

Hingham Institution for Savings Reports Earnings Increase for Second Quarter

July 21, 2003 04:01 PM Eastern Daylight Time

HINGHAM, Mass.--(BUSINESS WIRE)--July 21, 2003--HINGHAM INSTITUTION FOR SAVINGS (NASDAQ:HIFS), Hingham, Massachusetts, today announced an increase in second quarter net income for 2003. Net income for the quarter ended June 30, 2003 was \$2,130,000 or \$1.03 per share (basic) representing an increase over net income of \$1,493,000 or \$0.73 per share (basic) for the same period last year.

As previously announced, during the second quarter of 2003 the Bank recognized a \$700,000 credit to the provision for income taxes due to the settlement of a tax dispute with the Massachusetts Department of Revenue. This credit reduced a charge of \$1.4 million recorded for income taxes during the first quarter of 2003. Legislation signed by the Governor of Massachusetts on March 5, 2003 changed tax laws retroactive to 1999. These changes have increased the Bank's effective tax rate from approximately 34% in 2002 to approximately 39% in 2003.

Second quarter 2002 results included a nonrecurring \$130,000 credit pertaining to the dissolution of the Bank's defined benefit pension plan. After adjusting for the 2002 pension benefit, pretax net income for 2003 represents a 10% increase over that of 2002.

The Bank's total assets as of June 30, 2003 of \$459,806,000 represent a 14% increase over the total of \$404,026,000 on June 30, 2002. At June 30, 2003, loans were \$343,917,000, an increase of 12% over June 30, 2002. There were \$51,485,000 of loans originated during the second quarter of 2002.

Asset quality continued to remain strong. At the end of the second quarter of 2003, the Bank had no foreclosed properties, and nonperforming loans totaled only 0.09% of total assets. Book value per share was \$19.06 as of June 30, 2003, representing a 9% increase from June 30, 2002.

This press release may contain statements relating to future results of the Bank (including certain projections) that are considered "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to changes in political and economic conditions, interest rate fluctuations, competitive product and pricing pressures within the Bank's market, bond market fluctuations, personal and corporate customers' bankruptcies, and inflation, as well as other risks and uncertainties.

Hingham Institution for Savings is a Massachusetts-chartered savings bank. Incorporated in 1834, it is the oldest financial institution headquartered in Hingham and one of the oldest in Massachusetts. 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

	June 30, 2003	June 30, 2002
(Unaudited)	(\$ in thousands except per share amounts)	
ASSETS		
Cash and due from banks	\$ 5,285	\$ 7,663
Short term investments	10,583	29,453
Cash and cash equivalents	15,868	37,116
Certificates of deposit	2,922	1,940
Securities available for sale, at fair value	75,096	45,268
Federal Home Loan Bank stock, at cost	7,208	5,332
Loans, net of allowance for loan losses of \$2,900,000 in 2003 and \$2,660,000 in 2002	343,917	306,883
Cash value of life insurance	7,587	--
Banking premises and equipment, net	3,672	3,842
Accrued interest receivable	2,036	2,082
Deferred income tax asset, net	763	796
Other assets	737	767
Total assets	\$459,806	\$404,026
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$272,907	\$255,918
Federal Home Loan Bank advances	144,160	106,608
Other borrowed funds	907	101
Mortgagors' escrow accounts	1,236	1,102
Accrued interest payable	414	419
Other liabilities	740	3,925
Total liabilities	420,364	368,073
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; shares issued and outstanding: 2,069,750 at June 30, 2003 and 2,059,750 at June 30, 2002	2,070	2,060
Additional paid-in capital	9,225	9,075
Undivided profits	27,773	24,149
Accumulated other comprehensive income	374	669
Total stockholders' equity	39,442	35,953
Total liabilities and stockholders' equity	\$459,806	\$404,026
Book value per share	\$ 19.06	\$ 17.46

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Interest and dividend income:				
Loans	\$5,794	\$5,782	\$11,548	\$11,394
Debt and trust preferred securities	473	490	892	1,038
Other equity securities	46	83	120	163
Short term investments and certificates of deposit	50	130	132	243
Total interest and dividend income	6,363	6,485	12,692	12,838
Interest expense:				
Deposits	1,045	1,426	2,300	2,974
Borrowed funds	1,145	1,168	2,277	2,265
Total interest expense	2,190	2,594	4,577	5,239
Net interest income	4,173	3,891	8,115	7,599

Provision for loan losses	45	75	90	150
Net interest income after provision for loan losses	4,128	3,816	8,025	7,449
Other income:				
Customer service fees on deposits	188	168	371	337
Gain on sale of loans and securities available for sale	25	--	464	--
Other	122	171	240	211
Total other income	335	339	1,075	548
Operating expenses:				
Salaries and employee benefits	1,203	1,100	2,370	2,104
Data processing	173	151	345	306
Occupancy and equipment	206	201	427	387
Legal	34	9	59	14
Other	504	442	998	834
Total operating expenses	2,120	1,903	4,199	3,645
Income before income taxes	2,343	2,252	4,901	4,352
Income tax provision	213	759	2,574	1,468
Net income	\$2,130	\$1,493	\$2,327	\$2,884
Cash dividends declared per common share	\$0.18	\$0.16	\$0.35	\$0.32
Weighted average shares outstanding:				
Basic	2,070	2,059	2,070	2,055
Diluted	2,093	2,086	2,092	2,083
Earnings per share:				
Basic	\$1.03	\$0.73	\$1.12	\$1.40
Diluted	\$1.02	\$0.72	\$1.11	\$1.39
Return on average equity	22.00%	16.84%	12.06%	16.53%

Contacts

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