

## Hingham Institution for Savings Announces Quarterly Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq: HIFS), Hingham, Massachusetts announced second quarter earnings for 2007. Net income for the quarter ended June 30, 2007 was \$1,090,000 or \$0.51 per share (basic and diluted) as compared to net income of \$1,109,000 or \$0.52 per share (basic and diluted) for the same period last year.

Assets at June 30, 2007 were \$709,504,000 and represented a 7% increase over June 30, 2006. Asset growth was most notable in the loan category which increased \$41,060,000, or 8%, over the same period. Deposits increased to \$428,688,000 at June 30, 2007, a 9% increase over the balance at June 30, 2006.

The annualized Return on Average Assets and Return on Average Equity for the 2007 quarter were 0.62% and 8.21% respectively.

Increases in capital were also noted and at June 30, 2007, the Bank reported book value per share of \$25.11, a 6% increase from June 30, 2007.

President Robert H. Gaughen, Jr. stated "We're pleased to report that our current quarterly earnings represent a 15% increase over the first quarter of 2007 earnings and a minimal decrease of 2% from the second quarter earnings of the prior year. 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 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 strong. At quarter end, the Bank had no foreclosed property and only eight nonperforming loans representing only 0.27% of total assets. These loans are all well collateralized and we believe represent no risk of loss."

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 along with its newest branch office in Boston's South End.

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

<i>(Unaudited)</i>	June 30, 2007	June 30, 2006
	<i>(\$ in thousands except per share amounts)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 7,913	\$ 7,199
Short term investments	10,961	10,313
Cash and cash equivalents	<u>18,874</u>	<u>17,512</u>
Certificates of deposit	4,066	5,367
Securities available for sale, at fair value	94,885	91,645
Federal Home Loan Bank stock, at cost	12,041	11,187
Loans, net of allowance for loan losses of \$3,758,000 in 2007 and \$3,463,000 in 2006	557,983	516,923
Cash value of life insurance	12,459	11,984
Banking premises and equipment, net	3,818	3,324
Accrued interest receivable	3,374	2,819
Deferred income tax asset, net	1,409	1,712
Other assets	595	580
Total assets	<u>\$709,504</u>	<u>\$663,053</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$428,688	\$391,782
Federal Home Loan Bank advances	223,662	217,687
Mortgagors' escrow accounts	1,406	1,419
Accrued interest payable	898	678
Other liabilities	1,663	1,383
Total liabilities	<u>656,317</u>	<u>612,949</u>
Commitments and contingencies		
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; shares issued and outstanding: 2,118,550 at June 30, 2007 and 2,116,250 at June 30, 2006

	2,119	2,116
Additional paid-in capital	10,290	10,230
Undivided profits	41,327	39,181
Accumulated other comprehensive loss	<u>(549)</u>	<u>(1,423)</u>
Total stockholders' equity	<u>53,187</u>	<u>50,104</u>
Total liabilities and stockholders' equity	<u>\$709,504</u>	<u>\$663,053</u>
Book value per share	<u>\$ 25.11</u>	<u>\$ 23.68</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
<i>(In Thousands, Except for Per Share Amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 8,939	\$ 7,961	\$17,546	\$15,557
Debt securities	1,058	803	2,062	1,535
Equity securities	222	21	448	181
Short term investments and certificates of deposit	116	106	239	209
Total interest and dividend income	<u>10,335</u>	<u>8,891</u>	<u>20,295</u>	<u>17,482</u>
Interest expense:				
Deposits	3,484	2,426	6,809	4,487
Federal Home Loan Bank advances	2,905	2,578	5,823	4,899
Total interest expense	<u>6,389</u>	<u>5,004</u>	<u>12,632</u>	<u>9,386</u>
Net interest income	3,946	3,887	7,663	8,096
Provision for loan losses	85	78	155	147
Net interest income after provision for loan losses	<u>3,861</u>	<u>3,809</u>	<u>7,508</u>	<u>7,949</u>
Other income:				
Customer service fees on deposits	238	255	491	498
Increase in cash value of life insurance	128	120	246	228
Other	47	47	93	97
Total other income	<u>413</u>	<u>422</u>	<u>830</u>	<u>823</u>
Operating expenses:				
Salaries and employee benefits	1,582	1,505	3,197	3,030
Data processing	201	183	399	358
Occupancy and equipment	289	259	580	506
Other	562	581	1,114	1,129
Total operating expenses	<u>2,634</u>	<u>2,528</u>	<u>5,290</u>	<u>5,023</u>
Income before income taxes	1,640	1,703	3,048	3,749
Income tax provision	550	594	1,013	1,338
Net income	<u>\$ 1,090</u>	<u>\$ 1,109</u>	<u>\$ 2,035</u>	<u>\$ 2,411</u>
Cash dividends declared per common share	<u>\$ 0.20</u>	<u>\$ 0.20</u>	<u>\$ 0.40</u>	<u>\$ 0.40</u>

Weighted average shares outstanding:

Basic	<u>2,119</u>	<u>2,116</u>	<u>2,118</u>	<u>2,115</u>
Diluted	<u>2,120</u>	<u>2,119</u>	<u>2,120</u>	<u>2,119</u>

Earnings per share:

Basic	<u>\$ 0.51</u>	<u>\$ 0.52</u>	<u>\$ 0.96</u>	<u>\$ 1.14</u>
Diluted	<u>\$ 0.51</u>	<u>\$ 0.52</u>	<u>\$ 0.96</u>	<u>\$ 1.14</u>

Return on average equity	8.21%	8.85%	7.72%	9.69%
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## Contacts

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