

Hingham Institution for Savings Announces Quarterly Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts announced third quarter earnings for 2007. Net income for the quarter ended September 30, 2007 was \$1,124,000 or \$0.53 per share (basic and diluted) as compared to net income of \$1,239,000 or \$0.58 per share diluted (\$0.59 basic) for the same period last year. Included in net income for the third quarter of 2006, was approximately \$100,000 related to the delayed declaration of the second quarter dividend on Federal Home Loan Bank stock.

Assets at September 30, 2007 were \$743,826,000 and represented a 10% increase over September 30, 2006. Asset growth was most notable in the loan category which increased \$55,971,000, or 11%, over the same period. Deposits increased to \$439,293,000 at September 30, 2007, a 14% increase over the balance at September 30, 2006.

The annualized Return on Average Assets and Return on Average Equity for the 2007 quarter were 0.62% and 8.35% respectively.

Increases in capital were also noted and at September 30, 2007, the Bank reported book value per share of \$25.55, a 5% increase from September 30, 2006.

President Robert H. Gaughen, Jr. stated “We’re pleased to report that our current quarterly earnings represent an increase over the prior three quarters. Quality growth and effective cost control, combined with an improving yield curve present an encouraging environment. Equally important, our asset quality remains strong. At 2007 quarter end, the Bank had no foreclosed property and nonperforming loans represent only 0.43% of total assets. These loans are all well collateralized and we believe present 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

	September 30, 2007	September 30, 2006
<i>(Unaudited)</i>		
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 10,137	\$ 8,105
Short-term investments	27,149	9,370
Cash and cash equivalents	<u>37,286</u>	<u>17,475</u>
Certificates of deposit	4,626	5,058
Securities available for sale, at fair value	81,405	92,416
Federal Home Loan Bank stock, at cost	12,334	12,041
Loans, net of allowance for loan losses of \$3,826,000 in 2007 and \$3,534,000 in 2006	586,521	530,550
Bank-owned life insurance	12,580	12,099
Premises and equipment, net	3,733	3,722
Accrued interest receivable	3,466	3,067
Deferred income tax asset, net	1,279	1,402
Other assets	596	539
Total assets	<u>\$ 743,826</u>	<u>\$ 678,369</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 439,293	\$ 386,906
Federal Home Loan Bank advances	246,202	236,130
Mortgagors' escrow accounts	1,559	1,540
Accrued interest payable	896	713
Other liabilities	1,744	1,581
Total liabilities	<u>689,694</u>	<u>626,870</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; 2,118,550		

and 2,116,250 shares issued and outstanding at September 30, 2007 and 2006, respectively

	2,119	2,116
Additional paid-in capital	10,290	10,230
Undivided profits	42,028	39,998
Accumulated other comprehensive loss	<u>(305)</u>	<u>(845)</u>
Total stockholders' equity	<u>54,132</u>	<u>51,499</u>
Total liabilities and stockholders' equity	<u>\$ 743,826</u>	<u>\$ 678,369</u>
Book value per share	<u>\$ 25.55</u>	<u>\$ 24.34</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
<i>(In Thousands, Except for Per Share Amounts)</i>	2007	2006	2007	2006
<i>(Unaudited)</i>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest and dividend income:				
Loans	\$ 9,266	\$ 8,468	\$26,812	\$ 24,025
Debt securities	996	875	3,058	2,410
Equity securities	220	320	668	501
Short-term investments and certificates of deposit	206	99	445	308
Total interest and dividend income	<u>10,688</u>	<u>9,762</u>	<u>30,983</u>	<u>27,244</u>
Interest expense:				
Deposits	3,665	2,740	10,474	7,227
Federal Home Loan Bank advances	3,022	2,938	8,845	7,837
Total interest expense	<u>6,687</u>	<u>5,678</u>	<u>19,319</u>	<u>15,064</u>
Net interest income	4,001	4,084	11,664	12,180
Provision for loan losses	68	71	223	218
Net interest income after provision for loan losses	<u>3,933</u>	<u>4,013</u>	<u>11,441</u>	<u>11,962</u>
Other income:				
Customer service fees on deposits	246	252	737	750
Increase in bank-owned life insurance	121	115	367	343
Other	48	38	141	135
Total other income	<u>415</u>	<u>405</u>	<u>1,245</u>	<u>1,228</u>
Operating expenses:				
Salaries and employee benefits	1,580	1,528	4,777	4,558
Data processing	203	186	602	544
Occupancy and equipment	281	257	861	763
Other	584	521	1,698	1,650
Total operating expenses	<u>2,648</u>	<u>2,492</u>	<u>7,938</u>	<u>7,515</u>
Income before income taxes	1,700	1,926	4,748	5,675
Income tax provision	576	687	1,589	2,025
Net income	<u>\$ 1,124</u>	<u>\$ 1,239</u>	<u>\$ 3,159</u>	<u>\$ 3,650</u>
Cash dividends declared per common share	<u>\$ 0.20</u>	<u>\$ 0.20</u>	<u>\$ 0.60</u>	<u>\$ 0.60</u>

Weighted average shares outstanding

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

Earnings per share

Basic	<u>\$ 0.53</u>	<u>\$ 0.59</u>	<u>\$ 1.49</u>	<u>\$ 1.73</u>
Diluted	<u>\$ 0.53</u>	<u>\$ 0.58</u>	<u>\$ 1.49</u>	<u>\$ 1.72</u>

Return on average equity

<u>8.35</u>	%	<u>9.72</u>	%	<u>7.93</u>	%	<u>9.70%</u>
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Contacts

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or

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