

Hingham Institution for Savings Reports 22% 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 2009. Net income for the quarter ended September 30, 2009 was \$2,183,000 or \$1.03 per share (basic and diluted) as compared to \$1,788,000 or \$0.84 per share (basic and diluted) for the same period last year. The Bank's annualized return on average equity for the third quarter of 2009 was 13.67%, compared to 12.37% for the same period in 2008. Net income for the nine months ending September 30, 2009 was \$5,778,000 or \$2.72 per share (basic and diluted) as compared to \$4,491,000 or \$2.12 per share (basic and diluted) for the same period last year. The Bank's annualized return on average equity for the nine months ended September 30, 2009 was 12.37% compared to 10.56% for the same period in 2008.

Strong growth trends of recent years continued, as deposits increased to \$628,819,000 representing a recent record 28.1% increase from September 30, 2008. Loans increased to \$700,463,000 representing a 10.2% increase from September 30, 2008 and total assets increased to \$913,866,000 representing a 12.5% increase from September 30, 2008. Stockholders' equity increased to \$64,261,000 as of September 30, 2009 representing a 10.6% increase from September 30, 2008 with a related increase in book value per share to \$30.25 from \$27.39.

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 and our earnings for the nine months ending September 30, 2009 represent a 29% increase over the same period in 2008. These results are after a significant provision for loan losses of \$400,000 during the third quarter for a total of \$1.4 million for the first nine months of 2009. At September 30, 2009, non-performing assets totaled 1.35% of total assets, down from 1.51% reported at June 30, 2009. Continued increases in our net interest margin along with diligent cost control have produced real bottom line improvements and have helped offset additional provisions for loan losses at a time when markets are uncertain. 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, Norwell, as well as the South End of Boston. 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, 2009	September 30, 2008
<i>(Unaudited)</i>	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 7,062	\$ 13,466
Short-term investments	45,188	57,490
Cash and cash equivalents	52,250	70,956
Certificates of deposit	12,975	8,564
Securities available for sale, at fair value	91,578	59,857
Federal Home Loan Bank stock, at cost	13,373	13,373
Loans held for sale	14,371	--
Loans, net of allowance for loan losses of \$5,463,000 in 2009 and \$4,263,000 in 2008	700,463	635,537
Other real estate owned	4,084	--
Bank-owned life insurance	13,503	13,044
Premises and equipment, net	5,480	5,730
Accrued interest receivable	3,283	2,983
Deferred income tax asset, net	1,387	1,339
Other assets	1,119	746
Total assets	\$ 913,866	\$ 812,129

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 628,819	\$ 490,771
Federal Home Loan Bank advances	214,853	257,205
Mortgage payable	1,193	1,228
Mortgagors' escrow accounts	1,952	1,710
Accrued interest payable	660	789
Other liabilities	2,128	2,321
Total liabilities	849,605	754,024

Stockholders' equity:

Preferred stock, \$1.00 par value,

2,500,000 shares authorized; none issued

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Common stock, \$1.00 par value, 5,000,000 shares authorized; 2,124,250 and 2,121,750 shares issued and outstanding at September 30, 2009 and 2008, respectively	2,124	2,122
Additional paid-in capital	10,412	10,364
Undivided profits	50,987	45,688
Accumulated other comprehensive income (loss)	738	(69)
Total stockholders' equity	<u>64,261</u>	<u>58,105</u>
Total liabilities and stockholders' equity	<u>\$ 913,866</u>	<u>\$ 812,129</u>
Book value per share	<u>\$ 30.25</u>	<u>\$ 27.39</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
<i>(In Thousands, Except for Per Share Amounts)</i>	2009	2008	2009	2008
<i>(Unaudited)</i>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest and dividend income:				
Loans	\$ 10,837	\$ 10,107	\$31,420	\$ 29,313
Debt securities	480	490	1,544	1,603
Equity securities	29	127	88	503
Short-term investments and certificates of deposit	115	265	364	896
Total interest and dividend income	<u>11,461</u>	<u>10,989</u>	<u>33,416</u>	<u>32,315</u>
Interest expense:				
Deposits	2,513	2,596	8,040	9,134
Federal Home Loan Bank advances	1,781	2,566	5,366	7,784
Mortgage payable	18	19	54	53
Total interest expense	<u>4,312</u>	<u>5,181</u>	<u>13,460</u>	<u>16,971</u>
Net interest income	<u>7,149</u>	<u>5,808</u>	<u>19,956</u>	<u>15,344</u>
Provision for loan losses	400	244	1,400	512
Net interest income after provision for loan losses	<u>6,749</u>	<u>5,564</u>	<u>18,556</u>	<u>14,832</u>
Other income:				
Customer service fees on deposits	214	255	644	740
Increase in bank-owned life insurance	114	114	346	351
Gain on sale of loans	--	--	318	--
Miscellaneous	54	50	158	140
Total other income	<u>382</u>	<u>419</u>	<u>1,466</u>	<u>1,231</u>
Operating expenses:				
Salaries and employee benefits	1,886	1,828	5,703	5,338
Data processing	208	207	645	623
Occupancy and equipment	323	319	1,010	926
Deposit insurance	293	83	1,084	250
Other general and administrative	871	590	2,231	1,746
Total operating expenses	<u>3,581</u>	<u>3,027</u>	<u>10,673</u>	<u>8,883</u>
Income before income taxes	<u>3,550</u>	<u>2,956</u>	<u>9,349</u>	<u>7,180</u>
Income tax provision	<u>1,367</u>	<u>1,168</u>	<u>3,571</u>	<u>2,689</u>

Net income	\$ <u>2,183</u>	\$ <u>1,788</u>	\$ <u>5,778</u>	\$ <u>4,491</u>
Cash dividends declared per common share	\$ <u>0.22</u>	\$ <u>0.21</u>	\$ <u>0.64</u>	\$ <u>0.61</u>
Weighted average shares outstanding				
Basic	<u>2,124</u>	<u>2,122</u>	<u>2,124</u>	<u>2,121</u>
Diluted	<u>2,124</u>	<u>2,122</u>	<u>2,124</u>	<u>2,122</u>
Earnings per share				
Basic	\$ <u>1.03</u>	\$ <u>0.84</u>	\$ <u>2.72</u>	\$ <u>2.12</u>
Diluted	\$ <u>1.03</u>	\$ <u>0.84</u>	\$ <u>2.72</u>	\$ <u>2.12</u>
Return on average equity	<u>13.67%</u>	<u>12.37%</u>	<u>12.37%</u>	<u>10.56%</u>

Contacts

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or

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