

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,	
	2005	2004	2005	2004
Interest and dividend income:				
Loans	\$ 7,338	\$ 6,238	\$ 27,202	\$ 23,617
Debt and trust preferred securities	683	506	2,463	2,044
Equity securities	144	88	477	263
Short-term investments and certificates of deposit	66	74	276	227
Total interest and dividend income	8,231	6,906	30,418	26,151
Interest expense:				
Deposits	1,732	1,185	5,841	4,319
Borrowed funds	2,072	1,270	6,548	4,835
Total interest expense	3,804	2,455	12,389	9,154
Net interest income	4,427	4,451	18,029	16,997
Provision for loan losses	71	41	244	80
Net interest income after provision for loan losses	4,356	4,410	17,785	16,917
Other income:				
Customer service fees on deposits	262	223	938	820
Gain on sales of securities available for sale	--	--	--	80
Increase in cash value of life insurance	109	107	440	457
Other	78	70	220	208
Total other income	449	400	1,598	1,565
Operating expenses:				
Salaries and employee benefits	1,425	1,385	5,756	5,472
Data processing	193	191	774	779
Occupancy and equipment	235	232	948	892
Other	489	546	2,042	2,042
Total operating expenses	2,342	2,354	9,520	9,185
Income before income taxes	2,463	2,456	9,863	9,297
Income tax provision	918	926	3,692	3,473
Net income	\$ 1,545	\$ 1,530	\$ 6,171	\$ 5,824
Cash dividends declared per common share	\$ 0.40	\$ 0.39	\$ 0.99	\$ 0.94
Weighted average shares outstanding				
Basic	2,098	2,082	2,093	2,081
Diluted	2,117	2,102	2,117	2,101
Earnings per share				
Basic	\$ 0.74	\$ 0.73	\$ 2.95	\$ 2.80
Diluted	\$ 0.73	\$ 0.73	\$ 2.92	\$ 2.77
Return on average equity	12.85 %	13.85 %	13.20 %	13.56 %