

## Hingham Institution for Savings Reports 24% 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 2011. Net income for the quarter ended March 31, 2011 was \$2,880,000 or \$1.36 per share (basic and diluted) as compared to \$2,315,000 or \$1.09 per share (basic and diluted) for the same period last year. The Bank's return on average equity for the first quarter of 2011 was 15.37%, and the return on average assets was 1.13%.

Strong growth trends of recent years continued, as deposits increased by \$62.9 million representing a 9% increase from March 31, 2010. Net loans increased by 10% and total assets increased by 7% over those for the first quarter of 2010. Stockholders' equity increased to \$75.0 million as of March 31, 2011 representing a 12% increase from March 31, 2010 with a related increase in book value per share from \$31.56 to \$35.31.

At March 31, 2011 non-performing assets totaled 0.92% of total assets, relatively flat with the 0.91% at December 31, 2010 and down from the 1.34% at March 31, 2010. For the quarter ended March 31, 2011, a provision of \$300,000 was made to the allowance for loan losses compared to \$400,000 for the same period in 2010. Foreclosure related expenses totaled \$168,000 for the quarter ended March 31, 2011 compared to \$126,000 for the quarter ended March 31, 2010.

President Robert H. Gaughen, Jr. stated, "Our quarterly earnings represent a 24% increase over the same period last year. The growth in our balance sheet combined with a favorable interest rate environment and stringent expense control allowed us to achieve these strong results."

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**

*(Dollars in thousands except per share data)*

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<hr/>	<hr/>	<hr/>
<i>(Unaudited)</i>			
<b>ASSETS</b>			
Cash and due from banks	\$ 7,037	\$ 6,298	\$ 10,170
Short-term investments	65,420	61,566	77,861
Cash and cash equivalents	<hr/> 72,457	<hr/> 67,864	<hr/> 88,031
Certificates of deposit	13,980	13,929	13,610
Securities available for sale, at fair value	94,053	95,071	92,009
Federal Home Loan Bank stock, at cost	13,373	13,373	13,373
Loans, net of allowance for loan losses of \$7,205 at March 31, 2011, \$6,905 at December 31, 2010 and \$6,127 at March 31, 2010	803,653	792,910	727,698
Foreclosed assets	3,044	3,559	2,685
Bank-owned life insurance	14,190	14,074	13,729
Premises and equipment, net	9,106	7,985	5,448
Accrued interest receivable	3,208	2,992	3,246
Prepaid FDIC assessment	2,173	2,474	3,185
Deferred income tax asset, net	2,852	2,803	2,033
Other assets	923	811	1,340
Total assets	<hr/> <hr/> <b>\$1,033,012</b>	<hr/> <hr/> <b>\$ 1,017,845</b>	<hr/> <hr/> <b>\$966,387</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Deposits	\$ 738,204	\$ 729,960	\$675,347
Federal Home Loan Bank advances	211,553	207,580	216,417
Mortgage payable	1,137	1,147	1,175
Mortgagors' escrow accounts	2,443	2,344	2,078
Accrued interest payable	571	591	697
Other liabilities	4,093	3,487	3,635
Total liabilities	<hr/> 958,001	<hr/> 945,109	<hr/> 899,349

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 shares issued and outstanding	2,124	2,124	2,124
Additional paid-in capital	10,417	10,417	10,412
Undivided profits	62,369	59,999	54,125
Accumulated other comprehensive income	101	196	377
Total stockholders' equity	<u>75,011</u>	<u>72,736</u>	<u>67,038</u>
Total liabilities and stockholders' equity	<u><u>\$1,033,012</u></u>	<u><u>\$ 1,017,845</u></u>	<u><u>\$966,387</u></u>

**HINGHAM INSTITUTION FOR SAVINGS**

**Consolidated Statements of Income**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
<i>(Dollars in thousands, except per share amounts)</i>	<b>2011</b>	<b>2010</b>
<i>(Unaudited)</i>	<u>          </u>	<u>          </u>
Interest and dividend income:		
Loans	\$ 11,568	\$ 10,873
Debt securities	239	449
Equity securities	34	28
Short-term investments and certificates of deposit	82	110
Total interest and dividend income	<u>11,923</u>	<u>11,460</u>
Interest expense:		
Deposits	1,758	2,168
Federal Home Loan Bank advances	1,492	1,809
Mortgage payable	17	18
Total interest expense	<u>3,267</u>	<u>3,995</u>
Net interest income	8,656	7,465
Provision for loan losses	300	400
Net interest income, after provision for loan losses	<u>8,356</u>	<u>7,065</u>
Other income:		
Customer service fees on deposits	235	200
Increase in Bank-owned life insurance	116	114
Miscellaneous	60	63
Total other income	<u>411</u>	<u>377</u>
Operating expenses:		
Salaries and employee benefits	2,150	2,044
Data processing	221	215
Occupancy and equipment	355	344
Deposit insurance	319	280
Foreclosure	168	126
Marketing	111	108
Other general and administrative	587	530
Total operating expenses	<u>3,911</u>	<u>3,647</u>
Income before income taxes	4,856	3,795
Income tax provision	1,976	1,480
Net income	<u>\$ 2,880</u>	<u>\$ 2,315</u>

Cash dividends declared per common share	<u>\$ 0.24</u>	<u>\$ 0.23</u>
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Weighted average shares outstanding:

Basic	<u>2,124</u>	<u>2,124</u>
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Diluted	<u>2,125</u>	<u>2,124</u>
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Earnings per share:

Basic	<u>\$ 1.36</u>	<u>\$ 1.09</u>
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Diluted	<u>\$ 1.36</u>	<u>\$ 1.09</u>
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**HINGHAM INSTITUTION FOR SAVINGS**

**Net Interest Income Analysis**

	<b>Three Months Ending March 31,</b>				
	<b>2011</b>			<b>2010</b>	
	<b>AVERAGE</b>		<b>YIELD/</b>	<b>AVERAGE</b>	
	<b>BALANCE</b>	<b>INTEREST</b>	<b>RATE</b>	<b>BALANCE</b>	<b>INTER</b>
<i>(Dollars in thousands)</i>					
<i>(Unaudited)</i>					
Loans (1) (2)	\$ 806,714	\$ 11,568	5.74%	\$ 729,559	\$ 10
Securities (3) (4)	107,945	273	1.01	104,347	
Short-term investments and certificates of deposit	72,365	82	0.45	81,355	
Total earning assets	987,024	11,923	4.83	915,261	11
Other assets	34,203			32,933	
Total assets	<u>\$1,021,227</u>			<u>\$948,194</u>	
Interest-bearing deposits (5)	\$ 682,247	1,758	1.03	\$ 610,151	2
Borrowed funds	206,527	1,509	2.92	220,584	1
Total interest-bearing liabilities	888,774	3,267	1.47	830,735	3
Demand deposits	54,222			47,056	
Other liabilities	3,266			3,677	
Total liabilities	946,262			881,468	
Stockholders' equity	74,965			66,726	
Total liabilities and stockholders' equity	<u>\$1,021,227</u>			<u>\$948,194</u>	
Net interest income		<u>\$ 8,656</u>			<u>\$ 7</u>
Weighted average spread			<u>3.36%</u>		
Net interest margin (6)			<u>3.51%</u>		
Average interest-earning assets to average interest-bearing liabilities (7)			<u>111.05%</u>		

(1) Before allowance for loan losses.

(2) Includes non-accrual loans.

(3) Excludes the impact of the average net unrealized gain or loss on securities available for sale.

- (4) Includes Federal Home Loan Bank stock.
- (5) Includes mortgagors' escrow accounts.
- (6) Net interest income divided by average total earning assets.
- (7) Total earning assets divided by total interest-bearing liabilities.

# HINGHAM INSTITUTION FOR SAVINGS

## Selected Financial Ratios

### Three Months Ended

March 31,

*(Unaudited)*

#### Key Performance Ratios

	2011	2010
Return on average assets (1)	1.13%	0.98%
Return on average equity (1)	15.37	13.88
Interest rate spread (1) (2)	3.36	3.09
Net interest margin (1) (3)	3.51	3.26
Non-interest expense to average assets (1)	1.53	1.54
Efficiency ratio (4)	43.13	46.51
Average equity to average assets	7.34	7.04
Average interest-bearing assets to average interest bearing liabilities	111.05	110.17

*(Unaudited)*

#### Asset Quality Ratios

	March 31, 2011	December 31, 2010	March 31, 2010
Allowance for loan losses/total loans	0.89 %	0.86%	0.84 %
Allowance for loan losses/non-performing loans	110.80	120.25	59.42
Non-performing loans/total loans	0.81	0.72	1.41
Non-performing loans/total assets	0.63	0.56	1.07
Non-performing assets/total assets	0.92	0.91	1.34

#### Share Related

Book value per share	\$	35.31	\$	34.24	\$ 31.56
Market value per share	\$	51.51	\$	44.50	\$ 34.67
Shares outstanding at end of period		2,124,250		2,124,250	2,124,250

(1) Annualized

(2) Interest rate spread represents the difference between the yield on earning assets and cost of interest-bearing liabilities.

(3) Net interest margin represents net interest income divided by average earning assets.



(4) The efficiency ratio represents non-interest expense, divided by the sum of net interest income and non-interest income.

## Contacts

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