

# Hingham Institution for Savings Announces Quarterly Earnings

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HINGHAM, Mass.--(<u>BUSINESS WIRE</u>)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts announced first quarter earnings for 2007. Net income for the quarter ended March 31, 2007 was \$945,000 or \$0.45 per share (\$0.45 basic) as compared to net income of \$1,302,000 or \$0.61 per share (\$0.62 basic) for the same period last year.

Assets at March 31, 2007 were \$699,414,000 and represented a 9% increase over March 31, 2006. Asset growth was most notable in the loan category which increased \$46,510,000, or 9%, over the same period. Deposits increased to \$418,180,000 at March 31, 2007, a 9% increase over the balance at March 31, 2006.

The annualized Return on Average Assets and Return on Average Equity for the 2007 quarter were 0.55% and 7.22% respectively.

Increases in capital were also noted and at March 31, 2007, the Bank reported book value per share of \$24.80, a 6% increase from March 31, 2006.

President Robert H. Gaughen, Jr. stated "The pressure on the net interest margin caused by an inverted yield curve hasn't eased and continues to challenge the entire banking industry. We have been successful in partially offsetting this impact by continuing to generate profitable growth. Our goal remains to continue our quality growth and effective cost control in this challenging environment. Equally important, our asset quality remains exceptional. At quarter end, the Bank had no foreclosed property and only three nonperforming loans representing a minimal .06% of total assets."

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.

#### HINGHAM INSTITUTION FOR SAVINGS

#### **Consolidated Balance Sheets**

	March 31, 2007		March 31 2006		
(Unaudited)				nds except per amounts)	
ASSETS					
Cash and due from banks	\$	10,330	\$	5,943	
Short-term investments		4,984		5,753	
Cash and cash equivalents		15,314		11,696	
Certificates of deposit		4,941		5,279	
Securities available for sale, at fair value		94,548		89,558	
Federal Home Loan Bank stock, at cost		12,041		10,715	
Loans, net of allowance for loan losses of \$3,673,000 in 2007 and					
\$3,385,000 in 2006		551,204		504,694	
Bank-owned life insurance		12,331		11,864	
Premises and equipment, net		3,834		3,259	
Accrued interest receivable		3,212		2,757	
Deferred income tax asset, net		1,395		1,665	
Other assets		594		610	
Total assets	\$	699,414	\$	642,097	
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits	\$	418,180	\$	382,097	
Federal Home Loan Bank advances		224,620		206,875	
Mortgagors' escrow accounts		1,535		1,605	
Accrued interest payable		856		408	
Other liabilities		1,676		1,605	
Total liabilities		646,867		592,590	

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Stockholders' equity:

Preferred stock, \$1.00 par value, 2,500,000 shares authorized; none

issued

Common stock, \$1.00 par value, 5,000,000 shares authorized;

2,118,550 and 2,116,250 shares issued and outstanding at March 31,

2007 and 2006, respectively	2,119	2,116
Additional paid-in capital	10,290	10,230
Undivided profits	40,661	38,496
Accumulated other comprehensive loss	(523)	(1,335)
Total stockholders' equity	52,547	49,507
Total liabilities and stockholders' equity	\$ 699,414	\$ 642,097
Book value per share	\$ 24.80	\$ 23.39

### HINGHAM INSTITUTION FOR SAVINGS

#### Consolidated Statements of Income

		Three Months Ended			
		March 31,			
(in thousands, except for per share amounts)		2007			2006
(Unaudited)					
Interest and dividend income:					
Loans	\$	8,607		\$	7,596
Debt securities		1,004			732
Equity securities		226			160
Short-term investments and certificates of deposit		123			103
Total interest and dividend income		9,960			8,591
Interest expense:					
Deposits		3,325			2,061
Federal Home Loan Bank advances		2,918			2,321
Total interest expense		6,243			4,382
Net interest income		3,717			4,209
Provision for loan losses		70			69
Net interest income, after provision for loan losses		3,647			4,140
Other income:					
Customer service fees on deposits		253			243
Increase in bank-owned life insurance		118			108
Other		46			50
Total other income		417			401
Operating expenses:					
Salaries and employee benefits		1,615			1,525
Data processing		198			175
Occupancy and equipment		291			247
Other		552			548
Total operating expenses		2,656			2,495
Income before income taxes		1,408			2,046
Income tax provision		463			744
Net income	\$	945		\$	1,302
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## Weighted average shares outstanding:

Basic	2,117	2,114

Diluted	2,120	2,118
Earnings per share:		
Basic	\$0.45\$	0.62
Diluted	\$ 0.45 \$	0.61
Cash dividends declared per common share	\$\$	0.20
Return on average equity	7.22 %	10.55 %
Contacts		
Hingham Institution for Savings		
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or		
William M. Donovan, Jr.		
Vice President-Administration		

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