

Hingham Institution for Savings Reports 20% Increase in Quarterly Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--Hingham Institution for Savings (Nasdaq – HIFS), Hingham, Massachusetts, announced second quarter earnings for 2010. Net income for the quarter ended June 30, 2010 was \$2,421,000 or \$1.14 per share (basic and diluted) as compared to \$2,023,000 or \$0.95 per share (basic and diluted) for the same period last year. The Bank's return on average equity for the second quarter of 2010 was 14.15%, and the return on average assets was 1.00%. Net income for the first half of 2010 was \$4,736,000 or \$2.23 per share (basic and diluted) as compared to \$3,595,000 or \$1.69 per share (basic and diluted) for the same period last year. The Bank's return on average equity for the first half of 2010 was 14.01% compared to 11.70% for the same period in 2009.

Strong growth trends of recent years continued, as deposits increased by \$96.7 million representing a 17% increase from June 30, 2009. Net loans increased by 8% and total assets increased by 13% over those for the second quarter of 2009. Stockholders' equity increased to \$69.0 million as of June 30, 2010 representing a 10% increase from June 30, 2009 with a related increase in book value per share from \$29.40 to \$32.47.

At June 30, 2010 non-performing assets totaled 1.57% of total assets, up from 1.36% at December 31, 2009. For the quarter ended June 30, 2010, a provision of \$300,000 was made to the allowance for loan loss allowance compared to \$450,000 for the same period in 2009. Foreclosure related expenses totaled \$161,000 for the quarter ended June 30, 2010 compared to \$62,000 for the quarter ended June 30, 2009.

President Robert H. Gaughen, Jr. stated, "We're pleased to report continued growth and consistent strength as our quarterly earnings represent a 20% increase over the same period last year and our earnings for the first half of 2010 represent a 32% increase over the first half of 2009. This is on top of a 43% increase in second quarter earnings from 2008 to 2009 and a 33% increase in earnings for the first half of the year from 2008 to 2009. Although non-performing assets increased to 1.57% of total assets from 1.36% at December 31, 2009, significant progress has been made on several non-performing loans which are now in the final stages of being resolved. We are actively pursuing resolution on these credits and believe that our conservative underwriting standards will continue to provide sufficient protection.

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. 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>	June 30, 2010	June 30, 2009
	<i>(\$ in thousands except per share amounts)</i>	
ASSETS		
Cash and due from banks	\$ 6,565	\$ 15,023
Short-term investments	61,919	10,370
Cash and cash equivalents	<u>68,484</u>	<u>25,393</u>
Certificates of deposit	13,564	13,399
Securities available for sale, at fair value	95,053	92,710
Federal Home Loan Bank stock, at cost	13,373	13,373
Loans, net of allowance for loan losses of \$6,426,000 in 2010 and \$5,550,000 in 2009	744,410	692,274
Bank-owned life insurance	13,843	13,389
Premises and equipment, net	5,698	5,456
Accrued interest receivable	3,214	3,375
Deferred income tax asset, net	2,039	1,431
Other real estate owned	7,393	--
Other assets	4,708	1,163
Total assets	<u>\$ 971,779</u>	<u>\$ 861,963</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 682,612	\$ 585,914
Federal Home Loan Bank advances	214,132	207,068
Mortgage payable	1,166	1,202
Mortgagors' escrow accounts	2,056	1,761
Accrued interest payable	645	638
Other liabilities	2,199	2,919
Total liabilities	<u>902,810</u>	<u>799,502</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; shares issued and outstanding: 2,124,250		
at both June 30, 2010 and 2009	2,124	2,124
Additional paid-in capital	10,417	10,412
Undivided profits	56,058	49,272
Accumulated other comprehensive income	370	653
Total stockholders' equity	<u>68,969</u>	<u>62,461</u>
Total liabilities and stockholders' equity	<u>\$ 971,779</u>	<u>\$ 861,963</u>
Book value per share	<u>\$ 32.47</u>	<u>\$ 29.40</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(In Thousands, Except for Per Share Amounts)	2010	2009	2010	2009
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$10,961	\$10,431	\$21,834	\$20,582
Debt securities	400	503	849	1,065
Equity securities	27	30	55	60
Short-term investments and certificates of deposit	114	125	224	248
Total interest and dividend income	<u>11,502</u>	<u>11,089</u>	<u>22,962</u>	<u>21,955</u>
Interest expense:				
Deposits	2,053	2,649	4,221	5,527
Federal Home Loan Bank advances	1,742	1,724	3,551	3,585
Mortgage payable	17	18	35	36
Total interest expense	<u>3,812</u>	<u>4,391</u>	<u>7,807</u>	<u>9,148</u>
Net interest income	<u>7,690</u>	<u>6,698</u>	<u>15,155</u>	<u>12,807</u>
Provision for loan losses	<u>300</u>	<u>450</u>	<u>700</u>	<u>1,000</u>
Net interest income after provision for loan losses	<u>7,390</u>	<u>6,248</u>	<u>14,455</u>	<u>11,807</u>
Other income:				
Customer service fees on deposits	204	215	404	430
Increase in bank-owned life insurance	114	121	228	232
Gain on sale of loans	--	318	--	318
Miscellaneous	62	52	125	104
Total other income	<u>380</u>	<u>706</u>	<u>757</u>	<u>1,084</u>
Operating expenses:				
Salaries and employee benefits	2,097	1,873	4,141	3,817
Data processing	210	216	425	438
Occupancy and equipment	316	324	660	687
Deposit insurance	275	614	555	791
Foreclosure	161	62	287	140
Marketing	138	119	246	219
Other general and administrative	595	483	1,125	1,000
Total operating expenses	<u>3,792</u>	<u>3,691</u>	<u>7,439</u>	<u>7,092</u>
Income before income taxes	<u>3,978</u>	<u>3,263</u>	<u>7,773</u>	<u>5,799</u>

Income tax provision	<u>1,557</u>	<u>1,240</u>	<u>3,037</u>	<u>2,204</u>
Net income	<u>\$ 2,421</u>	<u>\$ 2,023</u>	<u>\$ 4,736</u>	<u>\$ 3,595</u>
Cash dividends declared per common share	<u>\$ 0.23</u>	<u>\$ 0.21</u>	<u>\$ 0.46</u>	<u>\$ 0.42</u>
Weighted average shares outstanding:				
Basic	<u>2,124</u>	<u>2,124</u>	<u>2,124</u>	<u>2,123</u>
Diluted	<u>2,124</u>	<u>2,124</u>	<u>2,124</u>	<u>2,124</u>
Earnings per share:				
Basic	<u>\$ 1.14</u>	<u>\$ 0.95</u>	<u>\$ 2.23</u>	<u>\$ 1.69</u>
Diluted	<u>\$ 1.14</u>	<u>\$ 0.95</u>	<u>\$ 2.23</u>	<u>\$ 1.69</u>
Return on average equity	<u>14.15%</u>	<u>13.02%</u>	<u>14.01%</u>	<u>11.70%</u>

Contacts

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