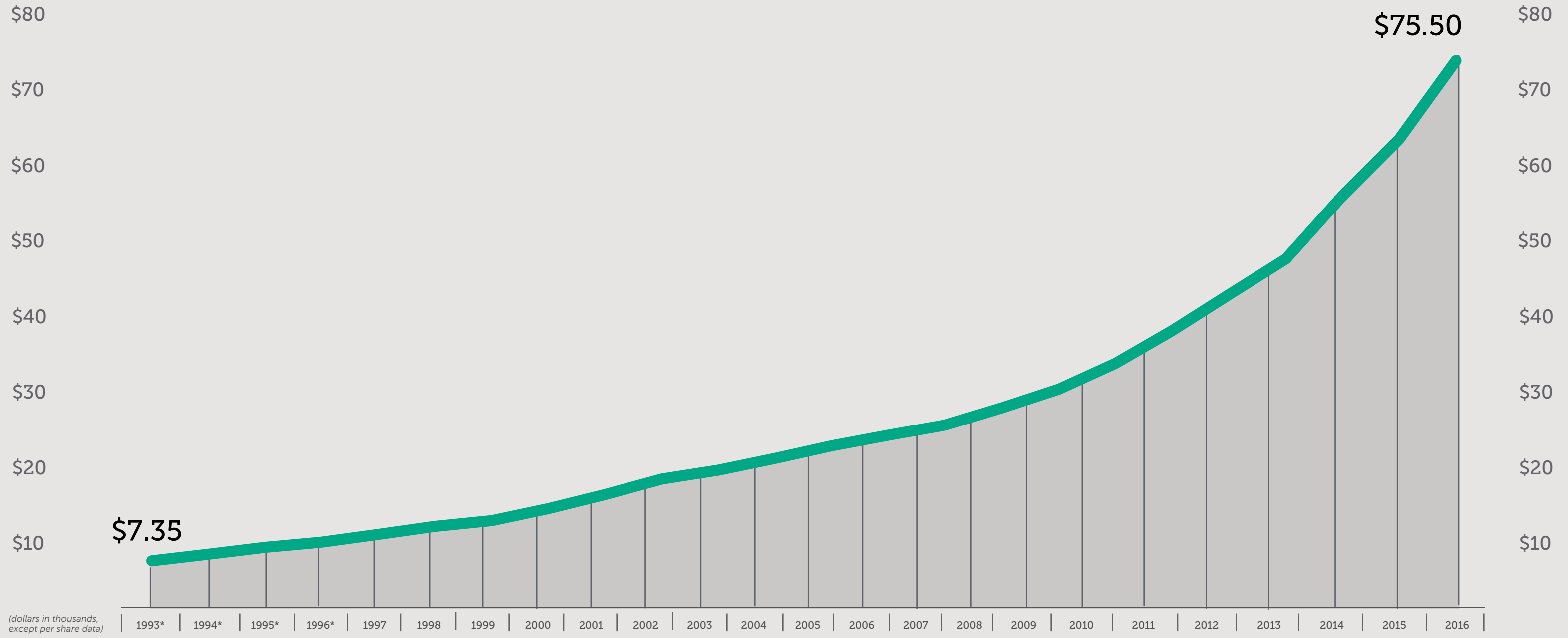


"Hingham understands the unique banking needs of cities and towns. They have gone above and beyond to make sure we get what we need."

PAMELA L. BORGATTI, Town Treasurer

Established in 1620 by the Pilgrims, Plymouth is one of America's oldest towns. It relies on Hingham, one of America's oldest banks, to provide a full suite of cash management and banking services. Like many cities and towns across Massachusetts, Plymouth has entrusted significant sums to our safekeeping, monies earmarked for schools, emergency services, and payroll. Town Treasurer Pamela L. Borgatti and Assistant Treasurer Patricia Meachen, long-time residents of Plymouth and dedicated civil servants, appreciate the speed and customer focus of our Specialized Deposit Group that serves our municipal and institutional clients.

24 Years of Performance – Book Value Per Share



(dollars in thousands, except per share data)

	1993*	1994*	1995*	1996*	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total 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	\$ 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
Total 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	\$ 647,255	\$ 718,242	\$ 792,910	\$ 849,776	\$ 949,662	\$ 1,078,879	\$ 1,238,656	\$ 1,405,533	\$ 1,605,647
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	\$ 28.20	\$ 30.74	\$ 34.24	\$ 38.70	\$ 43.65	\$ 48.49	\$ 57.08	\$ 64.83	\$ 75.50
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%	11.08%	12.78%	14.67%	15.34%	15.05%	13.52%	19.30%	14.81%	15.59%
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	\$ 2.96	\$ 3.79	\$ 4.81	\$ 5.68	\$ 6.25	\$ 6.28	\$ 10.46	\$ 9.09	\$ 10.99

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

Stockholder Information

Hingham Institution for Savings

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

President and Chief Executive Officer

Robert H. Gaughen, Jr.

Investor Inquiries

Patrick R. Gaughen
Executive Vice President

Transfer Agent and Registrar

Computershare
P.O. Box 30170
College Station, TX 77842-3170
(800) 288-9541

Online Registered Shareholder Access

www.computershare.com/investor

Independent Registered Public Accounting Firm

Wolf & Company, P.C.
99 High Street
Boston, MA 02110

Special Counsel

WilmerHale
1875 Pennsylvania Ave. NW
Washington, DC 20006

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, 2016, 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.

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, 2016, there were approximately 260 stockholders of record, holding 232,825 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 bid prices for the Bank's common stock reported by NASDAQ.

	<u>High</u>	<u>Low</u>
2016		
First Quarter	\$ 127.71	\$ 115.80
Second Quarter	137.45	118.00
Third Quarter	139.90	120.25
Fourth Quarter	203.01	132.00
2015		
First Quarter	\$ 103.75	\$ 82.24
Second Quarter	116.84	98.00
Third Quarter	126.15	104.25
Fourth Quarter	135.03	112.39

The closing sale price of the Bank's common stock at December 31, 2016 was \$196.78 per share.

1834

BOSTON
BEACON HILL
SOUTH END

COHASSET

HINGHAM
HINGHAM SQUARE
SOUTH HINGHAM
LINDEN PONDS

HULL

NANTUCKET

NORWELL/HANOVER

SCITUATE

WEYMOUTH



www.hinghamavings.com