

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,	
	2004	2003	2004	2003
Interest and dividend income:				
Loans	\$ 6,238	\$ 5,700	\$ 23,617	\$ 23,065
Debt and trust preferred securities	506	546	2,044	2,017
Other equity securities	88	52	263	227
Short-term investments and certificates of deposit	74	60	227	249
Total interest and dividend income	6,906	6,358	26,151	25,558
Interest expense:				
Deposits	1,185	1,014	4,319	4,349
Borrowed funds	1,270	1,194	4,835	4,686
Total interest expense	2,455	2,208	9,154	9,035
Net interest income	4,451	4,150	16,997	16,523
Provision for loan losses	41	47	80	182
Net interest income after provision for loan losses	4,410	4,103	16,917	16,341
Other income:				
Customer service fees on deposits	223	191	820	751
Gain on sales of loans and securities available for sale	--	1	80	465
Other	177	186	665	537
Total other income	400	378	1,565	1,753
Operating expenses:				
Salaries and employee benefits	1,385	1,249	5,472	4,813
Data processing	191	182	779	701
Occupancy and equipment	232	213	892	846
Legal	(1)	28	18	102
Other	547	424	2,024	1,863
Total operating expenses	2,354	2,096	9,185	8,325
Income before income taxes	2,456	2,385	9,297	9,769
Income tax provision	926	891	3,473	4,415
Net income	\$ 1,530	\$ 1,494	\$ 5,824	\$ 5,354
Cash dividends declared per common share	\$ 0.39	\$ 0.37	\$ 0.94	\$ 0.90
Weighted average shares outstanding				
Basic	2,082	2,078	2,081	2,072
Diluted	2,102	2,099	2,101	2,095
Earnings per share				
Basic	\$ 0.73	\$ 0.72	\$ 2.80	\$ 2.58
Diluted	\$ 0.73	\$ 0.71	\$ 2.77	\$ 2.56
Return on average equity	13.85 %	14.66 %	13.56 %	13.53 %