

## Hingham Institution for Savings Announces 22% Increase in Quarterly Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts announced first quarter earnings for 2009. Net income for the quarter ended March 31, 2009 was \$1,572,000 or \$0.74 per share (basic and diluted) as compared to \$1,287,000 or \$0.61 per share (basic and diluted) for the same period last year. The Bank's return on average equity for the first quarter of 2009 was 10.35%, and the return on average assets was 0.78%.

Strong growth trends of recent years continued, as deposits increased to \$561,754,000 representing a record 22% increase from March 31, 2008. Total loans increased by 10% and total assets increased by 11% over those for the first quarter of 2008. Increases in capital were also noted. Stockholders' equity increased to \$60,874,000 as of March 31, 2009 representing a 9% increase from March 31, 2008 with a related increase in book value per share from \$26.39 to \$28.66.

President Robert H. Gaughen, Jr. stated, "We're pleased to report continued growth and consistent strength as our quarterly earnings represent a 22% increase over the same period last year. These results were achieved even after a significant provision of \$550,000 was made to the loan loss allowance during this past quarter. While this provision was made proactively in light of general economic conditions, the Bank experienced no net loan losses for the quarter. As of March 31, 2009 the Bank had no foreclosed property on its books. Non-performing assets totaled 1.39% of total assets up from .91% at December 31, 2008. We believe these loans are well collateralized and present minimal risk of loss. While no bank is completely immune from the challenge of declining real estate values, during this period of financial turmoil, a provision for potential loan losses based on current economic conditions is prudent. Our goal remains to vigorously manage asset quality, effectively control costs and protect our earnings."

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>	March 31, 2009	March 31, 2008
	<i>(\$ in thousands except per share amounts)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 6,172	\$ 9,255
Short-term investments	38,562	45,285
Cash and cash equivalents	<u>44,734</u>	<u>54,540</u>
Certificates of deposit	13,488	8,055
Securities available for sale, at fair value	76,762	54,854
Federal Home Loan Bank stock, at cost	13,373	12,496
Loans, net of allowance for loan losses of \$5,120,000 in 2009 and \$3,993,000 in 2008	667,716	605,519
Bank-owned life insurance	13,268	12,809
Premises and equipment, net	5,537	5,214
Accrued interest receivable	3,082	2,986
Deferred income tax asset, net	1,430	1,218
Other assets	589	526
Total assets	<u>\$ 839,979</u>	<u>\$ 758,217</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 561,754	\$ 461,835
Federal Home Loan Bank advances	209,782	234,271
Mortgage payable	1,211	1,244
Mortgagors' escrow accounts	1,846	1,679
Accrued interest payable	731	967
Other liabilities	3,781	2,268
Total liabilities	<u>779,105</u>	<u>702,264</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; 2,124,250		

and 2,120,250 shares issued and outstanding at March 31, 2009 and

2008, respectively

Additional paid-in capital	2,124	2,120
Undivided profits	10,412	10,324
Accumulated other comprehensive income	47,695	43,354
	643	155
Total stockholders' equity	<u>60,874</u>	<u>55,953</u>
Total liabilities and stockholders' equity	<u>\$ 839,979</u>	<u>\$ 758,217</u>
Book value per share	<u>\$ 28.66</u>	<u>\$ 26.39</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended March 31,	
<i>(In Thousands, Except for Per Share Amounts)</i>	2009	2008
<i>(Unaudited)</i>		
Interest and dividend income:		
Loans	\$10,151	\$ 9,680
Debt securities	562	664
Equity securities	30	220
Short-term investments and certificates of deposit	123	328
Total interest and dividend income	<u>10,866</u>	<u>10,892</u>
Interest expense:		
Deposits	2,878	3,594
Federal Home Loan Bank advances	1,861	2,721
Mortgage payable	18	16
Total interest expense	<u>4,757</u>	<u>6,331</u>
Net interest income	6,109	4,561
Provision for loan losses	550	68
Net interest income, after provision for loan losses	<u>5,559</u>	<u>4,493</u>
Other income:		
Customer service fees on deposits	215	240
Increase in bank-owned life insurance	111	116
Other	51	46
Total other income	<u>377</u>	<u>402</u>
Operating expenses:		
Salaries and employee benefits	1,944	1,748
Data processing	222	207
Occupancy and equipment	362	306
Miscellaneous	872	633
Total operating expenses	<u>3,400</u>	<u>2,894</u>
Income before income taxes	2,536	2,001
Income tax provision	964	714
Net income	<u>\$ 1,572</u>	<u>\$ 1,287</u>
Cash dividends declared per common share	<u>\$ 0.21</u>	<u>\$ 0.20</u>

Weighted average shares outstanding

Basic	<u>2,122</u>	<u>2,120</u>
Diluted	<u>2,123</u>	<u>2,121</u>
Earnings per share		
Basic	<u>\$ 0.74</u>	<u>\$ 0.61</u>
Diluted	<u>\$ 0.74</u>	<u>\$ 0.61</u>
Return on average equity	<u>10.35%</u>	<u>9.26%</u>

## Contacts

Hingham Institution for Savings

Robert H. Gaughen, Jr.

President

or

William M. Donovan, Jr., 781-749-2200

Vice President-Administration