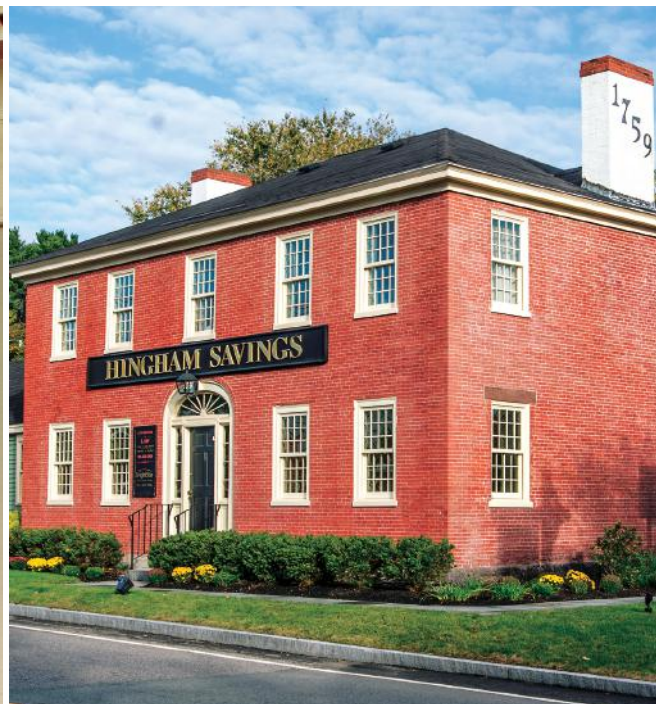
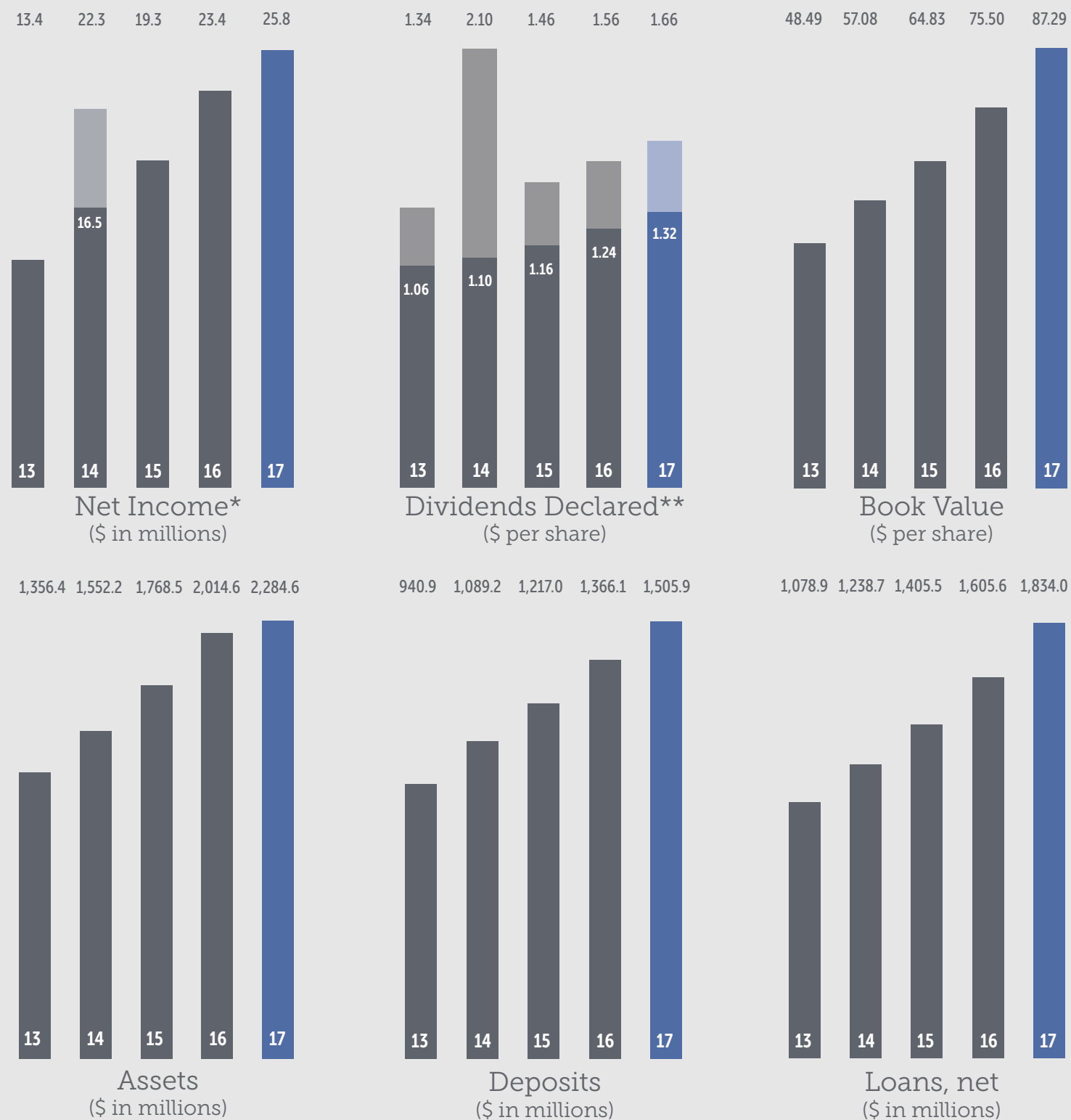




2017 ANNUAL REPORT



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 President



To Our Business Partners:

2017 was another outstanding year for Hingham Institution for Savings.

We earned \$25.8 million for our owners, a 10.0% increase from 2016. Our return on average equity of 14.73% and return on average assets of 1.21% place us among the most profitable banks in the country. Net loans increased by 14.2% to \$1.834 billion, deposits increased by 10.2% to \$1.506 billion, and total assets increased by 13.4% to \$2.285 billion. Book value per share rose 15.6% in 2017 from \$75.50 to \$87.29 per share. This excludes capital returned to the shareholders through regular and special dividends - we declared \$1.66 in dividends per share in 2017. The trailing five year compound annual growth rate in book value per share, the best measure of long-term value creation, rose to 14.9%. The efficiency ratio fell to a record low of 30.06%, a reflection of our disciplined cost control and process improvement culture.

Although our financial results in 2017 were strong, the Bank's success reflects the fact that banking is a long-term business. Performance in any one period, particularly one where tailwinds were with us, should be viewed cautiously. Such periods are historically fraught with peril in our industry. The real test of performance in banking is a company's record of compounding shareholder capital over time and through cycles. 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 this 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 made significant investments this year in digital banking capabilities - from our new consumer website to payments and cash management tools for businesses - that support our relationship-focused approach. We anticipate significant product and design enhancements in coming years, including online account opening and new payment options, for which there is considerable market demand. We also continue to develop strong teams to support our digital and private banking efforts. Our model - personalized service, combined with digital excellence and low fees - is the future of our industry.

We also began building our business in greater Washington D.C., providing commercial real estate financing and private banking services to the same kind of real estate investors, families, and nonprofits that we serve in Boston. We believe that the banking market in Washington, D.C. has experienced a level of consolidation and disruption that has left these customers underserved. We offer a commitment to independence, a balance sheet that can support meaningful lending relationships up to \$35 million, and speed and surety of execution. If you own or manage commercial real estate in Boston or Washington, call us.

Since the present management group became associated with the Bank twenty five 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.

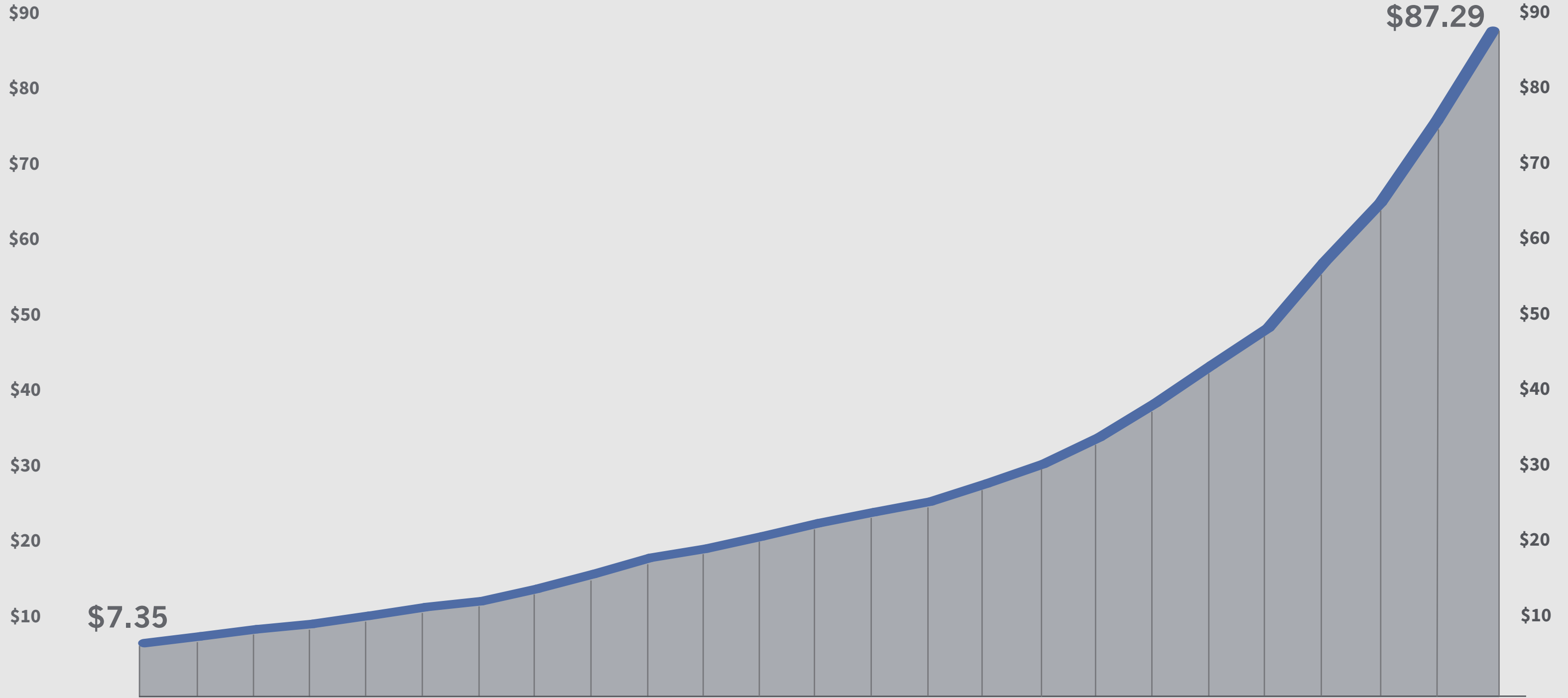
Very truly yours,

Robert H. Gaughen, Jr.

President and Chairman of the Board

25 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
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
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
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
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%
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

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

Alan Gaunoux

Owner, G Properties
Washington, D.C.



Alan Gaunoux is the owner of G Properties, a real estate investment firm in Washington, D.C. He worked with Hingham to finance his properties in Georgetown because of the Bank's competitive rates and flexible approach to a complex transaction. With projects across Washington, Alan appreciates Hingham's ability to serve his banking needs remotely with dedicated lenders and relationship managers. His father first acquired property on M Street in 1954 and he was pleased to partner with another multi-generational, family-run business.

"Hingham was critical to executing a challenging real estate transaction for me. They humanize the banking experience."

ALAN GAUNOUX

United South End Settlements

Maicharia Z. Weir Lytle, President & CEO

Nikki Stewart, Vice President of Development



For over a century, United South End Settlements has worked to disrupt the cycle of poverty by offering education, job training, and enrichment programs to the South End community in Boston. USES's programs include early childhood education, enrichment programming for school-aged children, and workforce development training designed to empower youth and adults in their everyday lives. Hingham provided financing to USES which gave them added flexibility during their capital campaign. USES utilizes the Bank for its business banking needs and is pleased with Hingham's attention to detail and high-touch client service. Hingham's dedication to philanthropy and the local community is a meaningful aspect of the relationship with USES.

"Hingham's support of the local community aligns with USES's mission. We value our partnership with the Bank."

MAICHARIA Z. WEIR LYTLE



Josh Posner
Founder & CEO, Rising Tide Development, LLC
Cambridge, MA



“The people at Hingham genuinely care about my business and our relationship - that’s not something you experience at many other banks.”

JOSH POSNER

Josh Posner is a well-known developer in Massachusetts who has devoted his career to affordable housing. Unlike other developers, Rising Tide Development focuses on bridging the divide between traditional and affordable housing by creating communities where both exist side-by-side. By building high quality homes in prosperous communities, Posner’s approach transforms the once negative perception of affordable housing. Hingham has worked with Josh for several years financing the construction of his newest community, Beach Plum Village, on Nantucket. Josh appreciated Hingham’s customized approach to lending.



Stacy Koepfel
Executive Director of the Ellis South End Neighborhood Association
Seth Koepfel
Senior Vice President of Sales, eRAD Technologies



“The people at Hingham are professional, trustworthy, and genuine. We feel fortunate to have found a bank that puts their clients first.”

STACY & SETH KOEPPEL

The South End has a special place in the hearts of Stacy and Seth Koepfel. The couple lived in the Boston neighborhood as newlyweds and although careers took them away, they promised each other that someday they would come back. In 2000, they returned to purchase a beautiful brownstone on Union Park where they live today with their two children. Seth and Stacy came to Hingham when they had the opportunity to purchase another unit in their building. The transaction was seamless and they built a meaningful relationship with our South End Manager in the process. Seth and Stacy are family-oriented and deeply involved in the community - they were happy to find a bank similarly committed.

Joe Perry

Head of School, Derby Academy
Hingham, MA



Derby Academy and Hingham Institution for Savings are two of the oldest organizations in Hingham. Two years ago, they jointly established the Hingham Institution for Savings Merit Scholarship. The full-tuition scholarship is granted to one recipient per year who could not otherwise afford Derby and supports them throughout their tenure at the school. The Bank and its principals have supported Derby's educational mission financially and through service on the Board for over twenty years. We are pleased to support the expansion of this mission to underserved communities in years to come.

"Thanks to the generosity of the Bank, the Hingham Institution for Savings Merit Scholarship brings an ongoing partnership between two of Hingham's oldest institutions while continuing to support a new generation of learners."

JOE PERRY



Bob Young
President, The Young Group
Falls Church, VA



“A small bank with exceptional client service is vital to my business and Hingham has filled that role.”

BOB YOUNG

Bob Young’s firm, The Young Group, is a real estate development firm that specializes in commercial and residential projects throughout Northern Virginia. Bob is known for his Art-Nouveau floral style buildings which are prominent in the city of Falls Church. The Bank has worked with Bob to finance several of his Falls Church projects. He chose Hingham for its personal, hands-on approach. Bob views his employees as an extension of his family and was looking for a Bank that shared these values. Our relationship with The Young Group has expanded to include a full range of banking services for the business.

Selected Financial Data

	At December 31,				
	2013	2014	2015	2016	2017
	(In Thousands)				
Balance Sheet Data:					
Total assets	\$ 1,356,441	\$ 1,552,205	\$ 1,768,528	\$ 2,014,599	\$ 2,284,599
Cash & cash equivalents	102,847	177,222	261,013	322,932	355,229
Securities available for sale	106,369	70,570	40,603	27,168	34,304
Loans:					
Residential loans	532,845	576,665	635,522	685,674	721,809
Commercial mortgage	498,592	607,851	681,601	796,063	998,567
Construction	53,520	60,371	95,433	131,778	122,715
Other	913	996	644	678	701
Allowance for loan losses	8,509	9,108	9,905	11,030	12,537
Deposits	940,906	1,089,217	1,217,027	1,366,109	1,505,862
Federal Home Loan Bank advances	302,732	329,602	402,464	475,318	579,164
Stockholders' equity	103,217	121,515	138,015	161,024	186,158
	At or For the Years Ended December 31,				
	2013	2014	2015	2016	2017
	(Dollars in Thousands, Except Per Share Amounts)				
Income Statement Data:					
Total interest and dividend income	\$ 49,342	\$ 56,193	\$ 61,859	\$ 71,769	\$ 81,059
Total interest expense	10,502	9,936	10,910	13,385	17,261
Net interest income	38,840	46,257	50,949	58,384	63,798
Provision for loan losses	380	625	625	1,135	1,505
Other income	1,604	7,863	1,483	1,735	1,410
Operating expenses	17,453	20,089	19,031	19,215	19,576
Income before income taxes	22,611	33,406	32,776	39,769	44,127
Income tax provision	9,240	11,142	13,430	16,346	18,370
Net Income	\$ 13,371	\$ 22,264	\$ 19,346	\$ 23,423	\$ 25,757
Earnings per common share:					
Basic	\$ 6.28	\$ 10.46	\$ 9.09	\$ 10.99	\$ 12.08
Diluted	\$ 6.28	\$ 10.44	\$ 9.02	\$ 10.89	\$ 11.81
Financial Ratios:					
Return on average assets	1.07 %	1.52 %	1.18 %	1.22 %	1.21 %
Return on average equity	13.52	19.30	14.81	15.59	14.73
Average equity to average assets	7.89	7.87	7.97	7.85	8.22
Interest rate spread	3.07	3.13	3.06	2.99	2.91
Net interest margin	3.19	3.23	3.17	3.10	3.05
Efficiency ratio	43.15	37.12	36.32	32.15	30.06
Cash dividends declared per common share	\$ 1.34	\$ 2.10	\$ 1.46	\$ 1.56	\$ 1.66
Book value per common share	\$ 48.49	\$ 57.08	\$ 64.83	\$ 75.50	\$ 87.29
Shares outstanding, at year end	2,128,750	2,128,750	2,128,750	2,132,750	2,132,750

Board of Directors



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

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 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, 2017, 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, 2017, there were approximately 238 stockholders of record, holding 140,282 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>
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
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

The closing sale price of the Bank's common stock at December 31, 2017 was \$207.00 per share.

1834

BOSTON
BEACON HILL
SOUTH END

COHASSET

HINGHAM
HINGHAM SQUARE
SOUTH HINGHAM
LINDEN PONDS

HULL

NANTUCKET

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SCITUATE

WEYMOUTH



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