

Hingham Institution for Savings Reports 28% Increase in Annual Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts announced its earnings for 2009. Net income for the year ended December 31, 2009 was a record \$8,045,000 or \$3.79 per share (basic and diluted) as compared to \$6,285,000 or \$2.96 per share (basic and diluted) in 2008. Net income for the fourth quarter ended December 31, 2009 was \$2,267,000 or \$1.07 per share (basic and diluted) as compared to \$1,794,000 or \$0.85 per share (basic and diluted) for the fourth quarter ended December 31, 2008. The Bank's return on average equity for 2009 was 12.78%, and the return on average assets was 0.93%.

Strong growth trends of recent years continued in 2009. Deposits increased by a record \$105,753,000 or 20%, total loans increased by 11%, and total assets increased by 15%. Total assets as of December 31, 2009 were \$925,560,000 as compared to \$806,193,000 at December 31, 2008. Stockholders' equity increased from \$59,825,000 at December 31, 2008 to \$65,293,000 at December 31, 2009 with a concomitant increase in book value per share from \$28.20 to \$30.74. At December 31, 2009, non-performing assets totaled 1.36% of total assets and were relatively flat from 1.35% at September 30, 2009, but up from 0.91% at December 31, 2008.

President Robert H. Gaughen, Jr. stated, "We're excited to report continued growth and record earnings representing a 28% increase over the prior year. These results are especially pleasing in light of current events. Continued improvements in net interest margin have more than offset the Bank's additional \$1.0 million in deposit insurance expense that impacted all federally insured institutions along with an \$895,000 increase to our provision for loan losses. Additionally, the strength of our financial results has allowed us to be proactive in managing risk going forward. In 2009, we sold \$25 million in fixed rate residential mortgages (for a net gain of \$454,000) along with taking advantage of low long-term rates and extending out maturities on our Federal Home Loan Bank advances. These strategies are intended to protect future earnings."

President Gaughen added, "We remain committed to the conservative strategies and practices that have made the 2009 performance possible. 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."

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 and 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

<i>(Unaudited)</i>	December 31, 2009	December 31, 2008
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 7,372	\$ 6,119
Short-term investments	45,265	14,099
Cash and cash equivalents	<u>52,637</u>	<u>20,218</u>
Certificates of deposit	13,150	13,648
Securities available for sale, at fair value	96,374	87,380
Federal Home Loan Bank stock, at cost	13,373	13,373
Loans, net of allowance for loan losses of \$5,737,000 in 2009 and \$4,530,000 in 2008	718,242	647,255
Other real estate owned	3,185	280
Bank-owned life insurance	13,615	13,157
Premises and equipment, net	5,434	5,632
Accrued interest receivable	3,392	3,380
Prepaid FDIC assessment	3,409	--
Deferred income tax asset, net	1,990	1,362
Other assets	759	508
Total assets	<u><u>\$ 925,560</u></u>	<u><u>\$ 806,193</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 631,087	\$ 525,334
Federal Home Loan Bank advances	222,636	214,994
Mortgage payable	1,184	1,219
Mortgagors' escrow accounts	1,968	1,751
Accrued interest payable	714	692
Other liabilities	2,678	2,378
Total liabilities	<u><u>860,267</u></u>	<u><u>746,368</u></u>

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 December 31, 2009 and 2008,
respectively

	2,124	2,122
Additional paid-in capital	10,412	10,364
Undivided profits	52,299	46,569
Accumulated other comprehensive income	458	770
Total stockholders' equity	<u>65,293</u>	<u>59,825</u>
Total liabilities and stockholders' equity	<u>\$ 925,560</u>	<u>\$ 806,193</u>
Book value per share	<u>\$ 30.74</u>	<u>\$ 28.20</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended		Years Ended	
<i>(In Thousands, Except Share Amounts)</i>	December 31,		December 31,	
<i>(Unaudited)</i>	2009	2008	2009	2008
Interest and dividend income:				
Loans	\$10,780	\$10,171	\$42,199	\$39,484
Debt securities	458	564	2,003	2,167
Equity securities	28	113	117	616
Short-term investments and certificates of deposit	116	146	479	1,042
Total interest and dividend income	11,382	10,994	44,798	43,309
Interest expense:				
Deposits	2,294	2,943	10,334	12,077
Federal Home Loan Bank advances	1,827	2,048	7,193	9,832
Mortgage payable	18	18	72	71
Total interest expense	4,139	5,009	17,599	21,980
Net interest income	7,243	5,985	27,199	21,329
Provision for loan losses	300	293	1,700	805
Net interest income after provision for loan losses	6,943	5,692	25,499	20,524
Other income:				
Customer service fees on deposits	213	247	857	987
Increase in bank-owned life insurance	112	113	458	464
Gain on sale of loans	136	--	454	--
Miscellaneous	82	73	239	213
Total other income	543	433	2,008	1,664
Operating expenses:				
Salaries and employee benefits	2,012	1,809	7,715	7,147
Data processing	213	214	859	837
Occupancy and equipment	324	345	1,333	1,271
Deposit insurance	251	92	1,335	341
Foreclosure	372	133	678	202
Marketing	107	150	461	409
Other general and administrative	420	497	1,990	1,916
Total operating expenses	3,699	3,240	14,371	12,123
Income before income taxes	3,787	2,885	13,136	10,065

Income tax provision	<u>1,520</u>	<u>1,091</u>	<u>5,091</u>	<u>3,780</u>
Net income	<u>\$ 2,267</u>	<u>\$ 1,794</u>	<u>\$ 8,045</u>	<u>\$ 6,285</u>
Cash dividends declared per common share	<u>\$ 0.45</u>	<u>\$ 0.43</u>	<u>\$ 1.09</u>	<u>\$ 1.04</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>\$ 1.07</u>	<u>\$ 0.85</u>	<u>\$ 3.79</u>	<u>\$ 2.96</u>
Diluted	<u>\$ 1.07</u>	<u>\$ 0.85</u>	<u>\$ 3.79</u>	<u>\$ 2.96</u>
Return on average equity	<u>13.93%</u>	<u>12.16%</u>	<u>12.78%</u>	<u>11.08%</u>

Contacts

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