

Hingham Institution for Savings Announces 16% Increase in Net Income

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HINGHAM, Mass.--(BUSINESS WIRE)--Oct. 21, 2003--HINGHAM INSTITUTION FOR SAVINGS (NASDAQ - HIFS), Hingham, Massachusetts, announced an increase in third quarter earnings for 2003. Earnings for the third quarter ended September 30, 2003 increased to \$1,533,000 or \$0.74 per share (basic), representing a 16% increase over net income of \$1,326,000 or \$0.64 per share (basic) for the same period last year.

Growth trends of recent years continued with a 12% increase in total assets, an 8% increase in total deposits, a 12% increase in total loans, and a 9% increase in stockholders' equity over those of September 30, 2002.

President Robert H. Gaughen, Jr. announced that "These strong results continue to be driven primarily by our ability to expand our balance sheet. This continued growth in our attractive marketplace has resulted in a predictable and enviable earnings record."

Total loan originations during this quarter totaled \$60.8 million as compared to \$33.5 million during the same period of 2002. Asset quality remains strong. At quarter end the Bank had no foreclosed properties, and nonperforming loans included only two loans totaling 0.07% of total assets. Asset quality levels are among the best in the Bank's history.

The annualized Return on Average Assets and Return on Average Equity for 2003 were 1.16% and 13.14% respectively. Book value per share increased to \$19.39 as of September 30, 2003.

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

	September 30, September 30,	
	2003	2002
(Unaudited)	(\$ in thousands except per share amounts)	
ASSETS		
Cash and due from banks	\$ 5,814	\$ 9,114
Short-term investments	16,924	28,486
Cash and cash equivalents	22,738	37,600
Certificates of deposit	4,882	1,940
Securities available for sale, at fair value	75,928	52,624
Federal Home Loan Bank stock, at cost	7,208	5,332
Loans, net of allowance for loan losses of \$2,945,000 in 2003 and \$2,735,000 in 2002	349,831	311,846
Cash value of life insurance	7,659	7,586
Banking premises and equipment, net	3,676	3,839
Accrued interest receivable	1,924	2,107
Deferred income tax asset, net	1,033	718
Other assets	655	400
Total assets	\$ 475,534	\$ 423,992
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 297,354	\$ 274,329
Federal Home Loan Bank advances	135,038	106,498
Other borrowed funds	--	184
Mortgagors' escrow accounts	1,347	1,276
Accrued interest payable	424	419
Other liabilities	1,092	4,206
Total liabilities	435,255	386,912
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; 2,077,250 and 2,059,750 shares issued and outstanding at September 30, 2003 and 2002, respectively	2,077	2,060
Additional paid-in capital	9,400	9,075
Undivided profits	28,932	25,124
Accumulated other comprehensive income (loss)	-130	821
Total stockholders' equity	40,279	37,080
Total liabilities and stockholders' equity	\$ 475,534	\$ 423,992
Book value per share	\$ 19.39	\$ 18.00

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Income

	Three Months Ended September 30, 2003 2002		Nine Months Ended September 30, 2003 2002	
(In Thousands, Except for Per Share Amounts) (Unaudited)				
Interest and dividend income:				
Loans	\$ 5,817	\$ 5,735	\$ 17,365	\$17,129
Debt and trust preferred securities	579	474	1,471	1,513
Other equity securities	55	85	175	247
Short term investments and certificates of deposit	57	158	189	401
Total interest and dividend income	6,508	6,452	19,200	19,290
Interest expense:				
Deposits	1,035	1,439	3,335	4,413
Borrowed funds	1,215	1,203	3,492	3,468
Total interest expense	2,250	2,642	6,827	7,881

Net interest income	4,258	3,810	12,373	11,409
Provision for loan losses	45	75	135	225
Net interest income after provision for loan losses	4,213	3,735	12,238	11,184
Other income:				
Customer service fees on deposits	189	172	560	508
Gain on sale of loans and securities available for sale	--	--	464	--
Other	111	71	351	283
Total other income	300	243	1,375	791
Operating expenses:				
Salaries and employee benefits	1,194	1,102	3,564	3,206
Data processing	174	158	519	464
Occupancy and equipment	206	189	633	576
Legal	15	49	74	63
Other	441	478	1,439	1,312
Total operating expenses	2,030	1,976	6,229	5,621
Income before income taxes	2,483	2,002	7,384	6,354
Income tax provision	950	676	3,524	2,144
Net income	\$ 1,533	\$ 1,326	\$ 3,860	\$ 4,210
Cash dividends declared per common share				
	\$ 0.18	\$ 0.17	\$ 0.53	\$ 0.49
Weighted average shares outstanding				
Basic	2,072	2,060	2,070	2,057
Diluted	2,095	2,086	2,091	2,084
Earnings per share				
Basic	\$ 0.74	\$ 0.64	\$ 1.86	\$ 2.05
Diluted	\$ 0.73	\$ 0.64	\$ 1.85	\$ 2.02

Return on average equity 15.23 % 14.43 % 13.14 % 15.81 %

Contacts

Hingham Institution for Savings

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

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