

## Hingham Institution for Savings Announces 16% Increase in Net Income

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HINGHAM, Mass.--(<u>BUSINESS WIRE</u>)--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

	Se	eptember 30 <u>.</u> 2003	, S	eptember 30, 2002
(Unaudited)	(9		nds	except per
(	( )			ounts)
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 Securities available for sale, at fair		4,882		1,940
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	2	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, 5,000,0					
shares authorized; 2,077,250 and 2,05	, 50, 50				
shares issued and outstanding at Sept	tember				
30, 2003 and 2002, respectively	2,077 2,060				
Additional paid-in capital		9,400	9,075		
Undivided profits	28,932 25,12				
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 (Unaudited)	Amounts	)		
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 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 Data processing  1,194  1,102  3,564  3,206    Data processing Other  174  158  519  464    Occupancy and equipment Legal  206  189  633  576    Legal  1,53  4,93  1,439  1,313  1,313    Total operating expenses  2,030  1,976  6,229  5,621    Income before income taxes Income tax provision  2,030  1,976  6,229  5,621    Net income  \$  1,533  \$  1,326  \$  3,860  \$ 4,210    Cash dividends declared per common share  \$  0,173  \$  0,633  \$ 6,55	Net interest income Provision for loan losses	4,258 45	3,810 75	12,373 135	11,409 225
Customer service fees on  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:  31,375  791    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    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<\$		4,213	3,735	12,238	11,184
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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:  300  243  1,375  791    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  2,030  1,976  6,229  5,621    Income tax provision  2,030  1,976  6,229  5,621    Net income  \$  1,533<\$	Customer service fees on				
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Other  111  71  351  283    Total other income  300  243  1,375  791    Operating expenses:  311  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    Weighted average shares  0.18 \$ 0.17 \$  0.53 \$ 0.49    Weighted average shares  2,072  2,060  2,070  2,057    Diluted  2,095  2,086  2,091  2,084    Earnings per share  \$  0.74 \$ 0.64 \$  1.86 \$ 2.05	Gain on sale of loans and				
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Income before income taxes Income tax provision2,483 9502,002 6767,384 3,524 2,144Net income\$1,533 \$1,326 \$3,860 \$4,210Cash dividends declared per common share\$0.18 \$0.17 \$0.53 \$0.49Weighted average shares outstanding Basic Diluted2,072 2,060 2,070 2,0952,070 2,091 2,0842,070 2,057 2,0912,057 2,091Earnings per share Basic\$0.74 \$0.64 \$1.86 \$2.05	Total operating				
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 Diluted  \$  2,072  2,060  2,2070  2,057    Diluted  \$  0.74  \$  0.64  \$  1.86  \$	expenses	2,030	1,976	6,229	5,621
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 Diluted  \$  2,072  2,060  2,070  2,057  2,057  2,091  2,084    Earnings per share Basic  \$  0.74  0.64  \$  1.86  2.05	Income before income taxes	2,483	2,002	7,384	6,354
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 2,095 2,086 2,091 2,084    Earnings per share Basic  \$ 0.74 \$ 0.64 \$ 1.86 \$ 2.05	Income tax provision	-		-	-
share  \$ 0.18 \$ 0.17 \$ 0.53 \$ 0.49    Weighted average shares  2,072 2,060 2,070 2,057    Diluted  2,095 2,086  2,091 2,084    Earnings per share  \$ 0.74 \$ 0.64 \$ 1.86 \$ 2.05	Net income	\$ 1,533	\$ 1,326	\$ 3,860	\$ 4,210
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outstanding    Basic  2,072  2,060  2,070  2,057    Diluted  2,095  2,086  2,091  2,084    Earnings per share  \$ 0.74 \$ 0.64 \$ 1.86 \$ 2.05	-	\$ 0.18	\$ 0.17	\$ 0.53	\$ 0.49
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Earnings per share Basic \$ 0.74 \$ 0.64 \$ 1.86 \$ 2.05		-		-	-
Basic \$ 0.74 \$ 0.64 \$ 1.86 \$ 2.05		2		-	-
	Earnings per share				
Diluted \$ 0.73 \$ 0.64 \$ 1.85 \$ 2.02	Basic	\$ 0.74	\$ 0.64	\$ 1.86	\$ 2.05
	Diluted	\$ 0.73	\$ 0.64	\$ 1.85	\$ 2.02

Contacts Hingham Institution for Savings Robert H. Gaughen, Jr., President William M. Donovan, Jr., Vice President-Administration 781-749-2200