

Hingham Institution for Savings Reports 30% Increase in Quarterly Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts announced second quarter earnings for 2008. Net income for the quarter ended June 30, 2008 was \$1,416,000 or \$0.67 per share (basic and diluted) as compared to net income of \$1,090,000 or \$0.51 per share (basic and diluted) for the same period last year.

Assets at June 30, 2008 were \$778,395,000 and represented a 9.7% increase over June 30, 2007.

The annualized Return on Average Equity for the second quarter and first half of 2008 were 9.99% and 9.63% respectively.

Increases in capital were also noted and at June 30, 2008, the Bank reported book value per share of \$26.77, a 6.6% increase from June 30, 2007.

President Robert H. Gaughen, Jr. stated “We’re pleased to report that our current quarterly earnings represent a 30% increase over the second quarter of 2007 and our earnings from the first half of 2008 represent a 33% increase over those of the first half of 2007. Non-performing assets were 1.1% of total assets at June 30, 2008. The Bank is actively managing these assets and believes that their supporting collateral and the current level of loan loss reserves is adequate to cover losses, if any. While no bank is completely immune from the challenge of declining real estate values, continued improvements in our net interest margin, diligent cost control and prudent lending standards have produced real bottom line improvements at a time when some banks are struggling. Our goal remains to continue our quality growth and effective cost control in this challenging environment.”

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, Norwell, Scituate, and Weymouth along with a 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, 2008	June 30, 2007
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 10,166	\$ 7,913
Short-term investments	40,326	10,961
Cash and cash equivalents	50,492	18,874
Certificates of deposit	8,450	4,066
Securities available for sale, at fair value	56,913	94,885
Federal Home Loan Bank stock, at cost	12,567	12,041
Loans, net of allowance for loan losses of \$4,019,000 in 2008 and \$3,758,000 in 2007	625,806	557,983
Bank-owned life insurance	12,930	12,459
Premises and equipment, net	5,747	3,818
Accrued interest receivable	2,872	3,374
Deferred income tax asset, net	1,319	1,409
Other real estate owned	701	-
Other assets	598	595
Total assets	<u>\$ 778,395</u>	<u>\$ 709,504</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 467,598	\$ 428,688
Federal Home Loan Bank advances	248,213	223,662
Mortgage payable	1,236	-
Mortgagors' escrow accounts	1,612	1,406
Accrued interest payable	887	898
Other liabilities	2,055	1,663
Total liabilities	<u>721,601</u>	<u>656,317</u>
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: 2,121,750 at June 30, 2008 and 2,118,550 at June 30, 2007	2,122	2,119
Additional paid-in capital	10,362	10,290
Undivided profits	44,344	41,327
Accumulated other comprehensive loss	(34)	(549)
Total stockholders' equity	<u>56,794</u>	<u>53,187</u>
Total liabilities and stockholders' equity	<u>\$ 778,395</u>	<u>\$ 709,504</u>
Book value per share	<u>\$ 26.77</u>	<u>\$ 25.11</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(In Thousands, Except for Per Share Amounts)	2008	2007	2008	2007
(Unaudited)				
Interest and dividend income:				
Loans	\$ 9,526	\$ 8,939	\$19,206	\$17,546
Debt securities	449	1,058	1,113	2,062
Equity securities	156	222	376	448
Short-term investments and certificates of deposit	303	116	631	239
Total interest and dividend income	<u>10,434</u>	<u>10,335</u>	<u>21,326</u>	<u>20,295</u>
Interest expense:				
Deposits	2,944	3,484	6,538	6,809
Federal Home Loan Bank advances	2,497	2,905	5,218	5,823
Mortgage payable	18	-	34	-
Total interest expense	<u>5,459</u>	<u>6,389</u>	<u>11,790</u>	<u>12,632</u>
Net interest income	<u>4,975</u>	<u>3,946</u>	<u>9,536</u>	<u>7,663</u>
Provision for loan losses	200	85	268	155
Net interest income after provision for loan losses	<u>4,775</u>	<u>3,861</u>	<u>9,268</u>	<u>7,508</u>
Other income:				
Customer service fees on deposits	245	238	485	491
Increase in bank-owned life insurance	121	128	237	246
Miscellaneous	44	47	90	93
Total other income	<u>410</u>	<u>413</u>	<u>812</u>	<u>830</u>
Operating expenses:				
Salaries and employee benefits	1,762	1,582	3,510	3,197
Data processing	209	201	416	399
Occupancy and equipment	301	289	607	580
Other general and administrative	690	562	1,323	1,114
Total operating expenses	<u>2,962</u>	<u>2,634</u>	<u>5,856</u>	<u>5,290</u>
Income before income taxes	<u>2,223</u>	<u>1,640</u>	<u>4,224</u>	<u>3,048</u>
Income tax provision	807	550	1,521	1,013
Net income	<u>\$ 1,416</u>	<u>\$ 1,090</u>	<u>\$ 2,703</u>	<u>\$ 2,035</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>2,122</u>	<u>2,119</u>	<u>2,121</u>	<u>2,118</u>
Diluted	<u>2,122</u>	<u>2,120</u>	<u>2,122</u>	<u>2,120</u>

Earnings per share:

Basic	<u>\$ 0.67</u>	<u>\$ 0.51</u>	<u>\$ 1.27</u>	<u>\$ 0.96</u>
Diluted	<u>\$ 0.67</u>	<u>\$ 0.51</u>	<u>\$ 1.27</u>	<u>\$ 0.96</u>

Return on average equity	9.99%	8.21%	9.63%	7.72%
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Contacts

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Vice President-Administration

or

Robert H. Gaughen, Jr., President

Hingham Institution for Savings

Hingham, MA (Nasdaq – HIFS)