

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,	
	2007	2006	2007	2006
Interest and dividend income:				
Loans	\$ 9,266	\$ 8,468	\$ 26,812	\$ 24,025
Debt securities	996	875	3,058	2,410
Equity securities	220	320	668	501
Short-term investments and certificates of deposit	206	99	445	308
Total interest and dividend income	10,688	9,762	30,983	27,244
Interest expense:				
Deposits	3,665	2,740	10,474	7,227
Federal Home Loan Bank advances	3,022	2,938	8,845	7,837
Total interest expense	6,687	5,678	19,319	15,064
Net interest income	4,001	4,084	11,664	12,180
Provision for loan losses	68	71	223	218
Net interest income after provision for loan losses	3,933	4,013	11,441	11,962
Other income:				
Customer service fees on deposits	246	252	737	750
Increase in bank-owned life insurance	121	115	367	343
Other	48	38	141	135
Total other income	415	405	1,245	1,228
Operating expenses:				
Salaries and employee benefits	1,580	1,528	4,777	4,558
Data processing	203	186	602	544
Occupancy and equipment	281	257	861	763
Other	584	521	1,698	1,650
Total operating expenses	2,648	2,492	7,938	7,515
Income before income taxes	1,700	1,926	4,748	5,675
Income tax provision	576	687	1,589	2,025
Net income	\$ 1,124	\$ 1,239	\$ 3,159	\$ 3,650
Cash dividends declared per common share	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.60
Weighted average shares outstanding				
Basic	2,119	2,116	2,118	2,116
Diluted	2,120	2,119	2,120	2,119
Earnings per share				
Basic	\$ 0.53	\$ 0.59	\$ 1.49	\$ 1.73
Diluted	\$ 0.53	\$ 0.58	\$ 1.49	\$ 1.72
Return on average equity	8.35	9.72	7.93	9.70