

Hingham Institution for Savings Announces 8% Increase in Net Income

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HINGHAM, Mass.--(BUSINESS WIRE)--April 21, 2005--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq - HIFS), Hingham, Massachusetts, announced first quarter earnings for 2005. Net income for the quarter ended March 31, 2005 was \$1,517,000 or \$0.73 per share (basic) as compared to net income of \$1,403,000 or \$0.68 per share (basic) for the same period last year.

Assets at March 31, 2005 were \$562,328,000 and represented a 15% increase over March 31, 2004. Balance sheet growth was most notable in the deposit category which increased \$54,617,000, or 18%, over the same period. Loans grew to \$427,691,000 at March 31, 2005, a 17% increase over the balance at March 31, 2004.

The annualized Return on Average Assets and Return on Average Equity for the quarter were 1.11% and 13.42% respectively.

Increases in capital were also noted and at March 31, 2005, the Bank reported book value per share of \$21.58, a 6% increase from March 31, 2004.

"The Bank continues to produce strong results primarily driven by our ability to control expenses and expand our balance sheet. The Bank originated in excess of \$37,000,000 in loans in the first quarter of 2005. Equally important, our asset quality remained strong. At quarter end, the Bank had no foreclosed property and only three nonperforming loans representing a minimal 0.17% of total loans," stated President Robert H. Gaughen, Jr.

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, and Weymouth.

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

	March 31, 2005	March 31, 2004
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(Unaudited)	(\$ in thousands except per share amounts)	
ASSETS		
Cash and due from banks	\$ 6,697	\$ 6,367
Short term investments	10,150	14,859
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Cash and cash equivalents	16,847	21,226
Certificates of deposit	5,099	4,991
Securities available for sale, at fair value	85,037	71,406
Federal Home Loan Bank stock, at cost	8,484	7,616
Loans, net of allowance for loan losses of \$3,119,000 in 2005 and \$3,015,000 in 2004	427,691	366,140
Cash value of life insurance	11,420	10,984
Banking premises and equipment, net	3,453	3,573
Accrued interest receivable	2,235	1,906
Deferred income tax asset, net	1,583	908
Other assets	479	697
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Total assets	\$562,328	\$489,447
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$353,584	\$298,967
Federal Home Loan Bank advances	160,122	144,858
Mortgagors' escrow accounts	1,459	1,333
Accrued interest payable	474	440
Other liabilities	1,576	1,645
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Total liabilities	517,215	447,243
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Commitments and contingencies

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; 2,090,250 and 2,080,250 shares issued and outstanding at March 31, 2005 and 2004, respectively	2,090	2,080
Additional paid-in capital	9,679	9,462
Undivided profits	34,642	30,686
Accumulated other comprehensive (loss)	(1,298)	(24)
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Total stockholders' equity	45,113	42,204
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 Total liabilities and stockholders' equity	 \$562,328 =====	 \$489,447 =====
 Book value per share	 \$ 21.58 =====	 \$ 20.29 =====

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended	
	March 31,	
(In Thousands, Except for Per Share Amounts)	2005	2004

(Unaudited)

Interest and dividend income:

Loans	\$6,339	\$5,666
Debt securities	567	510

Equity securities	102	49
Short term investments and certificates of deposit	73	52
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Total interest and dividend income	7,081	6,277
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Interest expense:		
Deposits	1,232	976
Borrowed funds	1,333	1,210
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Total interest expense	2,565	2,186
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Net interest income	4,516	4,091
Provision for loan losses	49	23
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Net interest income after provision for loan losses	4,467	4,068
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Other income:		
Customer service fees on deposits	213	191
Gain on sales of securities available for sale	---	80
Increase in cash value of life insurance	104	126
Other	54	48
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Total other income	371	445
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Operating expenses:		
Salaries and employee benefits	1,444	1,361
Data processing	196	191
Occupancy and equipment	245	221
Legal	---	8
Other	521	514
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Total operating expenses	2,406	2,295
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Income before income taxes	2,432	2,218
Income tax provision	915	815
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Net income	\$1,517	\$1,403
	=====	=====

Cash dividends declared per common share	\$ 0.19	\$ 0.18
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Weighted average shares outstanding:		
Basic	2,089	2,080
	=====	=====
Diluted	2,105	2,101
	=====	=====
Earnings per share:		
Basic	\$ 0.73	\$ 0.68
	=====	=====
Diluted	\$ 0.72	\$ 0.67
	=====	=====
Return on average equity	13.42 %	13.43 %
	=====	=====

Contacts

Hingham Institution for Savings

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William M. Donovan, Jr., Vice President-Administration

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