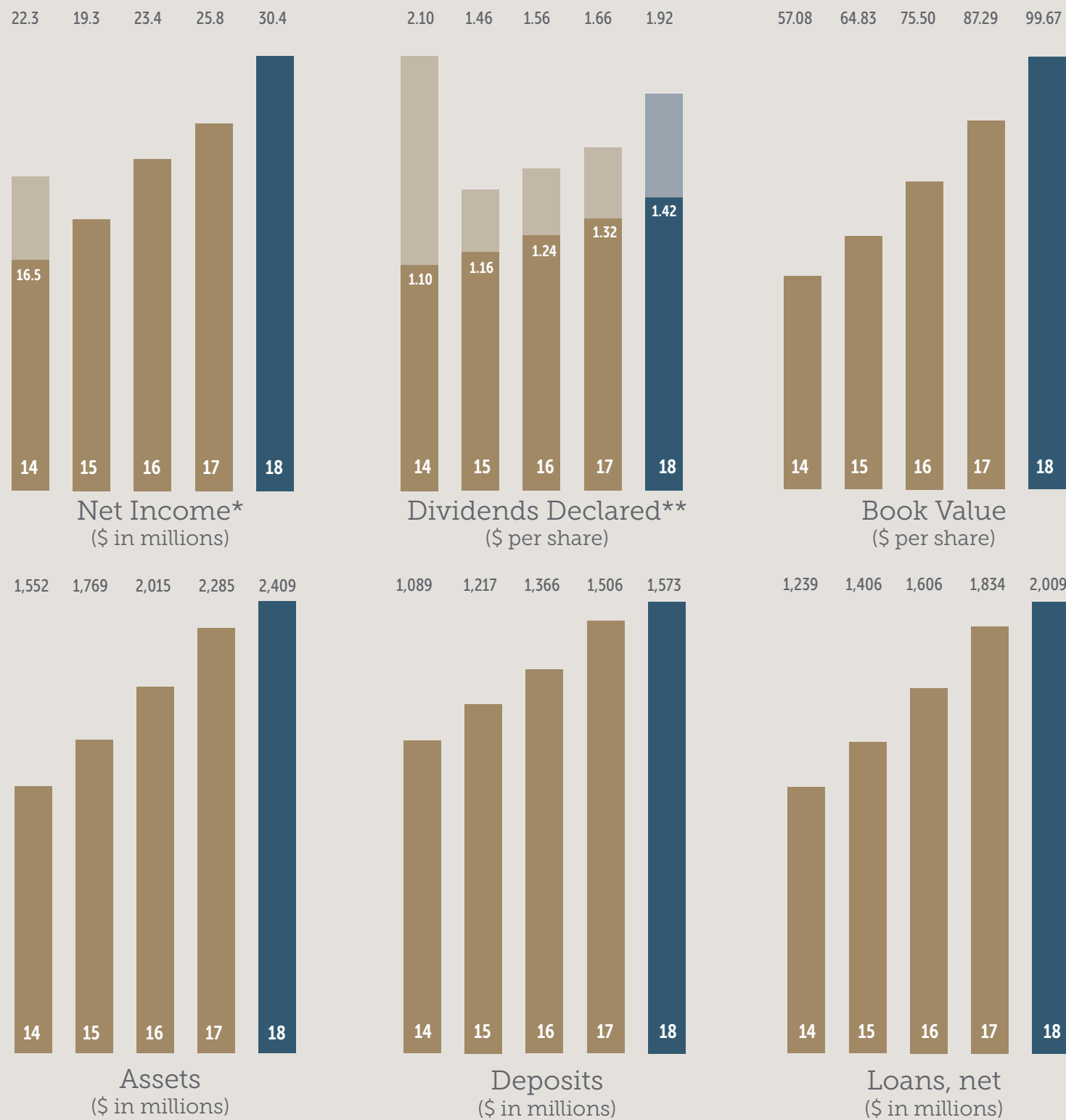




2018 ANNUAL REPORT



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 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:

2018 was another outstanding year for Hingham Institution for Savings.

We earned a record \$30.4 million dollars for our owners, an 18% increase from 2017. Our return on average equity of 14.97% and return on average assets of 1.32% place us among the most profitable banks in the country. Net loans increased by 10% to \$2.009 billion, deposits increased by 4% to \$1.573 billion, and total assets increased by 5% to \$2.409 billion. Book value per share rose 14% in 2018 from \$87.29 to \$99.67 per share. This excludes capital returned to the shareholders through regular and special dividends -

we declared \$1.92 in dividends per share in 2018. The trailing five year compound annual growth rate in book value per share, an important measure of long-term value creation, rose to 15.5%. The efficiency ratio fell to a record low of 29.89%, a reflection of our disciplined approach to expense control.

As we survey the markets in which we operate, we believe that quality real estate in structurally advantaged urban markets like Boston and Washington D.C. will perform well through cycles. These cities have extraordinary concentrations of talent, innovation, and industry - concentrations that are intensifying over time. They are served, however, by fewer small and mid-sized banks. Both markets have seen meaningful consolidation in the last year, diminishing the choices available to strong commercial, institutional, and nonprofit customers.

This will create opportunities for Hingham. We have the advantage of scale, with the capacity to handle lending relationships over \$40 million, combined with a commitment to independence and a decision-making process that guarantees speed and surety of execution. We continue to look for strong commercial lenders and relationship managers in both markets to help us take advantage of these opportunities. We are planning for a permanent home in Washington, where we will build out a local team, as well as an expanded presence in Boston and Cambridge, where we believe there are significant opportunities for growth. We continue to make investments in our digital capabilities - in payments, account opening, analytics, and security - that support our relationship-based approach. Our model - personalized service, combined with digital excellence and low fees - is the future of our industry.

Since the present management group became associated with the Bank twenty six years ago, 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. We are well on our way.

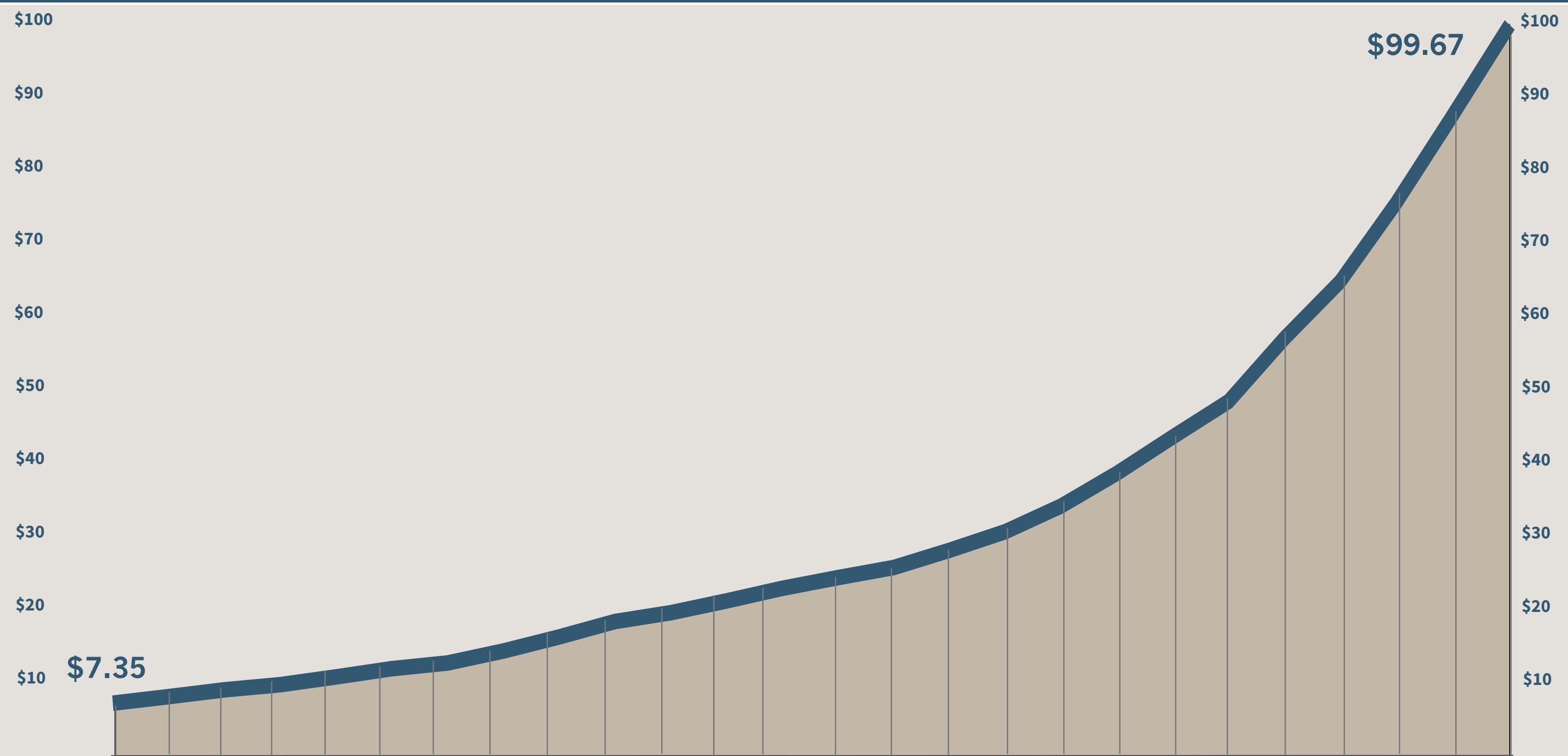
Very truly yours,

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

Patrick R. Gaughen
President and Chief Operating Officer

26 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	2017	2018
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	\$ 2,284,599	\$ 2,408,587
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	\$ 1,833,987	\$ 2,009,288
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	\$ 87.29	\$ 99.67
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%	14.73%	14.97%
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	\$ 12.08	\$ 14.25

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

Boston Center for the Arts

listed from left to right

Molly McDonald, Vice Chair

John G.F. Ruggieri-Lam, Chairman of the Board

Kristi Keefe, Chief Operating Officer

Gregory Ruffer, President & CEO



Situated in Boston's South End, the Boston Center for the Arts provides a place for visual and performing artists to express and celebrate creativity. The campus occupies a historic city block opposite to Hingham's South End office and welcomes over 200,000 visitors a year to theatre performances, art exhibitions and other community events.

Finding a banking partner that supports the vitality and growth of local community organizations was critical to BCA President Gregory Ruffer. Hingham's deep understanding of nonprofit financial management and approach to customized service made the relationship a natural fit.

“Hingham shares our passion for community growth - they are an excellent banking partner.”

GREGORY RUFFER
President & CEO

Wollaston Golf Club

David Gooding, President
Milton, Massachusetts



Wollaston Golf Club, established in 1895, is known for an outstanding course and gracious hospitality. When it came to banking, the Club sought a partner that could deliver client-first service. Wollaston initially came to Hingham to finance a major construction project, including a new golf building and renovation of their existing clubhouse. Based on their positive experience, the Club decided to move their entire banking relationship. With a dedicated relationship manager, Hingham provides the Club with timely, personalized service.

“Hingham made what we expected to be a challenging process appear seamless. We can’t wait to share the Club’s transformation with our members.”

DAVID GOODING
President



Rock Creek Property Group

listed from left to right

Gary Schlager, Co-Founder

Andrew Glick, Co-Founder

Washington, DC



“Meaningful relationships are a critical component to our business - we are fortunate that Hingham shares this approach.”

ANDREW GLICK
Co-Founder

In 2000, Andy Glick and Gary Schlager co-founded Rock Creek Property Group, a real estate investment and development company. Rock Creek takes a strategic approach to investment, focusing on high quality real estate and establishing purposeful use for each property they pursue.

Hingham has financed two Rock Creek properties in Washington. The 1920s-era historic Takoma Theater renovation combines modern functional uses with preservation of historic elements, including the iconic signage. Children’s National Medical Center plans to house its pediatric facility for behavioural health and medicine, hearing, speech and autism in the Theater. Rock Creek also acquired and renovated a building in the historic Shaw neighborhood, re-purposing the building as office space for Howard University. Rock Creek appreciated Hingham’s streamlined process, competitive rates and flexibility.



Ghita Akkar
President, Highline Development
Boston, Massachusetts



“The lenders at Hingham are responsive no matter what time of day. Their service has been spectacular.”

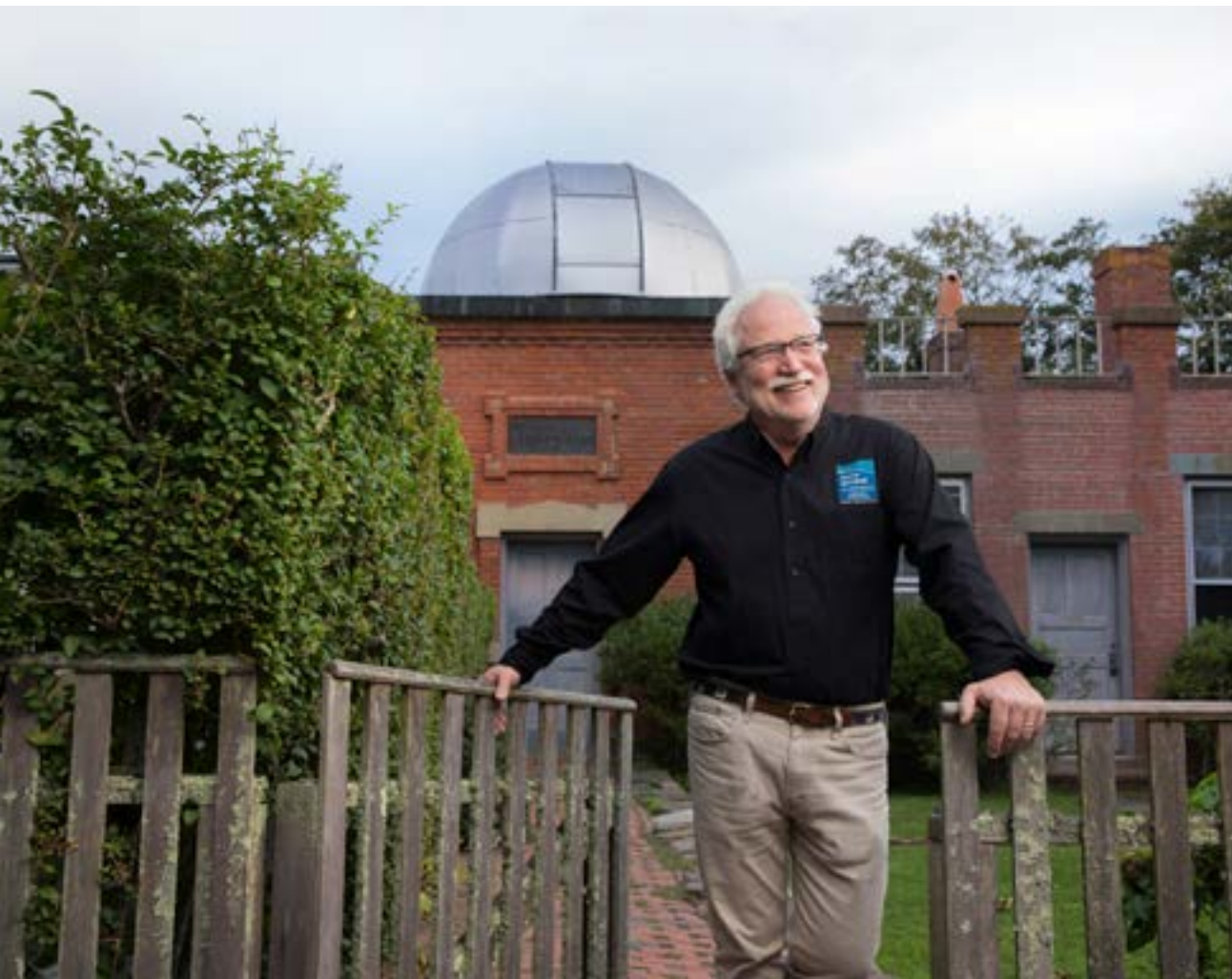
GHITA AKKAR
President

Ghita Akkar is the President of Highline Development, a real estate development firm in Boston. Ghita's work focuses on modernizing historic Boston brownstones while preserving their character and charm.

Ghita came to Hingham to finance a construction project in Boston's South End in the sought-after "8 Streets" neighborhood, only steps from the Bank's South End office. Hingham's expeditious service, flexible approach, and area knowledge were important to Ghita - we look forward to supporting her firm as it grows.

Maria Mitchell Association

David Gagnon, Executive Director
Nantucket, Massachusetts



The Maria Mitchell Association was founded over 115 years ago to celebrate the life and accomplishments of Maria Mitchell - a 19th century astronomer, naturalist and educator born on Nantucket. The Association operates two observatories, a research center, a natural science museum, an aquarium, the historic birthplace of Maria Mitchell, and provides year-round science and history programming.

When an opportunity arose to acquire real estate adjacent to its downtown property, the Association came to Hingham for the financing. In Hingham, the Association found a stable, local partner committed to the advancement of science and the preservation of Nantucket as a natural resource and living laboratory for future generations.

“Hingham has a genuine appreciation for the mission of the Maria Mitchell Association. We value the community focus of the Bank.”

DAVID GAGNON
Executive Director



The Danesh Group

listed from left to right

Joshua Danesh, Principal

David Danesh, Principal

Mordecai Danesh, Founder and President

Daniel Danesh, Principal

Brookline, Massachusetts



“Since we started doing business with Hingham over 20 years ago, their commitment to excellence in client service has remained consistent.”

MORDECAI DANESH
Founder and President

The Danesh Group is a family-owned real estate development and management firm with projects across greater Boston. Since 1996, Mordecai Danesh has been working with Hingham on an array of commercial, residential and mixed-use projects. Most recently, Hingham is financing the Danesh Group's mixed-use project on Harvard Street near Coolidge Corner in Brookline.

In the last several years, Mordecai's three sons - David, Daniel, and Joshua, have become actively involved in the business. As a multigenerational family-run Bank, Hingham understands family businesses and provides the flexible, tailored banking service these firms need to thrive.

Selected Financial Data

Board of Directors

	At December 31, 2018				
	2014	2015	2016	2017	2018
	(In Thousands)				
Balance Sheet Data:					
Total assets	\$ 1,552,205	\$ 1,768,528	\$ 2,014,599	\$ 2,284,599	\$ 2,408,587
Cash & cash equivalents	177,222	261,013	322,932	355,229	295,975
Securities	70,570	40,603	27,168	34,304	38,460
Loans:					
Residential loans	576,665	635,522	685,674	721,809	741,841
Commercial mortgage	607,851	681,601	796,063	998,567	1,150,535
Construction	60,371	95,433	131,778	122,715	127,274
Other	996	644	678	701	542
Allowance for loan losses	9,108	9,905	11,030	12,537	13,808
Deposits	1,089,217	1,217,027	1,366,109	1,505,862	1,573,154
Federal Home Loan Bank advances	329,602	402,464	475,318	579,164	606,600
Stockholders' equity	121,515	138,015	161,024	186,158	212,576
	At or For the Years Ended December 31, 2018				
	2014 *	2015	2016	2017	2018
	(Dollars in Thousands, Except Per Share Amounts)				
Income Statement Data:					
Total interest and dividend income	\$ 56,193	\$ 61,859	\$ 71,769	\$ 81,059	\$ 94,169
Total interest expense	9,936	10,910	13,385	17,261	28,384
Net interest income	46,257	50,949	58,384	63,798	65,785
Provision for loan losses	625	625	1,135	1,505	1,270
Other income (loss)	7,863	1,483	1,735	1,410	(1,735)
Operating expenses	20,089	19,031	19,215	19,576	20,051
Income before income taxes	33,406	32,776	39,769	44,127	42,729
Income tax provision	11,142	13,430	16,346	18,370	12,330
Net income	\$ 22,264	\$ 19,346	\$ 23,423	\$ 25,757	\$ 30,399
Core net income **	\$ 22,267	\$ 19,327	\$ 23,202	\$ 25,708	\$ 32,776
Earnings per common share:					
Basic	\$ 10.46	\$ 9.09	\$ 10.99	\$ 12.08	\$ 14.25
Diluted	\$ 10.44	\$ 9.02	\$ 10.89	\$ 11.81	\$ 13.90
Financial Ratios:					
Return on average assets	1.52 %	1.18%	1.22 %	1.21 %	1.32 %
Return on average equity	19.30	14.81	15.59	14.73	14.97
Core return on average assets **	1.52	1.18	1.21	1.21	1.42
Core return on average equity **	19.30	14.80	15.44	14.70	16.14
Average equity to average assets	7.87	7.97	7.85	8.22	8.80
Interest rate spread	3.13	3.06	2.99	2.91	2.66
Net interest margin	3.23	3.17	3.10	3.05	2.90
Efficiency ratio	37.12	36.32	32.15	30.06	29.89
Cash dividends declared per common share	\$ 2.10	\$ 1.46	\$ 1.56	\$ 1.66	\$ 1.92
Book value per common share	\$ 57.08	\$ 64.83	\$ 75.50	\$ 87.29	\$ 99.67
Shares outstanding, at year end	2,128,750	2,128,750	2,132,750	2,132,750	2,132,750

* Includes a net gain of approximately \$5.7 million related to non-taxable life insurance death benefit received in 2014.

** Non-GAAP measure which excludes after-tax gain (loss) on equity securities.



Standing (left to right):

Edward L. Sparda
 Scott L. Moser
 Michael J. Desmond
 Robert A. Lane, Esq.
 Robert K. Sheridan, Esq.
 Julio R. Hernando, Esq.
 Kevin W. Gaughen, Esq.
 Stacey M. Page
 Ronald D. Falcione
 Geoffrey C. Wilkinson, Sr.
 Howard M. Berger, Esq.

Seated (left to right):

Brian T. Kenner, Esq.
 Kara Gaughen Smith
 Robert H. Gaughen, Jr., Esq.
 Jacqueline M. Youngworth
 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 505000
Louisville, KY 40233
(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

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, 2018, 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, 2018, there were approximately 225 stockholders of record, holding 129,727 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>
2018		
First Quarter	\$ 233.13	\$ 195.05
Second Quarter	229.40	201.89
Third Quarter	227.50	213.84
Fourth Quarter	229.99	194.03
2017		
First Quarter	\$ 200.90	\$ 148.02
Second Quarter	185.96	166.45
Third Quarter	196.71	174.47
Fourth Quarter	242.00	191.45

The closing sale price of the Bank's common stock at December 31, 2018 was \$197.74 per share.

1834

BOSTON
BEACON HILL
SOUTH END

COHASSET

HINGHAM
HINGHAM SQUARE
SOUTH HINGHAM
LINDEN PONDS

HULL

NANTUCKET

NORWELL/HANOVER

WEYMOUTH



www.hinghamavings.com

Member FDIC/Member DIF | Equal Housing Lender 