

Hingham Institution for Savings Announces Strong Quarterly Earnings

October 18, 2004 03:51 PM Eastern Daylight Time

HINGHAM, Mass.--(BUSINESS WIRE)--Oct. 18, 2004--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq - HIFS), Hingham, Massachusetts, announced third quarter earnings for 2004. Net income for the quarter ended September 30, 2004 was \$1,499,000 or \$0.72 per share (basic) as compared to net income of \$1,533,000 or \$0.74 per share (basic) for the same period last year. "While earnings remained strong, the slight decrease was a result of continued compression of the Bank's net interest margin which was reduced to 3.43% for the third quarter of 2004, as compared to 3.77% for the same quarter of 2003. Expenses, which rose commensurate with the size of the balance sheet, were offset in large measure by growth in earning assets, stated President Robert H. Gaughen, Jr."

Assets as of September 30, 2004 were \$529,183,000 and represented an 11.3% increase over September 30, 2003. Asset growth was most notable in the loan category which increased \$49.9 million or 14.3% over the same period last year, and deposits increased \$30.3 million or 10.2% over the same period last year.

The annualized Return on Average Assets and Return on Average Equity for the quarter were 1.15% and 13.88% respectively.

Increases in capital were also noted and at September 30, 2004, the Bank reported book value per share of \$21.03, an 8.5% increase from September 30, 2003.

Asset quality remains strong. As of September 30, 2004, the Bank had no foreclosed property and only two nonperforming loans, representing a minimal 0.10% of total assets.

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

	September 30, 2004	September 30, 2003
(Unaudited)	(\$ in thousands except per share amounts)	
ASSETS		
Cash and due from banks	\$ 6,185	\$ 5,814
Short-term investments	10,703	16,924
	-----	-----
Cash and cash equivalents	16,888	22,738
Certificates of deposit	5,091	4,882
Securities available for sale, at fair value	80,703	75,928
Federal Home Loan Bank stock, at cost	8,084	7,208
Loans, net of allowance for loan losses of \$3,030,000 in 2004 and \$2,945,000 in 2003	399,742	349,831
Cash value of life insurance	11,209	7,659
Banking premises and equipment, net	3,505	3,676
Accrued interest receivable	2,107	1,924
Deferred income tax asset, net	1,242	1,033
Other assets	612	655
	-----	-----
Total assets	\$ 529,183	\$ 475,534
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 327,612	\$ 297,354
Federal Home Loan Bank advances	154,656	135,038
Mortgagors' escrow accounts	1,403	1,347
Accrued interest payable	436	424
Other liabilities	1,302	1,092
	-----	-----
Total liabilities	485,409	435,255
	-----	-----

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; 2,081,250 and 2,077,250 shares issued and outstanding at September 30, 2004 and 2003, respectively	2,081	2,077
Additional paid-in capital	9,485	9,400
Undivided profits	32,807	28,932
Accumulated other comprehensive loss	(599)	(130)
	-----	-----
Total stockholders' equity	43,774	40,279
	-----	-----
Total liabilities and stockholders' equity	\$ 529,183	\$ 475,534
	=====	=====
Book value per share	\$ 21.03	\$ 19.39

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts)	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2004	2003	2004	2003
	-----	-----	-----	-----
(Unaudited)				

Interest and dividend income:

Loans	\$5,937	\$ 5,817	\$17,379	\$17,365
Debt and trust preferred securities	551	579	1,538	1,471
Other equity securities	70	55	175	175
Short term investments and certificates of deposit	51	57	153	189
	-----	-----	-----	-----
Total interest and dividend income	6,609	6,508	19,245	19,200
	-----	-----	-----	-----
Interest expense:				
Deposits	1,123	1,035	3,134	3,335
Borrowed funds	1,202	1,215	3,565	3,492
	-----	-----	-----	-----
Total interest expense	2,325	2,250	6,699	6,827
	-----	-----	-----	-----
Net interest income	4,284	4,258	12,546	12,373
Provision (credit) for loan losses	(8)	45	39	135
	-----	-----	-----	-----
Net interest income after provision (credit) for loan losses	4,292	4,213	12,507	12,238
	-----	-----	-----	-----
Other income:				
Customer service fees on deposits	211	189	597	560
Gain on sale of loans and securities available for sale	--	--	80	464
Other	153	111	488	351
	-----	-----	-----	-----
Total other income	364	300	1,165	1,375
	-----	-----	-----	-----
Operating expenses:				
Salaries and employee benefits	1,364	1,194	4,087	3,564
Data processing	202	174	588	519
Occupancy and equipment	212	206	660	633
Legal	5	15	19	74
Other	470	441	1,477	1,439
	-----	-----	-----	-----
Total operating expenses	2,253	2,030	6,831	6,229
	-----	-----	-----	-----
Income before income taxes	2,403	2,483	6,841	7,384

Income tax provision	904	950	2,547	3,524
	-----	-----	-----	-----
Net income	\$1,499	\$ 1,533	\$ 4,294	\$ 3,860
	=====	=====	=====	=====
Cash dividends declared per common share	\$ 0.19	\$ 0.18	\$ 0.55	\$ 0.53
	=====	=====	=====	=====
Weighted average shares outstanding				
Basic	2,081	2,072	2,081	2,070
	=====	=====	=====	=====
Diluted	2,101	2,095	2,101	2,091
	=====	=====	=====	=====
Earnings per share				
Basic	\$ 0.72	\$ 0.74	\$ 2.06	\$ 1.86
	=====	=====	=====	=====
Diluted	\$ 0.71	\$ 0.73	\$ 2.04	\$ 1.85
	=====	=====	=====	=====
Return on average equity	13.88	% 15.23	% 13.46	% 13.14 %
	=====	=====	=====	=====

Contacts

Hingham Institution for Savings

Robert H. Gaughen, Jr., President

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

781-749-2200