

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<i>(In Thousands, Except for Per Share Amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 5,776	\$ 5,794	\$ 11,442	\$ 11,548
Debt and trust preferred securities	477	473	987	892
Other equity securities	56	46	105	120
Short term investments and certificates of deposit	50	50	102	132
Total interest and dividend income	<u>6,359</u>	<u>6,363</u>	<u>12,636</u>	<u>12,692</u>
Interest expense:				
Deposits	1,035	1,045	2,011	2,300
Borrowed funds	1,153	1,145	2,363	2,277
Total interest expense	<u>2,188</u>	<u>2,190</u>	<u>4,374</u>	<u>4,577</u>
Net interest income	4,171	4,173	8,262	8,115
Provision for loan losses	24	45	47	90
Net interest income after provision for loan losses	<u>4,147</u>	<u>4,128</u>	<u>8,215</u>	<u>8,025</u>
Other income:				
Customer service fees on deposits	195	188	386	371
Gain on sale of loans and securities available for sale	--	25	80	464
Other	161	122	335	240
Total other income	<u>356</u>	<u>335</u>	<u>801</u>	<u>1,075</u>
Operating expenses:				
Salaries and employee benefits	1,362	1,203	2,723	2,370
Data processing	195	173	386	345
Occupancy and equipment	227	206	448	427
Legal	6	34	14	59
Other	493	504	1,007	998
Total operating expenses	<u>2,283</u>	<u>2,120</u>	<u>4,578</u>	<u>4,199</u>
Income before income taxes	2,220	2,343	4,438	4,901
Income tax provision	828	213	1,643	2,574
Net income	<u>\$ 1,392</u>	<u>\$ 2,130</u>	<u>\$ 2,795</u>	<u>\$ 2,327</u>
Cash dividends declared per common share	<u>\$ 0.18</u>	<u>\$ 0.18</u>	<u>\$ 0.36</u>	<u>\$ 0.35</u>
Weighted average shares outstanding:				
Basic	<u>2,081</u>	<u>2,070</u>	<u>2,080</u>	<u>2,070</u>
Diluted	<u>2,101</u>	<u>2,093</u>	<u>2,101</u>	<u>2,092</u>
Earnings per share:				
Basic	<u>\$ 0.67</u>	<u>\$ 1.03</u>	<u>\$ 1.34</u>	<u>\$ 1.12</u>
Diluted	<u>\$ 0.66</u>	<u>\$ 1.02</u>	<u>\$ 1.33</u>	<u>\$ 1.11</u>
Return on average equity	<u>13.06 %</u>	<u>22.00 %</u>	<u>13.24 %</u>	<u>12.06 %</u>