

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,	
	2005	2004	2005	2004
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
Total interest and dividend income	7,743	6,609	22,187	19,245
Interest expense:				
Deposits	1,541	1,123	4,109	3,134
Borrowed funds	1,671	1,202	4,476	3,565
Total interest expense	3,212	2,325	8,585	6,699
Net interest income	4,531	4,284	13,602	12,546
Provision (credit) for loan losses	42	(8)	173	39
Net interest income after provision (credit) for loan losses	4,489	4,292	13,429	12,507
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
Total other income	389	364	1,149	1,165
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
Total operating expenses	2,415	2,253	7,178	6,831
Income before income taxes	2,463	2,403	7,400	6,841
Income tax provision	922	904	2,774	2,547
Net income	\$ 1,541	\$ 1,499	\$ 4,626	\$ 4,294
Cash dividends declared per common share	\$ 0.20	\$ 0.19	\$ 0.59	\$ 0.55
Weighted average shares outstanding				
Basic	2,092	2,081	2,091	2,081
Diluted	2,107	2,101	2,107	2,101
Earnings per share				
Basic	\$ 0.74	\$ 0.72	\$ 2.21	\$ 2.06
Diluted	\$ 0.73	\$ 0.71	\$ 2.20	\$ 2.04
Return on average equity	12.97	% 13.88	13.32	% 13.46