

Hingham Institution for Savings Announces a 9% Increase In Earnings

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HINGHAM, Mass.--(BUSINESS WIRE)--Jan. 20, 2005--HINGHAM INSTITUTION FOR SAVINGS (Nasdaq - HIFS), Hingham, Massachusetts, announced its earnings for 2004. Net income for the year ended December 31, 2004 was \$5,824,000 or \$2.80 per share (\$2.77 diluted) as compared to \$5,354,000 or \$2.58 per share (\$2.56 diluted) in 2003. This represents a 9% increase in earnings. The trend in annual earnings was also reflected in the fourth quarter with \$1,530,000 net income for the quarter ending December 31, 2004 (\$0.73 per share diluted) compared to \$1,494,000 for the quarter ending December 31, 2003 (\$0.71 per share diluted). The Bank's return on average equity for the year increased to a strong 13.56%, and the return on assets was 1.14%.

Growth trends of recent years continued in 2004 with a 13% increase in total assets, a 15% increase in total deposits, and a 16% increase in total loans over those of December 31, 2003. Asset quality continued to remain strong. As of December 31, 2004, the Bank had no foreclosed property, and nonperforming loans included only one loan representing a minimal 0.03% of total assets.

President Robert H. Gaughen, Jr. stated, "While our enviable earnings remain strong, the financial industry continues to experience the pressures associated with margin compression. We have been successful in mitigating these pressures by our continued ability to increase our loan portfolio. We continue our focus on the effective execution of a relatively simple strategy. Quality service, consistent growth and effective cost control produce extraordinary results."

Total assets as of December 31, 2004 were \$547,051,000 as compared to \$483,954,000 at December 31, 2003. Stockholders' equity increased from \$40,913,000 on December 31, 2003 to \$44,323,000 on December 31, 2004 with a concomitant increase in book value per share from \$19.68 on December 31, 2003 to \$21.29 on December 31, 2004.

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

	December 31, 2004	December 31, 2003
(Unaudited)	(\$ in thousands except per share amounts)	
ASSETS		
Cash and due from banks	\$ 6,716	\$ 6,345
Short-term investments	6,619	14,504
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Cash and cash equivalents	13,335	20,849
Certificates of deposit	5,091	4,986
Securities available for sale, at fair value	85,815	74,007
Federal Home Loan Bank stock, at cost	8,484	7,435
Loans, net of allowance for loan losses of \$3,070,000 in 2004 and \$2,992,000 in 2003	415,538	358,778
Cash value of life insurance	11,316	10,859
Banking premises and equipment, net	3,551	3,669
Accrued interest receivable	2,125	1,961
Deferred income tax asset, net	1,346	1,036
Other assets	450	374
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Total assets	\$ 547,051	\$ 483,954
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 334,569	\$ 291,313
Federal Home Loan Bank advances	164,668	148,701
Mortgagors' escrow accounts	1,353	1,248
Accrued interest payable	492	448
Other liabilities	1,646	1,331
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Total liabilities	502,728	443,041

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; 2,082,250 and 2,079,250 shares issued and outstanding at December 31, 2004 and 2003, respectively	2,082	2,079
Additional paid-in capital	9,506	9,442
Undivided profits	33,524	29,657
Accumulated other comprehensive loss	(789)	(265)
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Total stockholders' equity	44,323	40,913
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Total liabilities and stockholders' equity	\$ 547,051	\$ 483,954
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Book value per share	\$ 21.29	\$ 19.68
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HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2004	2003	2004	2003

(Unaudited)

Interest and dividend
income:

Loans	\$ 6,238	\$ 5,700	\$ 23,617	\$ 23,065
Debt and trust preferred securities	506	546	2,044	2,017
Other equity securities	88	52	263	227
Short-term investments and certificates of deposit	74	60	227	249
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Total interest and dividend income	6,906	6,358	26,151	25,558
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Interest expense:				
Deposits	1,185	1,014	4,319	4,349
Borrowed funds	1,270	1,194	4,835	4,686
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Total interest expense	2,455	2,208	9,154	9,035
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Net interest income	4,451	4,150	16,997	16,523
Provision for loan losses	41	47	80	182
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Net interest income after provision for loan losses	4,410	4,103	16,917	16,341
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Other income:				
Customer service fees on deposits	223	191	820	751
Gain on sales of loans and securities available for sale	--	1	80	465
Other	177	186	665	537
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Total other income	400	378	1,565	1,753
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Operating expenses:				
Salaries and employee benefits	1,385	1,249	5,472	4,813

Data processing	191	182	779	701
Occupancy and equipment	232	213	892	846
Legal	(1)	28	18	102
Other	547	424	2,024	1,863
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Total operating expenses	2,354	2,096	9,185	8,325
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Income before income taxes	2,456	2,385	9,297	9,769
Income tax provision	926	891	3,473	4,415
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Net income	\$ 1,530	\$ 1,494	\$ 5,824	\$ 5,354
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Cash dividends declared per common share	\$ 0.39	\$ 0.37	\$ 0.94	\$ 0.90
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Weighted average shares outstanding				
Basic	2,082	2,078	2,081	2,072
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Diluted	2,102	2,099	2,101	2,095
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Earnings per share				
Basic	\$ 0.73	\$ 0.72	\$ 2.80	\$ 2.58
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Diluted	\$ 0.73	\$ 0.71	\$ 2.77	\$ 2.56
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Return on average equity	13.85%	14.66%	13.56%	13.53%
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Contacts

Hingham Institution for Savings

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or

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