

Hingham Institution for Savings Announces Annual Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts announced its earnings for 2006. Net income for the year ended December 31, 2006 was \$4,640,000 or \$2.19 per share (\$2.19 basic) as compared to \$6,171,000 or \$2.92 per share (\$2.95 basic) in 2005. Net income for the fourth quarter ended December 31, 2006 was \$990,000 or \$0.47 per share (\$0.47 basic) compared to \$1,545,000 or \$0.73 per share (\$0.74 basic) for the fourth quarter ended December 31, 2005. The Bank's return on average equity for 2006 was 9.18%, and the return on average assets was 0.71%.

Strong growth trends of recent years continued in 2006 with a 10% increase in total assets, a 12% increase in total deposits, and a 10% increase in total loans over those of December 31, 2005. Asset quality continued to remain strong. As of December 31, 2006, the Bank had no foreclosed property and two nonperforming loans representing a minimal 0.02% of total assets.

President Robert H. Gaughen, Jr. stated, "The interest rate environment continues to be challenging. The entire industry continues to experience pressures associated with margin compression and a flat yield curve. Although this is a less than ideal situation, we have been successful in partially offsetting the impact by continuing to generate profitable growth. Our challenge in 2007 will be to maintain our quality growth and effective cost control in a challenging interest rate environment."

Total assets as of December 31, 2006 were \$691,652,000 as compared to \$628,251,000 at December 31, 2005. Stockholders' equity increased from \$48,458,000 on December 31, 2005 to \$51,818,000 on December 31, 2006 with a concomitant increase in book value per share from \$23.01 on December 31, 2005 to \$24.47 on December 31, 2006.

Hingham Institution for Savings is a Massachusetts-chartered savings bank located in Hingham, Massachusetts. Incorporated in 1834, it is the oldest financial institution headquartered in Hingham and one of the oldest in the Commonwealth. The Bank's main offices are located on Main Street, Hingham, Massachusetts 02043, phone (781) 749-2200. The Bank also maintains branch offices in South Hingham and the neighboring towns of Cohasset, Hull, Scituate, and Weymouth. It opened its newest branch office in Boston's South End on October 2, 2006.

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

respectively	2,117	2,106
Additional paid-in capital	10,252	10,013
Undivided profits	40,140	37,617
Accumulated other comprehensive loss	(691)	(1,278)
Total stockholders' equity	<u>51,818</u>	<u>48,458</u>
Total liabilities and stockholders' equity	\$ <u>691,652</u>	\$ <u>628,251</u>
Book value per share	\$ <u>24.47</u>	\$ <u>23.01</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended December 31,		Twelve Months Ended December 31,	
<i>(in thousands except for per share amounts)</i>	2006	2005	2006	2005
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 8,591	\$ 7,338	\$ 32,616	\$ 27,202
Debt securities	943	683	3,353	2,463
Equity securities	186	144	687	477
Short-term investments and certificates of deposit	125	66	433	276
Total interest and dividend income	9,845	8,231	37,089	30,418
Interest expense:				
Deposits	3,064	1,732	10,291	5,841
Federal Home Loan Bank advances	3,084	2,072	10,921	6,548
Total interest expense	6,148	3,804	21,212	12,389
Net interest income	3,697	4,427	15,877	18,029
Provision for loan losses	69	71	287	244
Net interest income after provision for loan losses	3,628	4,356	15,590	17,785
Other income:				
Customer service fees on deposits	265	262	1,015	938
Increase in bank-owned life insurance	114	109	457	440
Other	86	78	221	220
Total other income	465	449	1,693	1,598
Operating expenses:				
Salaries and employee benefits	1,527	1,425	6,085	5,756
Data processing	194	193	738	774
Occupancy and equipment	285	235	1,048	948
Other	595	489	2,245	2,042
Total operating expenses	2,601	2,342	10,116	9,520

Income before income taxes	1,492	2,463	7,167	9,863
Income tax provision	502	918	2,527	3,692
Net income	<u>\$ 990</u>	<u>\$ 1,545</u>	<u>\$ 4,640</u>	<u>\$ 6,171</u>
Weighted average shares outstanding				
Basic	<u>2,116</u>	<u>2,098</u>	<u>2,116</u>	<u>2,093</u>
Diluted	<u>2,119</u>	<u>2,117</u>	<u>2,119</u>	<u>2,117</u>
Earnings per share				
Basic	<u>\$ 0.47</u>	<u>\$ 0.74</u>	<u>\$ 2.19</u>	<u>\$ 2.95</u>
Diluted	<u>\$ 0.47</u>	<u>\$ 0.73</u>	<u>\$ 2.19</u>	<u>\$ 2.92</u>
Cash dividends declared per common share				
	<u>\$ 0.40</u>	<u>\$ 0.40</u>	<u>\$ 1.00</u>	<u>\$ 0.99</u>
Return on average equity	<u>7.67</u> %	<u>12.85</u> %	<u>9.18</u> %	<u>13.20</u> %

Contacts

Hingham Institution for Savings

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