

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

<i>(In Thousands, Except for Per Share Amounts)</i> <i>(Unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
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