

Hingham Institution for Savings: Bank Announces Strong Quarterly Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--July 19, 2004--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq - HIFS), Hingham, Massachusetts, announced second quarter earnings for 2004. Net income for the quarter ended June 30, 2004 was \$1,392,000 or \$0.67 per share (basic) as compared to net income of \$2,130,000 or \$1.03 per share (basic) for the same period last year. Earnings for the second quarter of 2003 were positively impacted when 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.

Assets at June 30, 2004 were \$526,060,000 and represented a 14% increase over June 30, 2003. Asset growth was most notable in the deposit category which increased \$58.3 million, or 21%, over the same period. Loans grew to \$385,934,000 at June 30, 2004, a 12% increase over the balance at June 30, 2003.

The annualized Return on Average Assets and Return on Average Equity for the quarter were 1.12% and 13.06% respectively.

Increases in capital were also noted and at June 30, 2004, the Bank reported book value per share of \$20.26, a 6% increase from June 30, 2003.

"The Bank continues to generate strong loan growth while many of our peers are reporting fairly anemic results. The Bank originated in excess of \$55,000,000 in loans in the second quarter of 2004. Equally important, our asset quality remained exceptional. At quarter end, the Bank had no foreclosed property and only one nonperforming loan totaling \$171,000, or a minimal 0.04% 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

	June 30, 2004	June 30, 2003
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	(\$ in thousands except per share amounts)	
(Unaudited)		
ASSETS		
Cash and due from banks	\$ 9,240	\$ 5,285
Short term investments	19,090	10,583
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Cash and cash equivalents	28,330	15,868
Certificates of deposit	5,091	2,922
Securities available for sale, at fair value	79,868	75,096
Federal Home Loan Bank stock, at cost	7,967	7,208
Loans, net of allowance for loan losses of \$3,036,000 in 2004 and \$2,900,000 in 2003	385,934	343,917
Cash value of life insurance	11,099	7,587
Banking premises and equipment, net	3,575	3,672
Accrued interest receivable	2,154	2,036
Deferred income tax asset, net	1,540	763
Other assets	502	737
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Total assets	\$526,060	\$459,806
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$331,184	\$272,907
Federal Home Loan Bank advances	150,010	144,160
Other borrowed funds	--	907
Mortgagors' escrow accounts	1,223	1,236
Accrued interest payable	428	414
Other liabilities	1,059	740
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Total liabilities	483,904	420,364
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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; shares issued and outstanding: 2,081,250 at June 30, 2004 and 2,069,750 at June 30, 2003	2,081	2,070
Additional paid-in capital	9,485	9,225
Undivided profits	31,703	27,773
Accumulated other comprehensive income (loss)	(1,113)	374
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Total stockholders' equity	42,156	39,442
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Total liabilities and stockholders' equity	\$526,060	\$459,806
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Book value per share	\$ 20.26	\$ 19.06
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HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts)	Three Months		Six Months	
	Ended		Ended	
	June 30,	June 30,	June 30,	June 30,
	2004	2003	2004	2003
	-----		-----	
(Unaudited)				
Interest and dividend income:				
Loans	\$5,776	\$5,794	\$11,442	\$11,548
Debt and trust preferred securities	477	473	987	892
Other equity securities	56	46	105	120
Short term investments and certificates of deposit	50	50	102	132
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Total interest and dividend income	6,359	6,363	12,636	12,692
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Interest expense:				
Deposits	1,035	1,045	2,011	2,300
Borrowed funds	1,153	1,145	2,363	2,277
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Total interest expense	2,188	2,190	4,374	4,577
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Net interest income	4,171	4,173	8,262	8,115
Provision for loan losses	24	45	47	90
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Net interest income after provision for loan losses	4,147	4,128	8,215	8,025
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Other income:				
Customer service fees on deposits	195	188	386	371
Gain on sale of loans and securities available for sale	--	25	80	464
Other	161	122	335	240
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Total other income	356	335	801	1,075
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Operating expenses:				
Salaries and employee benefits	1,362	1,203	2,723	2,370
Data processing	195	173	386	345
Occupancy and equipment	227	206	448	427
Legal	6	34	14	59
Other	493	504	1,007	998
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Total operating expenses	2,283	2,120	4,578	4,199
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Income before income taxes	2,220	2,343	4,438	4,901
Income tax provision	828	213	1,643	2,574
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Net income	\$1,392	\$2,130	\$ 2,795	\$ 2,327
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Cash dividends declared per common share	\$ 0.18	\$ 0.18	\$ 0.36	\$ 0.35
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Weighted average shares outstanding:				
Basic	2,081	2,070	2,080	2,070
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Diluted	2,101	2,093	2,101	2,092
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Earnings per share:

Basic	\$ 0.67	\$ 1.03	\$ 1.34	\$ 1.12
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Diluted	\$ 0.66	\$ 1.02	\$ 1.33	\$ 1.11
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Return on average equity	13.06%	22.00%	13.24%	12.06%
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Contacts

Hingham Institution for Savings

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

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