

Hingham Institution for Savings Announces Annual Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS) announced its earnings for 2007. Net income for the year ended December 31, 2007 was \$4,490,000 or \$2.12 per share (basic and diluted) as compared to \$4,640,000 or \$2.19 per share (basic and diluted) in 2006. Net income for the fourth quarter ended December 31, 2007 was \$1,331,000 or \$0.63 per share (basic and diluted) as compared to \$990,000 or \$0.47 per share (basic and diluted) for the fourth quarter ended December 31, 2006. The Bank's return on average equity for 2007 was 8.40%, and the return on average assets was 0.63%.

Strong growth trends of recent years continued in 2007 with increases of 8% in total assets, 8% in total deposits, and 10% in total loans over those of December 31, 2006.

President Robert H. Gaughen, Jr. stated, "We're pleased to report that our fourth quarter 2007 earnings represent a 34% increase over the same quarter of 2006 and an increase over each of the prior seven quarters. Quality growth and effective cost control, combined with an improving yield curve present an encouraging environment. Despite reports of industry-wide credit issues, our asset quality remains strong. As of December 31, 2007, the Bank had no foreclosed property and only six nonperforming loans representing a mere 0.21% of total assets. These loans are all well collateralized and we believe present no risk of loss. We have had absolutely no net loan losses for the past six years."

Total assets as of December 31, 2007 were \$744,602,000 as compared to \$691,652,000 at December 31, 2006. Stockholders' equity increased from \$51,818,000 on December 31, 2006 to \$54,771,000 on December 31, 2007 with a concomitant increase in book value per share from \$24.47 on December 31, 2006 to \$25.85 on December 31, 2007.

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 office is 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>	December 31, 2007	December 31, 2006
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 8,280	\$ 9,093
Short-term investments	25,325	10,010
Cash and cash equivalents	<u>33,605</u>	<u>19,103</u>
Certificates of deposit	5,695	5,433
Securities available for sale, at fair value	77,432	94,732
Federal Home Loan Bank stock, at cost	12,470	12,041
Loans, net of allowance for loan losses of \$3,925,000 in 2007 and \$3,603,000 in 2006	593,915	539,104
Bank-owned life insurance	12,693	12,213
Premises and equipment, net	3,805	3,906
Accrued interest receivable	3,107	3,095
Deferred income tax asset, net	1,369	1,482
Other assets	511	543
Total assets	<u>\$ 744,602</u>	<u>\$ 691,652</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 441,275	\$ 408,190
Federal Home Loan Bank advances	243,738	227,576
Mortgagors' escrow accounts	1,611	1,513
Accrued interest payable	995	829
Other liabilities	2,212	1,726
Total liabilities	<u>689,831</u>	<u>639,834</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 2,117,250 shares issued and outstanding at December
31, 2007 and 2006, respectively

Additional paid-in capital	2,119	2,117
Undivided profits	10,290	10,252
Accumulated other comprehensive loss	42,490	40,140
	(128)	(691)
Total stockholders' equity	<u>54,771</u>	<u>51,818</u>
Total liabilities and stockholders' equity	<u>\$ 744,602</u>	<u>\$ 691,652</u>
Book value per share	<u>\$ 25.85</u>	<u>\$ 24.47</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
<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	\$ 9,702	\$ 8,591	\$ 36,514	\$ 32,616
Debt securities	831	943	3,889	3,353
Equity securities	231	186	899	687
Short-term investments and certificates of deposit	354	125	799	433
Total interest and dividend income	<u>11,118</u>	<u>9,845</u>	<u>42,101</u>	<u>37,089</u>
Interest expense:				
Deposits	3,766	3,064	14,240	10,291
Federal Home Loan Bank advances	2,988	3,084	11,833	10,921
Total interest expense	<u>6,754</u>	<u>6,148</u>	<u>26,073</u>	<u>21,212</u>
Net interest income	4,364	3,697	16,028	15,877
Provision for loan losses	99	69	322	287
Net interest income after provision for loan losses	<u>4,265</u>	<u>3,628</u>	<u>15,706</u>	<u>15,590</u>
Other income:				
Customer service fees on deposits	268	265	1,005	1,015
Increase in bank-owned life insurance	113	114	480	457
Other	82	86	223	221
Total other income	<u>463</u>	<u>465</u>	<u>1,708</u>	<u>1,693</u>
Operating expenses:				
Salaries and employee benefits	1,631	1,527	6,408	6,085
Data processing	202	194	804	738
Occupancy and equipment	287	285	1,148	1,048
Other	529	595	2,227	2,245
Total operating expenses	<u>2,649</u>	<u>2,601</u>	<u>10,587</u>	<u>10,116</u>
Income before income taxes	2,079	1,492	6,827	7,167
Income tax provision	748	502	2,337	2,527
Net income	<u>\$ 1,331</u>	<u>\$ 990</u>	<u>\$ 4,490</u>	<u>\$ 4,640</u>
Cash dividends declared per common share	<u>\$ 0.41</u>	<u>\$ 0.40</u>	<u>\$ 1.01</u>	<u>\$ 1.00</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>\$ 0.63</u>	<u>\$ 0.47</u>	<u>\$ 2.12</u>	<u>\$ 2.19</u>
Diluted	<u>\$ 0.63</u>	<u>\$ 0.47</u>	<u>\$ 2.12</u>	<u>\$ 2.19</u>
Return on average equity	<u>9.77 %</u>	<u>7.67%</u>	<u>8.40%</u>	<u>9.18%</u>

Contacts

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Vice President-Administration