

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

| <i>(In Thousands, Except for Per Share Amounts)</i> <i>(Unaudited)</i> | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|----------|-------------------------------------|-----------|
| | 2002 | 2001 | 2002 | 2001 |
| Interest and dividend income: | | | | |
| Loans | \$ 5,862 | \$ 5,636 | \$ 22,991 | \$ 22,793 |
| Debt and trust preferred securities | 464 | 550 | 1,977 | 2,184 |
| Other equity securities | 82 | 84 | 329 | 379 |
| Interest-bearing deposits and certificates of deposit | 103 | 152 | 504 | 685 |
| Total interest and dividend income | 6,511 | 6,422 | 25,801 | 26,041 |
| Interest expense: | | | | |
| Deposits | 1,358 | 1,824 | 5,771 | 8,145 |
| Borrowed funds | 1,183 | 1,088 | 4,651 | 4,426 |
| Total interest expense | 2,541 | 2,912 | 10,422 | 12,571 |
| Net interest income | 3,970 | 3,510 | 15,379 | 13,470 |
| Provision for loan losses | -25 | 60 | 200 | 240 |
| Net interest income after provision for loan losses | 3,995 | 3,450 | 15,179 | 13,230 |
| Other income: | | | | |
| Customer service fees on deposits | 189 | 180 | 698 | 704 |
| Gain on sales of securities available for sale | - | - | - | 134 |
| Gain on termination of pension plan | 475 | - | 605 | - |
| Other | 151 | 64 | 303 | 187 |
| Total other income | 815 | 244 | 1,606 | 1,025 |
| Operating expenses: | | | | |
| Salaries and employee benefits | 1,152 | 969 | 4,358 | 3,740 |
| Data processing | 162 | 143 | 626 | 551 |
| Occupancy and equipment | 211 | 177 | 787 | 721 |
| Legal | 54 | 3 | 117 | 14 |
| Other | 515 | 389 | 1,827 | 1,541 |
| Total operating expenses | 2,094 | 1,681 | 7,715 | 6,567 |
| Income before income taxes | 2,716 | 2,013 | 9,070 | 7,688 |
| Income tax provision | 946 | 678 | 3,090 | 2,599 |
| Net income | \$ 1,770 | \$ 1,335 | \$ 5,980 | \$ 5,089 |
| Cash dividends declared per common share | \$ 0.35 | \$ 0.31 | \$ 0.84 | \$ 0.76 |
| Weighted average shares outstanding | | | | |
| Basic | 2,062 | 2,046 | 2,058 | 2,045 |
| Diluted | 2,088 | 2,074 | 2,085 | 2,071 |
| Earnings per share | | | | |
| Basic | \$ 0.86 | \$ 0.65 | \$ 2.91 | \$ 2.49 |
| Diluted | \$ 0.85 | \$ 0.64 | \$ 2.87 | \$ 2.46 |

