

Hingham Institution for Savings Announces 40% Increase in Annual Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq: HIFS), Hingham, Massachusetts announced its earnings for 2008. Net income for the year ended December 31, 2008 was \$6,285,000 or \$2.96 per share (basic and diluted) as compared to \$4,490,000 or \$2.12 per share (basic and diluted) in 2007. Net income for the fourth quarter ended December 31, 2008 was \$1,794,000 or \$0.85 per share (basic and diluted) as compared to \$1,331,000 or \$0.63 per share (basic and diluted) for the fourth quarter ended December 31, 2007. The Bank's return on average equity for 2008 was 11.08%, and the return on average assets was 0.81%.

Strong growth trends of recent years continued in 2008. Deposits increased by a record \$84,059,000 or 19% over those of year-end 2007. Total loans increased by 9% and total assets increased by 8% over those of year-end 2007.

President Robert H. Gaughen, Jr. stated, "We're pleased to report continued growth and consistent strength with our annual earnings representing a 40% increase over the prior year. In this period of financial turmoil, we are proud of these accomplishments. We remain committed to the conservative strategies and practices that have made this possible. At December 31, 2008, non-performing assets totaled .91% of total assets up from .69% at September 30, 2008. 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 vigorously manage asset quality, effectively control costs and protect our earnings."

Total assets as of December 31, 2008 were \$806,193,000 as compared to \$744,602,000 at December 31, 2007. Stockholders' equity increased from \$54,771,000 on December 31, 2007 to \$59,825,000 on December 31, 2008 with a concomitant increase in book value per share from \$25.85 to \$28.20.

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, 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

<i>(Unaudited)</i>	December 31, 2008	December 31, 2007
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 6,119	\$ 8,280
Short-term investments	14,099	25,325
Cash and cash equivalents	<u>20,218</u>	<u>33,605</u>
Certificates of deposit	13,648	5,695
Securities available for sale, at fair value	87,380	77,432
Federal Home Loan Bank stock, at cost	13,373	12,470
Loans, net of allowance for loan losses of \$4,530,000 in 2008 and \$3,925,000 in 2007	647,255	593,915
Bank-owned life insurance	13,157	12,693
Premises and equipment, net	5,632	3,805
Accrued interest receivable	3,380	3,107
Deferred income tax asset, net	1,362	1,369
Other assets	788	511
Total assets	<u>\$ 806,193</u>	<u>\$ 744,602</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 525,334	\$ 441,275
Federal Home Loan Bank advances	214,994	243,738
Mortgage payable	1,219	--
Mortgagors' escrow accounts	1,751	1,611
Accrued interest payable	692	995
Other liabilities	2,378	2,212
Total liabilities	<u>746,368</u>	<u>689,831</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; 2,121,750 and 2,118,550 shares issued and outstanding at December 31, 2008 and 2007, respectively	2,122	2,119
Additional paid-in capital	10,364	10,290
Undivided profits	46,569	42,490
Accumulated other comprehensive gain (loss)	770	(128)
Total stockholders' equity	<u>59,825</u>	<u>54,771</u>
Total liabilities and stockholders' equity	<u>\$ 806,193</u>	<u>\$ 744,602</u>
Book value per share	<u>\$ 28.20</u>	<u>\$ 25.85</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended		Twelve Months	
	December 31,		Ended	
	2008	2007	2008	2007
<i>(In Thousands, Except for Per Share Amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$10,171	\$ 9,702	\$ 39,484	\$ 36,514
Debt securities	564	831	2,167	3,889
Equity securities	113	231	616	899
Short-term investments and certificates of deposit	146	354	1,042	799
Total interest and dividend income	<u>10,994</u>	<u>11,118</u>	<u>43,309</u>	<u>42,101</u>
Interest expense:				
Deposits	2,943	3,766	12,077	14,240
Federal Home Loan Bank advances	2,048	2,988	9,832	11,833
Mortgage payable	18	--	71	--
Total interest expense	<u>5,009</u>	<u>6,754</u>	<u>21,980</u>	<u>26,073</u>
Net interest income	5,985	4,364	21,329	16,028
Provision for loan losses	293	99	805	322
Net interest income after provision for loan losses	<u>5,692</u>	<u>4,265</u>	<u>20,524</u>	<u>15,706</u>
Other income:				
Customer service fees on deposits	247	268	987	1,005
Increase in bank-owned life insurance	113	113	464	480
Other	73	82	213	223
Total other income	<u>433</u>	<u>463</u>	<u>1,664</u>	<u>1,708</u>
Operating expenses:				
Salaries and employee benefits	1,809	1,631	7,147	6,408
Data processing	214	202	837	804
Occupancy and equipment	345	287	1,271	1,148
Other general and administrative	872	529	2,868	2,227
Total operating expenses	<u>3,240</u>	<u>2,649</u>	<u>12,123</u>	<u>10,587</u>
Income before income taxes	2,885	2,079	10,065	6,827
Income tax provision	1,091	748	3,780	2,337

Net income	\$ <u>1,794</u>	\$ <u>1,331</u>	\$ <u>6,285</u>	\$ <u>4,490</u>
Cash dividends declared per common share	\$ <u>0.43</u>	\$ <u>0.41</u>	\$ <u>1.04</u>	\$ <u>1.01</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>0.85</u>	\$ <u>0.63</u>	\$ <u>2.96</u>	\$ <u>2.12</u>
Diluted	\$ <u>0.85</u>	\$ <u>0.63</u>	\$ <u>2.96</u>	\$ <u>2.12</u>
Return on average equity	<u>12.16</u>	% <u>9.77</u>	% <u>11.08</u>	% <u>8.40</u>

Contacts

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