

Hingham Institution for Savings: 13% Increase in Net Income

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HINGHAM, Mass.--(BUSINESS WIRE)--July 21, 2005--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq:HIFS), Hingham, Massachusetts announced second quarter earnings for 2005. Net income for the quarter ended June 30, 2005 was \$1,568,000 or \$0.75 per share (basic) representing a 13% increase over net income of \$1,392,000 or \$0.67 per share (basic) for the same period last year.

Assets at June 30, 2005 were \$585,813,000 and represented an 11% increase over June 30, 2004. Asset growth was most notable in the loan category which increased \$59.3 million, or 15%, over the same period. Deposits grew to \$356,196,000 at June 30, 2005, an 8% increase over the balance at June 30, 2004.

The annualized Return on Average Assets and Return on Average Equity for the quarter were 1.11% and 13.59% respectively.

Increases in capital were also noted and at June 30, 2005, the Bank reported book value per share of \$22.31, a 10% increase from June 30, 2004.

"I'm extremely pleased to report strong earnings growth despite the compression of the net interest margin that continues to challenge the entire financial industry. We have been very successful in mitigating these pressures by our continued ability to expand our loan portfolio. Equally important, our asset quality remained exceptional. At quarter end, the Bank had no foreclosed property and only two 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

	June 30, 2005	June 30, 2004
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(Unaudited)	(\$ in thousands except per share amounts)	
 ASSETS		
Cash and due from banks	\$ 7,635	\$ 9,240
Short term investments	9,134	19,090
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Cash and cash equivalents	16,769	28,330
 Certificates of deposit	 5,196	 5,091
Securities available for sale, at fair value	89,990	79,868
Federal Home Loan Bank stock, at cost	9,296	7,967
Loans, net of allowance for loan losses of \$3,203,000 in 2005 and \$3,036,000 in 2004	445,278	385,934
Cash value of life insurance	11,532	11,099
Banking premises and equipment, net	3,455	3,575
Accrued interest receivable	2,457	2,154
Deferred income tax asset, net	1,384	1,540
Other assets	456	502
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Total assets	\$585,813	\$526,060
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 LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$356,196	\$331,184
Federal Home Loan Bank advances	179,939	150,010
Mortgagors' escrow accounts	1,338	1,223
Accrued interest payable	419	428
Other liabilities	1,287	1,059
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Total liabilities	539,179	483,904
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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: 2,090,250 at June 30, 2005 and 2,081,250 at June 30, 2004	2,090	2,081
Additional paid-in capital	9,679	9,485
Undivided profits	35,791	31,703
Accumulated other comprehensive loss	(926)	(1,113)
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Total stockholders' equity	46,634	42,156
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 Total liabilities and stockholders' equity	 \$585,813	 \$526,060
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 Book value per share	 \$ 22.31	 \$ 20.26
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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,	
	2005	2004	2005	2004
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(Unaudited)

Interest and dividend income:

Loans	\$6,594	\$5,776	\$12,933	\$11,442
Debt securities	595	477	1,162	987
Equity securities	112	56	214	105
Short term investments and certificates of deposit	62	50	135	102

Total interest and dividend income	7,363	6,359	14,444	12,636
Interest expense:				
Deposits	1,336	1,035	2,568	2,011
Borrowed funds	1,472	1,153	2,805	2,363
Total interest expense	2,808	2,188	5,373	4,374
Net interest income	4,555	4,171	9,071	8,262
Provision for loan losses	82	24	131	47
Net interest income after provision for loan losses	4,473	4,147	8,940	8,215
Other income:				
Customer service fees on deposits	233	195	446	386
Gain on sale of securities available for sale	--	--	--	80
Increase in cash value of life insurance	112	115	216	240
Other	44	46	98	95
Total other income	389	356	760	801
Operating expenses:				
Salaries and employee benefits	1,442	1,362	2,886	2,723
Data processing	191	195	387	386
Occupancy and equipment	233	227	478	448
Legal	2	6	2	14
Other	489	493	1,010	1,007
Total operating expenses	2,357	2,283	4,763	4,578
Income before income taxes	2,505	2,220	4,937	4,438
Income tax provision	937	828	1,852	1,643
Net income	\$1,568	\$1,392	\$ 3,085	\$ 2,795

Cash dividends declared per common

share \$ 0.20 \$ 0.18 \$ 0.39 \$ 0.36

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Weighted average shares outstanding:

Basic 2,090 2,081 2,090 2,080

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Diluted 2,106 2,101 2,106 2,101

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Earnings per share:

Basic \$ 0.75 \$ 0.67 \$ 1.48 \$ 1.34

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Diluted \$ 0.75 \$ 0.66 \$ 1.47 \$ 1.33

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Return on average equity 13.59% 13.06% 13.51% 13.24%

Contacts

Hingham Institution for Savings

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President

or

William M. Donovan, Jr., 781-749-2200

Vice President-Administration