

Hingham Institution for Savings Announces 36% Increase in Net Income

April 21, 2008 10:06 AM Eastern Daylight Time

HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq: HIFS) announced first quarter earnings for 2008. Net income for the quarter ended March 31, 2008 was \$1,287,000 or \$0.61 per share (basic and diluted) as compared to net income of \$945,000 or \$0.45 per share (basic and diluted) for the same period last year.

Assets at March 31, 2008 were \$758,217,000 and represented an 8% increase over March 31, 2007. Asset growth was most notable in the loan category which increased \$54,315,000, or 10%, over the same period. Deposits increased to \$461,835,000 at March 31, 2008, a 10% increase over the balance at March 31, 2007.

The annualized Return on Average Assets and Return on Average Equity for the 2008 quarter were 0.69% and 9.26% respectively.

Increases in capital were also noted and at March 31, 2008, the Bank reported book value per share of \$26.39, a 6% increase from March 31, 2007.

President Robert H. Gaughen, Jr. stated "We're pleased to report that our first quarter 2008 earnings represent a 36% increase over the same quarter of 2007. Quality growth and effective cost control, combined with an improving yield curve continue to present an encouraging environment. At quarter end, the Bank had no foreclosed property and only seven nonperforming loans representing a mere 0.28% of total assets. In light of current market conditions, we've experienced a minimal increase in nonperforming loans. Asset quality remains strong."

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 Weymouth and 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

| | March 31, 2008 | March 31, 2007 |
|---|---|-------------------|
| | <u>(\$ in thousands except per share amounts)</u> | |
| <i>(Unaudited)</i> | | |
| ASSETS | | |
| Cash and due from banks | \$ 9,255 | \$ 10,330 |
| Short-term investments | 45,285 | 4,984 |
| Cash and cash equivalents | <u>54,540</u> | <u>15,314</u> |
| Certificates of deposit | 8,055 | 4,941 |
| Securities available for sale, at fair value | 54,854 | 94,548 |
| Federal Home Loan Bank stock, at cost | 12,496 | 12,041 |
| Loans, net of allowance for loan losses of \$3,993,000 in 2008 and \$3,673,000 in 2007 | 605,519 | 551,204 |
| Bank-owned life insurance | 12,809 | 12,331 |
| Premises and equipment, net | 5,214 | 3,834 |
| Accrued interest receivable | 2,986 | 3,212 |
| Deferred income tax asset, net | 1,218 | 1,395 |
| Other assets | 526 | 594 |
| Total assets | <u>\$ 758,217</u> | <u>\$ 699,414</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Deposits | \$ 461,835 | \$ 418,180 |
| Federal Home Loan Bank advances | 234,271 | 224,620 |
| Other borrowings | 1,244 | -- |
| Mortgagors' escrow accounts | 1,679 | 1,535 |
| Accrued interest payable | 967 | 856 |
| Other liabilities | 2,268 | 1,676 |
| Total liabilities | <u>702,264</u> | <u>646,867</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; | | |

2,120,250 and 2,118,550

shares issued and outstanding at March 31, 2008 and 2007,
respectively

| | | |
|---|-------------------|-------------------|
| | 2,120 | 2,119 |
| Additional paid-in capital | 10,324 | 10,290 |
| Undivided profits | 43,354 | 40,661 |
| Accumulated other comprehensive income (loss) | 155 | (523) |
| Total stockholders' equity | <u>55,953</u> | <u>52,547</u> |
| | | |
| Total liabilities and stockholders' equity | <u>\$ 758,217</u> | <u>\$ 699,414</u> |
| | | |
| Book value per share | <u>\$ 26.39</u> | <u>\$ 24.80</u> |

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

| | Three Months Ended | |
|---|--------------------|----------------|
| | March 31, | |
| <i>(In Thousands, Except for Per Share Amounts)</i> | <u>2008</u> | <u>2007</u> |
| <i>(Unaudited)</i> | | |
| Interest and dividend income: | | |
| Loans | \$ 9,680 | \$ 8,607 |
| Debt securities | 664 | 1,004 |
| Equity securities | 220 | 226 |
| Short-term investments and certificates of deposit | 328 | 123 |
| Total interest and dividend income | <u>10,892</u> | <u>9,960</u> |
| Interest expense: | | |
| Deposits | 3,594 | 3,325 |
| Federal Home Loan Bank advances | 2,721 | 2,918 |
| Other borrowings | 16 | -- |
| Total interest expense | <u>6,331</u> | <u>6,243</u> |
| Net interest income | <u>4,561</u> | <u>3,717</u> |
| Provision for loan losses | 68 | 70 |
| Net interest income after provision for loan losses | <u>4,493</u> | <u>3,647</u> |
| Other income: | | |
| Customer service fees on deposits | 240 | 253 |
| Increase in bank-owned life insurance | 116 | 118 |
| Other | 46 | 46 |
| Total other income | <u>402</u> | <u>417</u> |
| Operating expenses: | | |
| Salaries and employee benefits | 1,748 | 1,615 |
| Data processing | 207 | 198 |
| Occupancy and equipment | 306 | 291 |
| Other | 633 | 552 |
| Total operating expenses | <u>2,894</u> | <u>2,656</u> |
| Income before income taxes | 2,001 | 1,408 |
| Income tax provision | 714 | 463 |
| Net income | <u>\$ 1,287</u> | <u>\$ 945</u> |
| Cash dividends declared per common share | <u>\$ 0.20</u> | <u>\$ 0.20</u> |

Weighted average shares outstanding

| | | |
|--------------------------|----------------|----------------|
| Basic | <u>2,120</u> | <u>2,117</u> |
| Diluted | <u>2,121</u> | <u>2,120</u> |
| Earnings per share | | |
| Basic | <u>\$ 0.61</u> | <u>\$ 0.45</u> |
| Diluted | <u>\$ 0.61</u> | <u>\$ 0.45</u> |
| Return on average equity | <u>9.26</u> | <u>% 7.22%</u> |

Contacts

Hingham Institution for Savings

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or

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Vice President-Administration