

SOURCE OF RETURNS

HIFS - HINGHAM INSTITUTE FOR SAVINGS

FOR THE YEARS ENDED DECEMBER 31,

All Values in \$000's USD - Yields and Interest are annualized

	Shareholder Equity			Bank Leverage			Bank Capital		
	HISTORY 3/31/2019	Yield / Rate	Interest	HISTORY 3/31/2019	Yield / Rate	Interest	HISTORY 3/31/2019	Yield / Rate	Interest
Cash and Cash Equivalents	542	0.00%	0	6,891	0.00%	0	7,433	0.00%	0
Short-term Investments	0	0.00%	0	0	0.00%	0	0	0.00%	0
Federal Reserve and Other Short-term Investments Certificates of Deposits	100,000	2.40%	2,400	186,333	2.40%	4,472	286,333	2.40%	6,872
	0	0.00%	0	0	0.00%	0	0	0.00%	0
Securities Available-for-sale, At Fair Value (2)	0	0.00%	0	13	0.00%	0	13	0.00%	0
CRA Fund (1)	7,800	0.00%	0	0	0.00%	0	7,800	0.00%	0
Equity Securities-at Fair Value	34,804	9.00%	3,132	0	9.00%	0	34,804	9.00%	3,132
Loans, Net (3)	73,531	4.51%	3,316	2,018,890	4.51%	91,052	2,092,420	4.51%	94,368
Accrued Interest Receivable	378	0.00%	0	4,802	0.00%	0	5,180	0.00%	0
Federal Home Loan Bank Stock, At Cost	2,234	6.00%	134	28,383	6.00%	1,703	30,617	6.00%	1,837
Premises & Equipment-net	1,050	0.00%	0	13,338	0.00%	0	14,388	0.00%	0
Deferred Income Tax Asset	119	0.00%	0	1,507	0.00%	0	1,626	0.00%	0
Foreclosed Assets	0	0.00%	0	0	0.00%	0	0	0.00%	0
Prepaid FDIC Assessment	0	0.00%	0	0	0.00%	0	0	0.00%	0
Other Assets	309	0.00%	0	3,924	0.00%	0	4,233	0.00%	0
Bank Owned Life Insurance	915	2.00%	18	11,627	2.00%	233	12,542	2.00%	251
Other Real Estate Owned	0	0.00%	0	0	0.00%	0	0	0.00%	0
Other	0	0.00%	0	0	0.00%	0	0	0.00%	0
Total Yield on Assets	221,680	4.06%	9,001	2,275,709	4.28%	97,459	2,497,389	4.26%	106,460
Non-Interest Bearing Deposits	0	0.00%	0	227,872	0.00%	0	227,872	0.00%	0
Interest Bearing Deposits	0	1.65%	0	1,327,451	1.65%	21,903	1,327,451	1.65%	21,903
Advances from Federal Home Loan Bank	0	2.64%	0	702,100	2.64%	18,535	702,100	2.64%	18,535
Other Liabilities	0	0.00%	0	18,285	0.00%	0	18,285	0.00%	0
Total Cost on Liabilities	0	0.00%	0	2,275,708	1.78%	40,438	2,275,708	1.78%	40,438
Net Interest Income			9,001			57,021			66,022
Non-Interest Income (TTM)			0			143			143
Non-Interest Expense (TTM)			0			(20,090)			(20,090)
Pre-Tax Income			9,001			37,074			46,075
Less: Taxes of:	27.0%		(2,430)			(10,010)			(12,440)
Estimated Net Income			6,571			27,064			33,635
Return on Assets (Pre-Tax)	221,680	4.06%	9,001	2,275,709	1.63%	37,074	2,497,389	1.84%	46,075
Return on Assets	221,680	2.96%	6,571	2,275,709	1.19%	27,064	2,497,389	1.35%	33,635
Total Return on Equity (Pre-Tax)	221,680	4.06%	9,001	0	N/A	37,074	221,681	20.78%	46,075
Total Return on Equity	221,680	2.96%	6,571	0	N/A	27,064	221,681	15.17%	33,635
Estimated Annual Earnings on Equity Holdings									3,132
Interest Rate Opportunity Cost On Equities (If Invested If A-AAA U.S. Corp Ig Index) (5)							3.34%		
Interest Opportunity Cost									1,162
Estimated Unseen Benefit From Equity Holdings									1,970
Estimated Unseen Benefit From Equity Holdings, as a Percentage of Assets (in bps)									7.89
Estimated Return on Assets (from Above Source of Returns Exhibit - in bps)									134.7
Benefit to HIFS shareholders Due to Equity Holdings (as a % of HIFS' ROA)									6.2%

(1) Assumes that equity security interest is composed of Fed Bank Stock plus some equity dividends.

(2) Publicly-traded equity security portfolio is assumed to have essentially 0% yield (calculated as 0.34% based on annualized total equity interest less actual Fed Bank Stock dividends). I assume a long-term total return on the equity holdings of 9.0%. HIFS equity holdings is estimated to contribute an additional

(3) Before allowance for loan losses. Includes non-accrual loans.

(4) Note: Estimated Net Income will not tie to TTM Net Income since I assume average yields/rates on assets/liabilities for the most recent quarter (or for the year, when it makes sense to). Composition and rates change. Close is good.

(5) Source: Eaton Vance's Floating Rate Loan Chart Book, 1Q 2019, Retrieved from: <https://institutional.eatonvance.com/includes/loadDocument.php?fn=6140.pdf&dt=fundpdfs%27>