

Hingham Institution for Savings Reports Record Annual Earnings

Written by Australian Business

HINGHAM, Mass.--([BUSINESS WIRE](#))--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq:HIFS), Hingham, Massachusetts announced its earnings for 2013. Net income for the year ended December 31, 2013 was \$13,371,000 or \$6.28 per share (basic and diluted) as compared to \$13,290,000 or \$6.25 per share (basic and diluted) for 2012. Net income for the fourth quarter 2013 was \$3,488,000 or \$1.64 per share (basic and diluted) as compared to \$3,354,000 or \$1.58 per share (basic and diluted) for the fourth quarter 2012. The Bank's return on average equity for the year ended December 31, 2013 was 13.52%, and the return on average assets was 1.07%.

Deposits increased by \$71.0 million, or 8%, net loans increased by \$129.2 million, or 14%, and total assets increased by 12% from December 31, 2012 to December 31, 2013. Total assets were \$1,356,441,000 at December 31, 2013 as compared to \$1,205,884,000 at December 31, 2012. Book value per share increased to \$48.49 per share at December 31, 2013 from \$43.65 per share at December 31, 2012. At December 31, 2013, non-performing assets totaled 0.46% of total assets compared to 0.28% of total assets at December 31, 2012.

President Robert H. Gaughen, Jr. stated, "We are pleased to report our sixth consecutive year of record earnings. Although the current interest rate environment has continued to put pressure on our net interest margin, the strong growth of our balance sheet, effective cost control and aggressive management of asset quality have again produced some of the industry's strongest returns. We remain focused on increasing shareholder value through the continued development of a truly outstanding community banking organization."

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 offices are 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, Norwell, Weymouth as well as branches in the South End of Boston, Beacon Hill and the island of Nantucket.

The Bank's shares of common stock are listed and traded on The NASDAQ Stock Market under the symbol HIFS.

HINGHAM INSTITUTION FOR SAVINGS
Selected Financial Ratios

Three Months Ended

Twelve Months Ended
December 31,
2013

December
2012

(Unaudited)

Key Performance Ratios

Return on average assets (1)	1.06	%
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Return on average equity (1)	13.62	1
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Interest rate spread (1) (2) 3.03

Net interest margin (1) (3) 3.14

Non-interest expense to average assets (1) 1.37

Efficiency ratio (4) 43.06

Average equity to average assets 7.75

Average interest-bearing assets to average interest
bearing liabilities

113.93

113.33

113.92

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112.75

	December 31, 2013 <i>(Unaudited)</i>	December 31, 2012	
Asset Quality Ratios			
Allowance for loan losses/total loans	0.78		%
Allowance for loan losses/non-performing loans	140.07		273.66
Non-performing loans/total loans	0.55		0.31
Non-performing loans/total assets	0.44		0.24
Non-performing assets/total assets	0.46		0.28
Share Related			
Book value per share	\$	48.49	\$
Market value per share	\$	78.49	\$
Shares outstanding at end of period	2,128,750		2,125,750

(1) Annualized

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(2) Interest rate spread represents the difference between the yield on earning assets a

(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 intere

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

December 31,

December 31,

(Dollars in thousands except per share data)

2013

2012

(Unaudited)

ASSETS

Cash and due from banks	\$	11,922
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Short-term investments	90,925
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Cash and cash equivalents	102,847
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		87,334	
Certificates of deposit	13,011	13,737	
Securities available for sale, at fair value	106,369	102,866	
Federal Home Loan Bank stock, at cost	15,978	14,105	
Loans, net of allowance for loan losses of \$8,509 at December 31,			2013 and \$7,999 at
1,078,879			
949,662			
Foreclosed assets	271	471	
Bank-owned life insurance	15,375	14,945	
Premises and equipment, net	15,854	14,180	
Accrued interest receivable	2,792	2,667	
Deferred income tax asset, net	2,934	2,556	
Other assets	2,131		
Total assets	\$	1,356,441	

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$	940,906
Federal Home Loan Bank advances	302,732	234,355
Mortgage payable	1,020	1,065
Mortgagors' escrow accounts	3,709	3,231
Accrued interest payable	490	478
Other liabilities	4,367	
Total liabilities	1,253,224	
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; 2,128,750 shares issued

2,129

2,126

Additional paid-in capital	10,659	10,519
Undivided profits	90,449	79,930
Accumulated other comprehensive income	(20))
Total stockholders' equity	103,217	
Total liabilities and stockholders' equity		1,356,441

HINGHAM INSTITUTION FOR SAVINGS Consolidated Statements of Net Income

Three Months Ended	Twelve Months Ended
December 31, 2013	December 31,

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(Unaudited)	(In thousands, except per share amounts)	
Interest and dividend income:		
Loans	\$	12,455
Debt securities	92	111
Equity securities	65	70
Short-term investments and certificates of deposit	86	92
Total interest and dividend income	12,698	12,399
Interest expense:		
Deposits	1,430	

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		1,467
Federal Home Loan Bank advances	1,177	1,282
Mortgage payable	16	16
Total interest expense	2,623	2,765
Net interest income	10,075	9,634
Provision for loan losses	90	150
Net interest income, after provision for loan losses	9,985	9,484
Other income:		
Customer service fees on deposits	261	253
Increase in bank-owned life insurance	107	102

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Miscellaneous	66	73
Total other income	434	428
Operating expenses:		
Salaries and employee benefits	2,773	2,506
Data processing	261	234
Occupancy and equipment	481	438
Deposit insurance	172	164
Foreclosure	(32)	5
Marketing	167	157
Other general and administrative	700	750

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Total operating expenses	4,525	4,254
Income before income taxes	5,894	5,658
Income tax provision	2,406	2,304
Net income	\$	3,488
Weighted average common shares outstanding:		
Basic	2,129	2,126
Diluted	2,131	2,128
Earnings per common share:		
Basic	\$	1.64

Diluted

\$

1.64

**HINGHAM INSTITUTION FOR SAVINGS
Net Interest Income Analysis**

**Three Months Ended December 31,
2013**

AVERAGE

YIELD/

AVERAGE

YIELD/

BALANCE

INTEREST

RATE

BALANCE

INTEREST

Hingham Institution for Savings Reports Record Annual Earnings

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RATE

(Dollars in thousands)

(Unaudited)

Loans (1) (2)	\$	1,053,754	
Securities (3) (4)		115,344	157
Short-term investments and certificates of deposit		114,398	86
Total earning assets		1,283,496	12,698
Other assets		38,414	
Total assets	\$	1,321,910	

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Interest-bearing deposits (5)	\$	833,128	
Borrowed funds		293,442	1,193
Total interest-bearing liabilities		1,126,570	2,623
Demand deposits		88,294	
Other liabilities		4,571	
Total liabilities		1,219,435	
Stockholders' equity		102,475	
Total liabilities and stockholders' equity			
	\$	1,321,910	
Net interest income			\$ 10,075

Hingham Institution for Savings Reports Record Annual Earnings

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Weighted average spread 3.03

Net interest margin (6) 3.14

Average interest-earning assets to average interest-bearing liabilities (7)

113.93

%

113.33

%

(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
Net Interest Income Analysis**

**Twelve Months Ended December 31,
2013**

AVERAGE

Hingham Institution for Savings Reports Record Annual Earnings

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BALANCE

INTEREST

RATE

(Dollars in thousands)

(Unaudited)

Loans (1) (2)

\$

1,000,412

Securities (3) (4)

115,246

588

Short-term investments and certificates of deposit

100,527

299

Total earning assets

1,216,185

49,342

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Other assets	37,096	
Total assets	\$	1,253,281
Interest-bearing deposits (5)	\$	806,728
Borrowed funds	260,817	4,842
Total interest-bearing liabilities	1,067,545	10,502
Demand deposits	83,222	
Other liabilities	3,626	
Total liabilities	1,154,393	
Stockholders' equity	98,888	

Hingham Institution for Savings Reports Record Annual Earnings

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Total liabilities and stockholders' equity

\$ 1,253,281

Net interest income \$ 38,840

Weighted average spread 3.07

Net interest margin (6) 3.19

Average interest-earning assets to average interest-bearing liabilities (7)

113.92

%

112.75

%

(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.