

Hingham Institution for Savings: Increased Net Income

October 19, 2005 09:46 AM Eastern Daylight Time

HINGHAM, Mass.--(BUSINESS WIRE)--Oct. 19, 2005--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq:HIFS), Hingham, Massachusetts announced third quarter earnings for 2005. Net income for the quarter ended September 30, 2005 was \$1,541,000 or \$0.74 per share (basic) representing a 3% increase over net income of \$1,499,000 or \$0.72 per share (basic) for the same period last year. Net income for nine months ended September 30, 2005 was \$4,626,000 or \$2.21 per share (basic) representing an 8% increase over net income of \$4,294,000 or \$2.06 per share (basic) for the same period last year.

Assets at September 30, 2005 were \$604,203,000 and represented a 14% increase over September 30, 2004. Asset growth was most notable in the loan category which increased \$68.5 million, or 17%, over the same period. Deposits grew to \$367,353,000 at September 30, 2005, a 12% increase over the balance at September 30, 2004.

The annualized Return on Average Assets and Return on Average Equity for the quarter were 1.05% and 12.97% respectively.

Increases in capital were also noted and at September 30, 2005, the Bank reported book value per share of \$22.72, an 8% increase from September 30, 2004.

Robert H. Gaughen, Jr. stated "The entire financial industry is attempting to compensate for a shrinking net interest margin. We have been successful in mitigating these pressures with our proven ability to expand our loan portfolio. The Bank originated \$47,909,000 in loans during the third quarter of 2005, representing a 39% increase over the same period last year. Equally important, our asset quality remains exceptional. At quarter end, the Bank had no foreclosed property and only two nonperforming loans, representing a minimal 0.16% of total loans."

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, 2005	September 30, 2004
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(Unaudited)	(\$ in thousands except per share amounts)	
ASSETS		
Cash and due from banks	\$ 7,024	\$ 6,185
Short-term investments	3,777	10,703
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Cash and cash equivalents	10,801	16,888
Certificates of deposit	5,196	5,091
Securities available for sale, at fair value	90,765	80,703
Federal Home Loan Bank stock, at cost	9,571	8,084
Loans, net of allowance for loan losses of \$3,245,000 in 2005 and \$3,030,000 in 2004	468,289	399,742
Cash value of life insurance	11,647	11,209
Banking premises and equipment, net	3,384	3,505
Accrued interest receivable	2,465	2,107
Deferred income tax asset, net	1,529	1,242
Other assets	556	612
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Total assets	\$ 604,203	\$ 529,183
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 367,353	\$ 327,612
Federal Home Loan Bank advances	185,864	154,656
Mortgagors' escrow accounts	1,519	1,403
Accrued interest payable	475	436
Other liabilities	1,420	1,302
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Total liabilities	556,631	485,409
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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; 2,094,250 and 2,081,250 shares issued and outstanding at September 30, 2005 and 2004, respectively	2,094	2,081
Additional paid-in capital	9,762	9,485
Undivided profits	36,914	32,807
Accumulated other comprehensive loss	(1,198)	(599)
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Total stockholders' equity	47,572	43,774
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Total liabilities and stockholders' equity	\$ 604,203	\$ 529,183
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Book value per share	\$ 22.72	\$ 21.03

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
(Unaudited)	-----	-----	-----	-----

Interest and dividend income:

Loans	\$6,931	\$5,937	\$19,864	\$17,379
Debt securities	618	551	1,780	1,538
Equity securities	119	70	333	175

Short term investments and certificates of deposit	75	51	210	153
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Total interest and dividend income	7,743	6,609	22,187	19,245
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Interest expense:				
Deposits	1,541	1,123	4,109	3,134
Borrowed funds	1,671	1,202	4,476	3,565
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Total interest expense	3,212	2,325	8,585	6,699
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Net interest income	4,531	4,284	13,602	12,546
Provision (credit) for loan losses	42	(8)	173	39
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Net interest income after provision (credit) for loan losses	4,489	4,292	13,429	12,507
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Other income:				
Customer service fees on deposits	230	211	676	597
Gain on sale of securities available for sale	--	--	--	80
Increase in cash value of life insurance	115	110	331	350
Other	44	43	142	138
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Total other income	389	364	1,149	1,165
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Operating expenses:				
Salaries and employee benefits	1,445	1,364	4,331	4,087
Data processing	194	202	581	588
Occupancy and equipment	235	212	713	660
Legal	12	5	14	19
Other	529	470	1,539	1,477
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Total operating expenses	2,415	2,253	7,178	6,831
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Income before income taxes	2,463	2,403	7,400	6,841

Income tax provision	922	904	2,774	2,547
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Net income	\$1,541	\$1,499	\$ 4,626	\$ 4,294
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Cash dividends declared per common share	\$ 0.20	\$ 0.19	\$ 0.59	\$ 0.55
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Weighted average shares outstanding				
Basic	2,092	2,081	2,091	2,081
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Diluted	2,107	2,101	2,107	2,101
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Earnings per share				
Basic	\$ 0.74	\$ 0.72	\$ 2.21	\$ 2.06
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Diluted	\$ 0.73	\$ 0.71	\$ 2.20	\$ 2.04
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Return on average equity	12.97	%13.88	% 13.32	% 13.46
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Contacts

Hingham Institution for Savings

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President

or

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Vice President-Administration