

## Hingham Institution for Savings Reports 59% Increase in Quarterly Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts announced third quarter earnings for 2008. Net income for the quarter ended September 30, 2008 was \$1,788,000 or \$0.84 per share (basic and diluted) as compared to net income of \$1,124,000 or \$0.53 per share (basic and diluted) for the same period last year.

Assets at September 30, 2008 were \$812,129,000 and represented a 9.2% increase over September 30, 2007.

The annualized Return on Average Equity for the third quarter and first nine-months of 2008 were 12.37% and 10.56% respectively.

Increases in capital were also noted and at September 30, 2008, the Bank reported book value per share of \$27.39, a 7.2% increase from September 30, 2007.

President Robert H. Gaughen, Jr. stated “We’re pleased to report that our current quarterly earnings represent a 59% increase over the third quarter of 2007 and our earnings from the first three quarters of 2008 represent a 42% increase over those of the same period of 2007. In this period of financial turmoil, we are proud of these accomplishments and we remain committed to the conservative strategies and practices that have made this possible. At quarter end, the Bank had no foreclosed property and non-performing loans represented only .69% of total assets, a decrease from 1.1% at the end of the second quarter. 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. We have also experienced very strong deposit growth this past quarter with deposits increasing from \$467,598,000 at June 30, 2008 to \$490,771,000 on September 30, 2008. 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, Scituate, Weymouth as well as the South End of Boston and a recently opened branch in Norwell.

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, 2008	September 30, 2007
<i>(Unaudited)</i>	<i>(\$ in thousands except per share amounts)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 13,466	\$ 10,137
Short-term investments	57,490	27,149
Cash and cash equivalents	<u>70,956</u>	<u>37,286</u>
Certificates of deposit	8,564	4,626
Securities available for sale, at fair value	59,857	81,405
Federal Home Loan Bank stock, at cost	13,373	12,334
Loans, net of allowance for loan losses of \$4,263,000 in 2008 and \$3,826,000 in 2007	635,537	586,521
Bank-owned life insurance	13,044	12,580
Premises and equipment, net	5,730	3,733
Accrued interest receivable	2,983	3,466
Deferred income tax asset, net	1,339	1,279
Other assets	746	596
Total assets	<u>\$ 812,129</u>	<u>\$ 743,826</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 490,771	\$ 439,293
Federal Home Loan Bank advances	257,205	246,202
Mortgage payable	1,228	--
Mortgagors' escrow accounts	1,710	1,559
Accrued interest payable	789	896
Other liabilities	2,321	1,744
Total liabilities	<u>754,024</u>	<u>689,694</u>
<b>Stockholders' equity:</b>		
Preferred stock, \$1.00 par value, 2,500,000 shares authorized; none issued	--	--
Common stock, \$1.00 par value, 5,000,000 shares		

authorized; 2,121,750 and 2,118,550 shares issued

and

outstanding at September 30, 2008 and 2007,

respectively

	2,122	2,119
Additional paid-in capital	10,364	10,290
Undivided profits	45,688	42,028
Accumulated other comprehensive loss	<u>(69)</u>	<u>(305)</u>
Total stockholders' equity	<u>58,105</u>	<u>54,132</u>
Total liabilities and stockholders' equity	<u>\$ 812,129</u>	<u>\$ 743,826</u>
Book value per share	<u>\$ 27.39</u>	<u>\$ 25.55</u>

## HINGHAM INSTITUTION FOR SAVINGS

## Consolidated Statements of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(In Thousands, Except for Per Share Amounts)</i>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$10,107	\$ 9,266	\$29,313	\$26,812
Debt securities	490	996	1,603	3,058
Equity securities	127	220	503	668
Short-term investments and certificates of deposit	<u>265</u>	<u>206</u>	<u>896</u>	<u>445</u>
Total interest and dividend income	<u>10,989</u>	<u>10,688</u>	<u>32,315</u>	<u>30,983</u>
Interest expense:				
Deposits	2,596	3,665	9,134	10,474
Federal Home Loan Bank advances	2,566	3,022	7,784	8,845
Mortgage payable	<u>19</u>	<u>--</u>	<u>53</u>	<u>--</u>
Total interest expense	<u>5,181</u>	<u>6,687</u>	<u>16,971</u>	<u>19,319</u>
Net interest income	5,808	4,001	15,344	11,664
Provision for loan losses	<u>244</u>	<u>68</u>	<u>512</u>	<u>223</u>
Net interest income after provision for loan losses	<u>5,564</u>	<u>3,933</u>	<u>14,832</u>	<u>11,441</u>
Other income:				
Customer service fees on deposits	255	246	740	737
Increase in bank-owned life insurance	114	121	351	367
Miscellaneous	<u>50</u>	<u>48</u>	<u>140</u>	<u>141</u>
Total other income	<u>419</u>	<u>415</u>	<u>1,231</u>	<u>1,245</u>
Operating expenses:				
Salaries and employee benefits	1,828	1,580	5,338	4,777
Data processing	207	203	623	602
Occupancy and equipment	319	281	926	861
Other general and administrative	<u>673</u>	<u>584</u>	<u>1,996</u>	<u>1,698</u>
Total operating expenses	<u>3,027</u>	<u>2,648</u>	<u>8,883</u>	<u>7,938</u>
Income before income taxes	2,956	1,700	7,180	4,748
Income tax provision	<u>1,168</u>	<u>576</u>	<u>2,689</u>	<u>1,589</u>
Net income	<u>\$ 1,788</u>	<u>\$ 1,124</u>	<u>\$ 4,491</u>	<u>\$ 3,159</u>

Cash dividends declared per common share	\$ <u>0.21</u>	\$ <u>0.20</u>	\$ <u>0.61</u>	\$ <u>0.60</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>0.84</u>	\$ <u>0.53</u>	\$ <u>2.12</u>	\$ <u>1.49</u>
Diluted	\$ <u>0.84</u>	\$ <u>0.53</u>	\$ <u>2.12</u>	\$ <u>1.49</u>
Return on average equity	<u>12.37</u>	% <u>8.35</u>	% <u>10.56</u>	% <u>7.93%</u>

## Contacts

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