

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,	
	2006	2005	2006	2005
Interest and dividend income:				
Loans	\$ 8,468	\$ 6,931	\$ 24,025	\$ 19,864
Debt securities	875	618	2,410	1,780
Equity securities	320	119	501	333
Short term investments and certificates of deposit	99	75	308	210
Total interest and dividend income	9,762	7,743	27,244	22,187
Interest expense:				
Deposits	2,740	1,541	7,227	4,109
Federal Home Loan Bank advances	2,938	1,671	7,837	4,476
Total interest expense	5,678	3,212	15,064	8,585
Net interest income	4,084	4,531	12,180	13,602
Provision for loan losses	71	42	218	173
Net interest income after provision for loan losses	4,013	4,489	11,962	13,429
Other income:				
Customer service fees on deposits	252	230	750	676
Increase in cash value of life insurance	115	115	343	331
Other	38	44	135	142
Total other income	405	389	1,228	1,149
Operating expenses:				
Salaries and employee benefits	1,528	1,445	4,558	4,331
Data processing	186	194	544	581
Occupancy and equipment	257	235	763	713
Other	521	541	1,650	1,553
Total operating expenses	2,492	2,415	7,515	7,178
Income before income taxes	1,926	2,463	5,675	7,400
Income tax provision	687	922	2,025	2,774
Net income	\$ 1,239	\$ 1,541	\$ 3,650	\$ 4,626
Cash dividends declared per common share	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.59
Weighted average shares outstanding				
Basic	2,116	2,092	2,116	2,091
Diluted	2,119	2,107	2,119	2,107
Earnings per share				
Basic	\$ 0.59	\$ 0.74	\$ 1.73	\$ 2.21
Diluted	\$ 0.58	\$ 0.73	\$ 1.72	\$ 2.20
Return on average equity	9.72	% 12.97	9.70	% 13.32