

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

<i>(Unaudited)</i>	<u>December 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
	<i>(in thousands except per share amounts)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 9,093	\$ 8,454
Short-term investments	<u>10,010</u>	<u>4,327</u>
Cash and cash equivalents	19,103	12,781
Certificates of deposit	5,433	5,282
Securities available for sale, at fair value	94,732	91,513
Federal Home Loan Bank stock, at cost	12,041	10,715
Loans, net of allowance for loan losses of \$3,603,000 in 2006 and \$3,316,000 in 2005	539,104	488,126
Bank-owned life insurance	12,213	11,756
Premises and equipment, net	3,906	3,319
Accrued interest receivable	3,095	2,658
Deferred income tax asset, net	1,482	1,635
Other assets	<u>543</u>	<u>466</u>
Total assets	<u>\$ 691,652</u>	<u>\$ 628,251</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 408,190	\$ 364,295
Federal Home Loan Bank advances	227,576	211,816
Mortgagors' escrow accounts	1,513	1,471
Accrued interest payable	829	598
Other liabilities	<u>1,726</u>	<u>1,613</u>
Total liabilities	<u>639,834</u>	<u>579,793</u>
 Stockholders' equity:		
Preferred stock, \$1.00 par value, 2,500,000 shares authorized; none issued	-	-
Common stock, \$1.00 par value, 5,000,000 shares authorized; 2,117,250 and 2,105,500 shares issued and outstanding at December 31, 2006 and 2005, respectively	2,117	2,106
Additional paid-in capital	10,252	10,013
Undivided profits	40,140	37,617
Accumulated other comprehensive loss	<u>(691)</u>	<u>(1,278)</u>
Total stockholders' equity	<u>51,818</u>	<u>48,458</u>
Total liabilities and stockholders' equity	<u>\$ 691,652</u>	<u>\$ 628,251</u>
Book value per share	<u>\$ 24.47</u>	<u>\$ 23.01</u>

## 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,	
	2006	2005	2006	2005
Interest and dividend income:				
Loans	\$ 8,591	\$ 7,338	\$ 32,616	\$ 27,202
Debt securities	943	683	3,353	2,463
Equity securities	186	144	687	477
Short-term investments and certificates of deposit	125	66	433	276
Total interest and dividend income	9,845	8,231	37,089	30,418
Interest expense:				
Deposits	3,064	1,732	10,291	5,841
Federal Home Loan Bank advances	3,084	2,072	10,921	6,548
Total interest expense	6,148	3,804	21,212	12,389
Net interest income	3,697	4,427	15,877	18,029
Provision for loan losses	69	71	287	244
Net interest income after provision for loan losses	3,628	4,356	15,590	17,785
Other income:				
Customer service fees on deposits	265	262	1,015	938
Increase in bank-owned life insurance	114	109	457	440
Other	86	78	221	220
Total other income	465	449	1,693	1,598
Operating expenses:				
Salaries and employee benefits	1,527	1,425	6,085	5,756
Data processing	194	193	738	774
Occupancy and equipment	285	235	1,048	948
Other	595	489	2,245	2,042
Total operating expenses	2,601	2,342	10,116	9,520
Income before income taxes	1,492	2,463	7,167	9,863
Income tax provision	502	918	2,527	3,692
Net income	\$ 990	\$ 1,545	\$ 4,640	\$ 6,171
Weighted average shares outstanding				
Basic	2,116	2,098	2,116	2,093
Diluted	2,119	2,117	2,119	2,117
Earnings per share				
Basic	\$ 0.47	\$ 0.74	\$ 2.19	\$ 2.95
Diluted	\$ 0.47	\$ 0.73	\$ 2.19	\$ 2.92
Cash dividends declared per common share	\$ 0.40	\$ 0.40	\$ 1.00	\$ 0.99
Return on average equity	7.67 %	12.85 %	9.18 %	13.20 %