FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C. 20429

FORM 10 - Q

(Mark one)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 2009

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: FDIC Certificate No. 90211-0

HINGHAM INSTITUTION FOR SAVINGS
(Exact name of registrant as specified in its charter)

Massachusetts
(State of Incorporation)

04-1442480
(I.R.S. Employer Identification Number)

55 Main Street, Hingham, MA
(Address of Principal Executive Offices)

02043
(Zip Code)

(781) 749-2200
(Registrant's telephone number, including area code)

Indicate by check mark whether the Bank (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Bank was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) YES _X_ NO____
(2) YES _X_ NO____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ___ No _X_ [Not Applicable]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer _________ Accelerated filer ______________
Non-accelerated filer __________ Smaller reporting company _____X______

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ___ No _X_

Indicate the number of shares outstanding of each of the Bank's classes of common stock, as of the latest practicable date:

At October 30, 2009, there were 2,124,250 shares of common stock outstanding.

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<u>Exhibit No.</u>

31.1 Certifications – Chief Executive Officer

31.2 Certifications – Chief Financial Officer

32.1 Certification Pursuant to 18 U.S.C. §1350 – Chief Executive Officer

32.2 Certification Pursuant to 18 U.S.C. §1350 – Chief Financial Officer

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

Consolidated Balance Sheets

(Unaudited)		September 30, 2009		December 31, 2008
		(In thousands)		
ASSETS				
Cash and due from banks	$	7,062	$	6,119
Short-term investments		45,188		14,099
Cash and cash equivalents		52,250		20,218
Certificates of deposit		12,975		13,648
Securities available for sale, at fair value		91,578		87,380
Federal Home Loan Bank stock, at cost		13,373		13,373
Loans held for sale		14,371		--
Loans, net of allowance for loan losses of $5,463,000 in 2009 and $4,530,000 in 2008		700,463		647,255
Other real estate owned		4,084		280
Bank-owned life insurance		13,503		13,157
Premises and equipment, net		5,480		5,632
Accrued interest receivable		3,283		3,380
Deferred income tax asset, net		1,387		1,362
Other assets		1,119		508
Total assets	$	913,866	$	806,193
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits	$	628,819	$	525,334
Federal Home Loan Bank advances		214,853		214,994
Mortgage payable		1,193		1,219
Mortgagors' escrow accounts		1,952		1,751
Accrued interest payable		660		692
Other liabilities		2,128		2,378
Total liabilities		849,605		746,368
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; 2,124,250 and 2,121,750 shares issued and outstanding at September 30, 2009 and December 31, 2008		2,124		2,122
Additional paid-in capital		10,412		10,364
Undivided profits		50,987		46,569
Accumulated other comprehensive income		738		770
Total stockholders' equity		64,261		59,825
Total liabilities and stockholders' equity	$	913,866	$	806,193

See accompanying Notes to Unaudited Consolidated Financial Statements.

ITEM 1 - FINANCIAL STATEMENTS (continued)

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

Consolidated Statements of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
(Unaudited)	(In thousands, except for share amounts)			
Interest and dividend income:				
Loans	$ 10,837	$ 10,107	$ 31,420	$ 29,313
Debt securities	480	490	1,544	1,603
Equity securities	29	127	88	503
Short-term investments and certificates of deposit	115	265	364	896
Total interest and dividend income	11,461	10,989	33,416	32,315
Interest expense:				
Deposits	2,513	2,596	8,040	9,134
Federal Home Loan Bank advances	1,781	2,566	5,366	7,784
Mortgage payable	18	19	54	53
Total interest expense	4,312	5,181	13,460	16,971
Net interest income	7,149	5,808	19,956	15,344
Provision for loan losses	400	244	1,400	512
Net interest income, after provision for loan losses	6,749	5,564	18,556	14,832
Other income:				
Customer service fees on deposits	214	255	644	740
Increase in bank-owned life insurance	114	114	346	351
Gain on sale of loans	--	--	318	--
Miscellaneous	54	50	158	140
Total other income	382	419	1,466	1,231
Operating expenses:				
Salaries and employee benefits	1,886	1,828	5,703	5,338
Data processing	208	207	645	623
Occupancy and equipment	323	319	1,010	926
Deposit insurance	293	83	1,084	250
Foreclosure	166	14	306	68
Marketing	134	102	354	259
Other general and administrative	571	474	1,571	1,419
Total operating expenses	3,581	3,027	10,673	8,883
Income before income taxes	3,550	2,956	9,349	7,180
Income tax provision	1,367	1,168	3,571	2,689
Net income	$ 2,183	1,788	$ 5,778	$ 4,491
Cash dividends declared per common share	$ 0.22	$ 0.21	$ 0.64	$ 0.61
Weighted average common shares outstanding:				
Basic	2,124	2,122	2,124	2,121
Diluted	2,124	2,122	2,124	2,122
Earnings per common share:				
Basic	$ 1.03	$ 0.84	$ 2.72	$ 2.12
Diluted	$ 1.03	$ 0.84	$ 2.72	$ 2.12

See accompanying Notes to Unaudited Consolidated Financial Statements.

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity
For the Nine Months Ended
September 30, 2009 and 2008

(Unaudited)	Common Stock	Additional Paid-In Capital	Undivided Profits	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity
			(In thousands)		
Balance at December 31, 2007	$ 2,119	$ 10,290	$ 42,490	$ (128)	$ 54,771
Comprehensive income:					
Net income	--	--	4,491	--	4,491
Change in net unrealized loss on securities available for sale, net of tax effect	--	--	--	59	59
Total comprehensive income					4,550
Share-based compensation for stock options issued	--	2	--	--	2
Stock options exercised, including tax effect of $14,000	3	72	--	--	75
Cash dividends declared – common ($0.61 per share)	--	--	(1,293)	--	(1,293)
Balance at September 30, 2008	$ 2,122	$ 10,364	$ 45,688	$ (69)	$ 58,105
Balance at December 31, 2008	$ 2,122	$ 10,364	$ 46,569	$ 770	$ 59,825
Comprehensive income:					
Net income	--	--	5,778	--	5,778
Change in net unrealized gain on securities available for sale, net of tax effect	--	--	--	(32)	(32)
Total comprehensive income					5,746
Stock options exercised, including tax effect of $12,000	2	48	--	--	50
Cash dividends declared – common ($0.64 per share)	--	--	(1,360)	--	(1,360)
Balance at September 30, 2009	$ 2,124	$ 10,412	$ 50,987	$ 738	$ 64,261

See accompanying Notes to Unaudited Consolidated Financial Statements.

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited)	Nine Months Ended September 30, 2009	2008
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 5,778	$ 4,491
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Provision for loan losses	1,400	512
Gain on sale of loans	(318)	--
Amortization of securities, net	609	55
Amortization of deferred loan origination costs, net	105	89
Share-based compensation expense	--	2
Excess tax benefits from share-based compensation arrangements	(12)	(14)
Depreciation and amortization of premises and equipment	366	358
Increase in bank-owned life insurance	(346)	(351)
Changes in operating assets and liabilities:		
Loans held for sale	(14,371)	--
Accrued interest receivable and other assets	(512)	(108)
Accrued interest payable and other liabilities	173	314
Net cash (used) provided by operating activities	(7,128)	5,348
Cash flows from investing activities:		
Activity in certificates of deposit:		
Maturities	5,808	3,094
Purchases	(5,135)	(5,963)
Activity in available-for-sale securities:		
Maturities, prepayments and calls	35,913	62,124
Purchases	(40,777)	(44,513)
Loans originated, net of payments received	(69,673)	(42,223)
Proceeds from sale of loans	11,194	--
Proceeds from sale of other real estate owned	280	--
Increase in Federal Home Loan Bank stock	--	(903)
Additions to premises and equipment	(214)	(1,033)
Net cash used in investing activities	(62,604)	(29,417)

See accompanying Notes to Unaudited Consolidated Financial Statements.

(continued)

Consolidated Statements of Cash Flows (concluded)

(Unaudited)	Nine Months Ended September 30, 2009	2008
	(In thousands)	
Cash flows from financing activities:		
Increase in deposits	103,485	49,496
Increase in mortgagors' escrow accounts	201	99
Proceeds from stock options exercised	38	61
Cash dividends paid on common stock	(1,805)	(1,717)
Excess tax benefits from share-based compensation arrangements	12	14
Net (repayments of) proceeds from borrowings with maturities of less than three months	(18,000)	51,000
Proceeds from Federal Home Loan Bank advances with maturities of three months or more	103,000	109,000
Repayment of Federal Home Loan Bank advances with maturities of three months or more	(85,141)	(146,533)
Repayment of mortgage payable	(26)	--
Net cash provided by financing activities	101,764	61,420
Net change in cash and cash equivalents	32,032	37,351
Cash and cash equivalents at beginning of period	20,218	33,605
Cash and cash equivalents at end of period	$ 52,250	$ 70,956
Supplementary information:		
Interest paid on deposit accounts	$ 8,035	$ 9,136
Interest paid on Federal Home Loan Bank advances and mortgage payable	5,456	8,040
Income taxes paid	4,471	3,078
Non-cash investing and financing activities:		
Note payable for purchase of premises	--	1,250
Transfer from loans to other real estate owned	4,084	701

See accompanying Notes to Unaudited Consolidated Financial Statements.

HINGHAM INSTITUTION FOR SAVINGS AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

September 30, 2009 and 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated financial statements of Hingham Institution for Savings (the "Bank") presented herein should be read in conjunction with the consolidated financial statements of Hingham Institution for Savings for the year ended December 31, 2008 filed on Form 10-K.

Financial information as of September 30, 2009 and the results of operations and cash flows for the three months and nine months ended September 30, 2009 and 2008 are unaudited, and in the opinion of management reflect all adjustments necessary for a fair presentation of such information. Interim results are not necessarily indicative of results to be expected for the entire year.

NOTE 2: COMMITMENTS

At September 30, 2009, there were $72.3 million in outstanding commitments as follows:

	Amount
(In thousands)	
Mortgage origination	$ 43,616
Unused lines of credit	26,240
Unadvanced construction funds	2,342
Letters of credit	135
Total	$ 72,333

At September 30, 2009, the Bank had the following contractual obligations outstanding:

	Payments Due by Year				
	Total	Less Than One Year	One to Three Years	Three to Five Years	More than Five Years
Contractual Obligations:			(In thousands)		
Federal Home Loan Bank Advances	$ 214,853	$ 56,645	$ 62,000	$ 60,000	$ 36,208
Certificates of Deposit	327,302	282,536	38,792	5,974	--
Data Processing Agreements*	1,098	794	294	10	--
Lease Agreements**	1,058	171	359	365	163
Mortgage payable	1,193	37	81	91	984

* Estimated payments subject to change based on transaction volume.

** Leases contain provisions to pay certain operating expenses, the cost of which is not included above. Lease commitments are based on the initial contract term, or longer, when in the opinion of management; it is more likely than not that the lease will be renewed.

NOTE 3: DIVIDEND DECLARATION

On September 24, 2009, the Board of Directors declared a cash dividend of $0.22 per share to all stockholders of record as of October 9, 2009, payable October 20, 2009.

NOTE 4: FAIR VALUES OF ASSETS AND LIABILITIES

The Bank groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1- Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data from substantially the full term of the assets or liabilities. For example, Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, residential mortgage servicing rights and long-term derivative contracts.

The following methods and assumptions were used by the Bank in estimating fair value disclosures for financial instruments:

Cash and cash equivalents - The carrying amounts of cash, due from banks and short-term investments approximate fair values based on the short-term nature of the assets.

Certificates of deposit - Fair values for certificates of deposit are based upon quoted market prices.

Securities available for sale - The securities measured at fair value in Level 1 are based on quoted market prices in an active exchange market and generally include marketable equity securities. Securities measured at fair value in Level 2 are based on pricing models that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, credit spreads and new issue data. These securities include government-sponsored enterprise obligations, Federal Home Loan Mortgage Corporation ("FHLMC") and Federal National Mortgage Association ("FNMA") bonds, corporate bonds and other securities.

Federal Home Loan Bank stock - The carrying value of Federal Home Loan Bank ("FHLB") stock is deemed to approximate fair value based on the redemption provisions of the FHLB of Boston.

Loans held for sale – The fair value of loans held for sale is based on a specific quote from FHLMC.

Loans - For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for other loans are estimated using discounted cash flow analysis, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for non-performing loans are estimated using discounted cash flow analysis or underlying collateral values, where applicable.

Deposits - The fair values of non-certificate accounts are, by definition, equal to the amount payable on demand at the reporting date which is their carrying amount. Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Federal Home Loan Bank advances - The fair values of the advances are estimated using discounted cash flow analysis based on the Bank's current incremental borrowing rates for similar types of borrowing arrangements.

Mortgage payable - The fair value of the Bank's mortgage payable is estimated using discounted cash flow analysis based on the current incremental borrowing rates in the market for similar types of borrowing arrangements.

Mortgagors' escrow accounts - The carrying amounts of mortgagors' escrow accounts approximate fair value.

Accrued interest - The carrying amounts of accrued interest approximate fair value.

Off-balance-sheet instruments - Fair values for off-balance-sheet lending commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. At September 30, 2009 and December 31, 2008, the fair value of commitments outstanding is not significant since fees charged are not material.

The Bank is also required, from time to time, to measure certain other financial assets on a non-recurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The following tables summarize the fair value hierarchy used to determine each adjustment and the carry value of the related assets. There were no liabilities measured at fair value.

	September 30, 2009				Quarter Ended September 30, 2009
	Level 1	Level 2	Level 3	Assets at Fair Value	Total Losses
			(In thousands)		
Assets					
Recurring:					
Securities available for sale	$ 3,056	$ 88,522	$ --	$ 91,578	$ --
Non-recurring:					
Impaired Loans	--	--	744	744	125
Total assets	$ 3,056	$ 88,522	$ 744	$ 92,322	$ 125

	December 31, 2008				Quarter Ended September 30, 2008
	Level 1	Level 2	Level 3	Assets at Fair Value	Total Losses
	(In thousands)				
Assets					
Recurring:					
Securities available for sale	$ 2,988	$ 84,392	$ --	$ 87,380	$ --
Non-recurring:					
Impaired Loans	--	--	300	300	--
Total assets	$ 2,988	$ 84,392	$ 300	$ 87,680	$ --

At September 30, 2009 and December 31, 2008, the amount of impaired loans in level 3 represented the carrying value and related allocated reserves on impaired loans for which adjustments are based on the appraised value of the collateral, considering discounting factors and adjusted for selling costs. Appraised values are typically based on a blend of (a) an income approach using observable cash flows to measure fair value and (b) a market approach using observable market comparables.

The estimated fair values, and related carrying or notional amounts, of the Bank's financial instruments are as follows. Since certain financial instruments and all nonfinancial instruments are excluded from the disclosure requirements, the aggregate fair value amounts presented herein may not necessarily represent the underlying fair value of the Bank.

	September 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial assets:				
Cash and cash equivalents	$ 52,250	$ 52,250	$ 20,218	$ 20,218
Certificates of deposit	12,975	13,106	13,648	13,785
Securities available for sale	91,578	91,578	87,380	87,380
Federal Home Loan Bank stock	13,373	13,373	13,373	13,373
Loans held for sale	14,371	14,488	--	--
Loans, net	700,463	707,876	647,255	652,664
Accrued interest receivable	3,283	3,283	3,380	3,380
Financial liabilities:				
Deposits	$ 628,819	$ 631,771	$ 525,334	$ 527,458
Federal Home Loan Bank advances	214,853	222,754	214,994	222,583
Mortgage payable	1,193	1,307	1,219	1,220
Mortgagors' escrow accounts	1,952	1,952	1,751	1,751
Accrued interest payable	660	660	692	692

NOTE 5: SECURITIES AVAILABLE FOR SALE

The amortized cost and estimated fair value of securities available for sale, with gross unrealized gains and losses, follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
September 30, 2009				
Debt securities:				
Government-sponsored enterprises –FHLMC	$ 20,090	$ 262	$ --	$ 20,352
Government-sponsored enterprises - FNMA	14,466	98	--	14,564
Government-sponsored enterprises - Other	47,437	631	--	48,068
Residential mortgage-backed – FHLMC	2,373	25	(1)	2,397
Residential mortgage-backed – FNMA	3,086	55	--	3,141
Total debt securities	87,452	1,071	(1)	88,522
Equity securities	3,000	56	--	3,056
Total securities available for sale	$ 90,452	$ 1,127	$ (1)	$ 91,578
December 31, 2008				
Debt securities:				
Government-sponsored enterprises –FHLMC	$ 10,189	$ 218	$ --	$ 10,407
Government-sponsored enterprises - FNMA	24,313	173	--	24,486
Government-sponsored enterprises - Other	40,177	853	--	41,030
Residential mortgage-backed – FHLMC	3,763	--	(34)	3,729
Residential mortgage-backed – FNMA	4,755	5	(20)	4,740
Total debt securities	83,197	1,249	(54)	84,392
Equity securities	3,000	--	(12)	2,988
Total securities available for sale	$ 86,197	$ 1,249	$ (66)	$ 87,380

At September 30, 2009 and December 31, 2008, debt securities with a fair value of $88,522,000 and $84,392,000, respectively, were pledged to secure Federal Home Loan Bank advances.

Notes to Unaudited Consolidated Financial Statements (continued)

The amortized cost and estimated fair value of debt securities by contractual maturity at September 30, 2009 are shown below. Expected maturities will differ from contractual maturities because of prepayments and scheduled payments on mortgage-backed securities. Further, certain obligors have the right to call bonds and obligations without prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
Bonds and obligations:		
Within 1 year	$ 29,760	$ 30,128
Over 1 year to 5 years	52,233	52,856
Residential mortgage-backed securities:		
Within 1 year	5,157	5,237
Over 1 year to 5 years	---	---
Over 5 to 10 years	177	178
Over 10 years	125	123
Total debt securities	$ 87,452	$ 88,522

Information pertaining to securities with gross unrealized losses at September 30, 2009 and December 31, 2008, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)			
September 30, 2009				
Debt securities:				
Government-sponsored enterprises - FHLMC	$ --	$ --	$ --	$ --
Government-sponsored enterprises - FNMA	--	--	--	--
Government-sponsored enterprises - Other	--	--	--	--
Residential mortgage-backed – FHLMC	--	--	(1)	87
Residential mortgage-backed – FNMA	--	--	--	--
Total temporarily impaired debt securities	--	--	(1)	87
Equity securities	--	--	--	--
Total temporarily impaired securities	$ --	$ --	$ (1)	$ 87

Notes to Unaudited Consolidated Financial Statements (continued)

At September 30, 2009, two debt securities had unrealized losses with aggregate depreciation of less than 1% from the Bank's amortized cost basis. These unrealized losses relate to government-sponsored enterprise's residential mortgage-backed securities, and result from changes in the bond markets since their purchase. Because the declines in market value are attributable to changes in interest rates and not to credit quality, and because the Bank does not intend to sell the securities and it is not more likely than not that the Bank will be required to sell the securities before recovery of their amortized cost basis, which may be maturity, no declines are deemed to be other than temporary.

	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)			
December 31, 2008				
Debt securities:				
Government-sponsored enterprises - FHLMC	$ --	$ --	$ --	$ --
Government-sponsored enterprises - FNMA	--	--	--	--
Government-sponsored enterprises - Other	--	--	--	--
Residential mortgage-backed – FHLMC	--	--	34	3,729
Residential mortgage-backed – FNMA	--	--	20	2,973
Total temporarily impaired debt securities	--	--	54	6,702
Equity securities	--	--	12	2,988
Total temporarily impaired securities	$ --	$ --	$ 66	$ 9,690

NOTE 6: RECENT ACCOUNTING PRONOUNCEMENTS

On April 9, 2009, the Financial Accounting Standards Board ("FASB") issued guidance which amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make it more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. The guidance does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The Bank adopted the new guidance effective for the quarter ended June 30, 2009 and the adoption did not have a material impact on the Bank's consolidated financial statements.

On April 9, 2009, the FASB issued guidance for estimating fair value for situations when the volume and level of activity for an asset or liability have significantly decreased. Guidance was also provided for identifying circumstances that indicate a transaction is not orderly. Even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. The guidance is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The guidance does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The Bank adopted the new guidance effective for the quarter ended June 30, 2009 and the adoption did not have a material impact on the Bank's consolidated financial statements.

On April 9, 2009, the FASB issued guidance relating to fair value disclosures for any financial instruments that are not currently reflected on the balance sheet of companies at fair value. Prior to issuing this guidance, fair values for these instruments were only disclosed once a year. The guidance now requires these disclosures on a quarterly basis, beginning June 30, 2009, providing qualitative and quantitative information about fair value estimates for all those financial instruments not measured on the balance sheet at fair value.

On May 28, 2009, the FASB issued general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard sets forth: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date, including disclosure of the date through which an entity has evaluated subsequent events and whether that represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. The standard does not apply to subsequent events or transactions that are within the scope of other applicable GAAP that provide different guidance on the accounting treatment for subsequent events or transactions. The new standard is effective for interim and annual financial periods ending after June 15, 2009. The Bank adopted the new standard and it did not have a material impact on the consolidated financial statements.

On June 12, 2009, the FASB issued guidance which intends to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. The guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. The new guidance is not expected to have a material impact on the Bank's consolidated financial statements.

On June 12, 2009, the FASB issued guidance to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. The guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. The new guidance is not expected to have a material impact on the Bank's consolidated financial statements.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 10, 2009; the date financial statements are filed with the Federal Deposit Insurance Corporation. Through that date, there were no events requiring disclosure.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD-LOOKING STATEMENTS

This report may contain statements relating to future results of the Bank (including certain projections and business trends) that are considered "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to changes in political and economic conditions, interest rate fluctuations, and competitive product and pricing pressures within the Bank's market, bond market fluctuations, personal and corporate customers' bankruptcies, and inflation, as well as other risks and uncertainties.

INTRODUCTION

The earnings of the Bank are driven primarily by its net interest income, which is influenced by market interest rates as well as the Bank’s ability to generate loans and gather deposits. To a significantly lesser degree, the Bank also generates fee income from its deposit and loan customers. Earnings can also be affected by the creditworthiness of its borrowers, and as such, management monitors the portfolio and analyzes trends, both internal and external, which could impact the borrowers’ ability to repay their loans. The Bank operates nine banking offices which provide services to its deposit and loan customers. During the second quarter of 2008, the Bank commenced operations at its ninth office in the Assinippi section of Norwell. The Bank competes with other local, regional and national banks, credit unions and mutual funds to attract new depositors. The Bank is regulated by various agencies, primarily the Federal Deposit Insurance Corporation, which among other things require minimum capital levels.

Net income increased $395,000, or 22%, for the third quarter of 2009 as compared to the same quarter of 2008, due to the $1.3 million, or 23%, improvement in net interest income. This was partially offset by a $554,000, or 18%, increase in operating expenses increases, a $156,000 increase in loan loss provisions along with a decrease of $37,000 in other income.

Net income increased $1.3 million, or 29%, for the first nine months of 2009 as compared to the same period in 2008, due to the $4.6 million, or 30%, improvement in net interest income along with a $235,000 increase in other income, offset, in part, by a $1.8 million, or 20%, increase in operating expenses and an $888,000 increase in loan loss provisions.

During the first nine months of 2009, the Bank originated $190.4 million in loans, resulting in net loan growth of $53.2 million after giving effect to continued loan prepayments and loan sales. At September 30, 2009, loans continue to be the Bank’s largest component of total assets at 77%. Non-performing assets were 1.35% of total assets at September 30, 2009 as compared to 0.91% at December 31, 2008. Management believes that these assets are significantly collateralized, pose minimal risk of loss to the Bank, and that the allowance for loan losses is sufficient to absorb such losses, if any.

During the first nine months of 2009, $35.9 million of the Bank’s securities matured, paid down or were called and the proceeds were reinvested in the securities portfolio.

During the first nine months of 2009, the Bank received $103.5 million in net new deposits from customers seeking the safe haven of a fully-insured depository institution amidst the volatility in the equity markets and concerns about the viability of regional and national banks. These funds were used to purchase securities, fund loans, and to reduce borrowed funds.

The Bank continues to exceed all of the minimum regulatory capital requirements.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

GENERAL

The Bank reported net income of $2.2 million for the quarter ended September 30, 2009 as compared to $1.8 million for the quarter ended September 30, 2008. Net income was $1.03 per share (basic and diluted) for the quarter ended September 30, 2009 as compared with $0.84 per share (basic and diluted) for the same period in 2008. Earnings for the quarter ended September 30, 2009 were positively impacted by a 23% improvement in net interest income. This was offset, in part, by a $554,000, or 18%, increase in operating costs, primarily attributable to an increase in deposit insurance and foreclosure expenses and a $156,000 increase in the loan loss provision.

NET INTEREST INCOME

Net interest income is impacted by market interest rates. As short-term market rates fall, rates paid to depositors decrease and maturing borrowings may be refinanced at lower rates. New loans and securities may earn lower rates. Adjustable rate loans may also re-set at lower rates.

During the last 12 months, interest rates have been at historical lows as the Federal Reserve Bank has lowered the Federal Funds rate to near zero and has implemented a security purchase program geared towards keeping longer-term rates at historical lows in an effort to stabilize financial markets and stimulate the overall economy. Additionally, volatility in the equity markets has caused an increase in deposit balances as customers seek the safe haven of a fully-insured depository institution.

The net effect of these low interest rates and growth in deposit balances was reflected in the improvement of the Bank's weighted average rate spread and net interest margin which were 3.11% and 3.33%, respectively, for the quarter ended September 30, 2009 as compared to 2.77% and 3.07%, respectively, for the quarter ended September 30, 2008. When comparing the two quarters, the yield on total earning assets decreased 49 basis points and the rate on interest-bearing liabilities decreased by 83 basis points.

Net interest income was $7.1 million for the third quarter of 2009 and $5.8 million for the third quarter of 2008. The $1.3 million improvement was due to an increase in the weighted average rate spread of 34 basis points (most notable in the lower rates paid on deposits and borrowings) accompanied by an 14% increase in average earning assets in the third quarter of 2009 compared to the third quarter of 2008.

The following table details components of net interest income and yields/rates on average earning assets/liabilities.

	Three months ended September 30,					
	2009			2008		
(Dollars in thousands)	AVERAGE BALANCE	INTEREST	YIELD/ RATE	AVERAGE BALANCE	INTEREST	YIELD/ RATE
Loans (1) (2)	$ 715,144	$ 10,837	6.06 %	$ 636,149	$ 10,107	6.36 %
Securities (3) (4)	102,663	509	1.98	71,738	617	3.44
Short-term investments and certificates of deposit	42,016	115	1.09	47,791	265	2.22
Total earning assets	859,823	11,461	5.33	755,678	10,989	5.82
Other assets	30,259			28,577		
Total assets	$ 890,082			$ 784,255		
Interest-bearing deposits (5)	$ 558,862	2,513	1.80	$ 418,796	2,596	2.48
Borrowed funds	217,766	1,799	3.30	260,602	2,585	3.97
Total interest-bearing liabilities	776,628	4,312	2.22	679,398	5,181	3.05
Demand deposits	46,124			44,787		
Other liabilities	3,469			2,256		
Total liabilities	826,221			726,441		
Stockholders' equity	63,861			57,814		
Total liabilities and stockholders' equity	$ 890,082			$ 784,255		
Net interest income		$ 7,149			$ 5,808	
Weighted average rate spread			3.11 %			2.77 %
Net interest margin (6)			3.33 %			3.07 %

(1) Before allowance for loan losses.
(2) Includes non-accrual loans.
(3) Excludes the impact of the average net unrealized gain or loss on securities available for sale.
(4) Includes Federal Home Loan Bank stock.
(5) Includes mortgagors' escrow accounts.
(6) Net interest income divided by average total earning assets.

Interest and dividend income rose by $472,000 to $11.5 million for the third quarter of 2009 as compared to $11.0 million for the third quarter of 2008. The yield on total interest-earning assets was 5.33% for the quarter ended September 30, 2009 as compared to 5.82% for the quarter ended September 30, 2008.

Interest income on loans increased $730,000 when comparing the two periods, primarily resulting from a 12% increase in average loans (primarily residential mortgage loans), offset, in part, by a 30 basis point decrease in overall yield. Although short-term market rates decreased over 100 basis points during the last 12 months, longer-term mortgage rates declined at a much lower pace during the same period. Existing loans that reset to market rates, such as prime-based home equity loans, and adjustable rate residential and commercial mortgages with reset dates in late 2008 and through the first nine months of 2009, were impacted by lower market rates. Additionally, the Bank sold $10.9 million in lower-yielding fixed rate loans in April and, in late September 2009, has committed to sell another $14.4 million to reduce the long-term interest rate risk associated with these loans. As a result, the volatility in market rates did not have a significant impact on the average yield of the loan portfolio.

Securities, Federal Home Loan Bank stock and short-term investments combined, accounted for 17% of the total average earning assets for the quarter ended September 30, 2009 and 16% for the same period in 2008. Income for these categories combined decreased $258,000 when comparing the two periods primarily due to decreases in interest rates and the suspension of dividends on the Federal Home Loan Bank of Boston (“FHLBB”) stock announced in early 2009. This was partially offset by a $25.2 million increase in average balances. Over the last 12 months, both short-term and long-term rates have declined affecting short-term overnight investments and matured/called securities when the funds are reinvested.

The average rate on interest-bearing liabilities decreased to 2.22% for the third quarter of 2009 from 3.05% for the comparable quarter of 2008. Total interest expense decreased by $869,000 when comparing the quarters ended September 30, 2009 and 2008. During the prior 12 months, there has been an increase of $140.1 million in average interest bearing deposits that allowed the Bank to fund asset growth and reduce average borrowings by $42.8 million.

Interest expense on deposits decreased by $83,000, primarily as a result of a 68 basis point decrease in the weighted average rate, offset, in part, by a $140.1 million increase in average interest-bearing deposit balances. The rates paid on money market deposit accounts and certificates of deposit were lowered during the last three months of 2008 and through the first nine months of 2009 and reflect market conditions. The Bank has benefitted from the lower interest rate environment as certificates roll into lower rate products and rates paid on money market products are lowered. During the first nine months of 2009, the Bank has also seen a shift in deposit balances from certificate accounts to non-certificate accounts. Although certificate balances have increased by $19.1 million during the first nine months of 2009, non-certificate accounts increased by $84.3 million and represents 48% of total deposits at September 30, 2009 compared to 41% at December 31, 2008. Generally, most mutual fund and broker related money market products are indexed to short term rates. A combination of more attractive rates on bank money markets along with deposit insurance coverage has produced strong growth in our money market and short-term certificate products. The significant increase in deposit balances has allowed the Bank to fund lending activity and pay off a portion of borrowings as they matured.

Interest expense paid on borrowed funds for the third quarter of 2009 decreased $786,000 as compared to the same quarter in 2008, due primarily to a decrease of $42.8 million in average borrowings and a 67 basis point decrease in the weighted average rate. Strong deposit growth allowed the Bank to maintain lower borrowing levels. Additionally, lower rates for both short-term and long-term borrowing has allowed the Bank to implement a strategy to extend out a portion of its borrowings to longer terms at attractive rates to mitigate some of the risk associated with expected rising interest rates in the future.

PROVISION FOR LOAN LOSSES

At September 30, 2009, management's review of the allowance for loan losses concluded that a balance of $5.5 million was adequate to provide for losses based upon evaluation of risk in the loan portfolio. During the third quarter of 2009, management provided $400,000 to achieve such a loan loss allowance balance at September 30, 2009. The Bank recognized $467,000 in net charge-offs through the first nine months of 2009. The deterioration in national and local market conditions warranted additional provisions to the Bank’s allowance for loan losses. Comparably, at September 30, 2008, management’s evaluation of the balance of the allowance for loan losses indicated the need of a quarterly provision of $244,000.

At September 30, 2009, the allowance for loan losses represented 0.77% of gross loans as compared to 0.70% at December 31, 2008. Management considers many factors when evaluating the balance in the loan loss allowance including, but not limited to, trends in portfolio volume, maturity and composition, trends in delinquencies and charge-offs, and the national and local economic condition. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. In particular, at September 30, 2009, management considered the amount of its non-accrual and delinquent loans, and the volatility in the financial markets. Management believes that its loans classified as non-accrual are significantly collateralized, pose minimal risk of loss to the Bank and the allowance for loan losses is sufficient to absorb such losses, if any.

OTHER INCOME

Other income is comprised of gain on sale of loans, customer service fees, increases in the cash surrender value of life insurance policies and miscellaneous income. Total other income was $382,000 for the quarter ended September 30, 2009 as compared to $419,000 for the same quarter of 2008. Customer service fees decreased by $41,000 over the two periods, primarily the result of a decreased volume of fee-based customer transactions and was partially offset by a modest increase in the fee schedule.

OPERATING EXPENSES

Total operating expenses were $3.6 million, or an annualized 1.61% of average total assets, for the quarter ended September 30, 2009 as compared to $3.0 million, or 1.54%, for the same quarter of 2008. Operating expenses include salaries and employee benefits, data processing, occupancy and equipment, deposit insurance, foreclosure, marketing and other general and administrative expenses.

Salaries and employee benefits expenses rose 3% primarily due to annual merit-based salary increases and rising medical insurance costs. This was partially offset by a higher level of deferred salary expense recognition due to the higher volume of loan production.

Data processing expenses were relatively flat when comparing the third quarter of 2009 to the same quarter last year. Increased processing volumes were offset by lower ATM network processing charges.

Occupancy and equipment expenditures increased by $4,000, or 1%, due primarily to increased property taxes and rental expense, partially offset by lower maintenance expenditures.

Deposit insurance expense increased $210,000, or 253%, due primarily to an increase in the Federal Deposit Insurance Corporation ("FDIC") 2009 assessment rate along with growth in the balance of insured deposits. Total deposit insurance expenses were $293,000 for the third quarter of 2009 as compared to $83,000 in the third quarter of 2008.

Foreclosure related expenses increased by $152,000 to $166,000 for the third quarter 2009. During 2009, the Bank has been proactive in resolving several impaired loans as two properties were sold at foreclosure and five were taken into other real estate owned during the quarter. Additionally, the Bank has been actively monitoring borrowers when they pass through the bankruptcy process.

Marketing expenses increased by $32,000 to $134,000 for the third quarter 2009. The increase was due to additional marketing initiatives to promote the stability of the Bank including the security of full insurance coverage on deposit balances. Additionally, the Bank has been promoting competitive deposit and loan products and rates.

Other expenses, which include director fees, supplies, deposit related losses and audit-related expenses, among others, increased $97,000, or 20%, when comparing the two periods primarily due to the recognition of the insurance deductible associated with a recent branch break-in/robbery and an increase in audit-related expenses.

INCOME TAXES

The Bank recognizes income taxes under the asset and liability method in which deferred tax assets and liabilities are established for the temporary difference between the accounting basis and the tax basis of the Bank's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences realized or settled. The Bank's deferred tax asset is reviewed quarterly and adjustments to such asset are recognized as deferred income tax expense or benefit based on management's judgment relating to the realizability of such asset.

During the third quarter of 2009, the Bank recorded $1.4 million, or 38.5% of pre-tax income, in tax expense as compared to $1.2 million, or 39.5%, for the same quarter in 2008. The increase in expense is primarily due to the increase in pre-tax earnings. Changes to the tax rate were primarily attributable to fluctuations in preferential tax treatment items and changes to projected income before taxes.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

GENERAL

The Bank reported net income of $5.8 million for the nine months ended September 30, 2009 as compared to $4.5 million for the same period ended September 30, 2008. Net income was $2.72 per share (basic and diluted) for the nine months ended September 30, 2009 as compared with $2.12 per share (basic and diluted) for the same period in 2008. Earnings for the nine months ended September 30, 2009 were positively impacted by a $4.6 million, or 30%, improvement in net interest income and a $235,000, or 19%, increase in other income, offset, in part, by a $1.8 million, or 20%, increase in operating costs, primarily attributable to an increase in deposit insurance expense and a $888,000 increase in loan loss provisions.

NET INTEREST INCOME

Net interest income is impacted by market interest rates. As short-term market rates fall, rates paid to depositors decrease and maturing borrowings may be refinanced at lower rates. New loans and investment securities may earn lower rates. Adjustable rate loans may also re-set at lower rates.

During the last 12 months, interest rates have been at historical lows as the Federal Reserve Bank has lowered the Federal Funds rate to near zero and has implemented a security purchase program geared towards keeping longer-term rates at historical lows. Additionally, volatility in the equity markets has caused an increase in deposit balances as customers seek the safe haven of a fully-insured depository institution.

The net effect of these interest rates and growth in deposit balances was reflected in the improvement of the Bank's weighted average rate spread and net interest margin which were 3.00% and 3.24% respectively, for the nine months ended September 30, 2009 as compared to 2.43% and 2.77%, respectively, for the nine months ended September 30, 2008. When comparing the two periods, the yield on total earning assets decreased 42 basis points and the rate on interest bearing liabilities decreased by 99 basis points.

Net interest income was $20.0 million for the first nine months of 2009 and $15.3 million for the first nine months of 2008. The $4.7 million improvement was due to an increase in the weighted average rate spread of 57 basis points (most notable in the lower rates paid on deposits and borrowings) accompanied by a 11% increase in average earning assets.

The following table details components of net interest income and yields/rates on average earning assets/liabilities.

	Nine months ended September 30,					
	2009			2008		
(Dollars in thousands)	AVERAGE BALANCE	INTEREST	YIELD/ RATE	AVERAGE BALANCE	INTEREST	YIELD/ RATE
Loans (1) (2)	$ 685,242	$ 31,420	6.11 %	$ 619,483	$ 29,313	6.31 %
Securities (3) (4)	97,715	1,632	2.23	71,524	2,106	3.93
Short-term investments and certificates of deposit	39,311	364	1.23	47,152	896	2.53
Total earning assets	822,268	33,416	5.42	738,159	32,315	5.84
Other assets	28,566			26,699		
Total assets	$ 850,834			$ 764,858		
Interest-bearing deposits (5)	$ 528,890	8,040	2.03	$ 414,698	9,134	2.94
Borrowed funds	212,705	5,420	3.40	247,929	7,837	4.21
Total interest-bearing liabilities	741,595	13,460	2.42	662,627	16,971	3.41
Demand deposits	43,690			43,402		
Other liabilities	3,291			2,117		
Total liabilities	788,576			708,146		
Stockholders' equity	62,258			56,712		
Total liabilities and stockholders' equity	$ 850,834			$ 764,858		
Net interest income		$ 19,956			$ 15,344	
Weighted average rate spread			3.00 %			2.43 %
Net interest margin (6)			3.24 %			2.77 %

(1) Before allowance for loan losses.

(2) Includes non-accrual loans.

(3) Excludes the impact of the average net unrealized gain or loss on securities available for sale.

(4) Includes Federal Home Loan Bank stock.

(5) Includes mortgagors' escrow accounts.

(6) Net interest income divided by average total earning assets.

Interest and dividend income rose by $1.1 million to $33.4 million for the first nine months of 2009 as compared to $32.3 million for the first nine months of 2008. The yield on total interest-earning assets was 5.42% for the nine months ended September 30, 2009 as compared to 5.84% for the same period of 2008.

Interest income on loans increased $2.1 million when comparing the two periods, primarily resulting from an 11% increase in average loans (primarily residential mortgage loans), offset, in part, by a 20 basis point decrease in overall yield. Although short-term market rates decreased over 100 basis points during the last 12 months, longer-term mortgage origination rates declined at a much lower pace during the same period. Existing loans that reset to market rates, such as prime-based home equity loans, and adjustable rate residential and commercial mortgages with reset dates in 2008 and early 2009, were impacted by lower market rates. Additionally, the Bank sold $10.9 million in lower-yielding fixed rate loans in April 2009 and, in late September 2009, committed to sell another $14.4 million to reduce the long-term interest rate risk associated with these loans. As a result, the volatility in market rates did not have a significant impact on the average yield of the loan portfolio.

Securities, Federal Home Loan Bank stock and short-term investments combined, accounted for 17% of total average earning assets for the nine month periods ended September 30, 2009 and 2008. Income for these categories combined decreased $1.0 million when comparing the two periods primarily due to decreases in interest rates and the suspension of dividends on the Federal Home Loan Bank of Boston ("FHLBB") stock announced in early 2009. This was partially offset by an increase in average balances. Over the last 12 months, both short-term and long-term rates have declined affecting short-term overnight investments and matured/called investment securities when the funds were reinvested.

The average rate on interest-bearing liabilities decreased to 2.42% for the nine months ending September 30, 2009 from 3.41% for the comparable period of 2008. Total interest expense decreased by $3.5 million when comparing the nine-month periods ended September 30, 2009 and 2008. During the prior 12 months, there has been an increase of $114.2 million in average interest bearing deposits which allowed the Bank to fund asset growth and reduce average borrowings by $35.2 million.

Interest expense on deposits decreased by $1.1 million primarily as a result of a 91 basis point decrease in the weighted average rate offset, in part by a $114.2 million increase in average interest-bearing deposit balances. The Bank has benefitted from the lower interest rate environment as certificates roll into lower rate products and rates paid on money market products are lowered. During the first nine months of 2009, the Bank has also seen a shift in deposit balances from certificate accounts to non-certificate accounts. Although certificate balances have increased by $19.1 million during the first nine months of 2009, non-certificate accounts increased by $84.3 million and represents 48% of total deposits at September 30, 2009 compared to 41% at December 31, 2008. Generally, most mutual fund and broker related money market products are indexed to short term rates. A combination of more attractive rates on bank money markets along with full deposit insurance coverage has produced strong growth in our money market and short-term certificate products. The significant increase in deposit balances has allowed the Bank to fund lending activity and pay off a portion of borrowings as they matured.

Interest expense paid on borrowed funds for the first nine months of 2009 decreased $2.4 million as compared to the same period in 2008, due primarily to an 81 basis point decrease in the weighted average rate combined with a $35.2 million decrease in average borrowings. The increase in deposit balances allowed the Bank to pay down borrowings.

PROVISION FOR LOAN LOSSES

At September 30, 2009, management's review of the allowance for loan losses concluded that a balance of $5.5 million was adequate to provide for losses based upon evaluation of risk in the loan portfolio. During the first nine months of 2009, management provided $1.4 million to achieve such a loan loss allowance balance at September 30, 2009. The Bank incurred net charge-offs of $467,000 in the first nine months of 2009 compared to $174,000 for the same period in 2008. The deterioration in national and local market conditions warranted additional provisions to the Bank's allowance for loan losses. Comparably, at September 30, 2008, management's evaluation of the balance of the allowance for loan losses indicated the need of a provision for the nine months of $512,000.

At September 30, 2009, the allowance for loan losses represented 0.77% of gross loans as compared to 0.70% at December 31, 2008. Management considers many factors when evaluating the balance in the loan loss allowance including, but not limited to, trends in portfolio volume, maturity and composition, trends in delinquencies and non-accruals, and the national and local economic condition. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. In particular, at September 30, 2009, management considered the amount of its non-accrual and delinquent loans, and the volatility in the financial markets. Management believes that its loans classified as non-accrual are significantly collateralized, pose minimal risk of loss to the Bank and the allowance for loan losses is sufficient to absorb such losses, if any.

OTHER INCOME

Other income is comprised of gain on sale of loans, customer service fees, increases in the cash surrender value of life insurance policies and miscellaneous income. Total other income was $1.5 million for the nine months ended September 30, 2009 as compared to $1.2 million for the same period of 2008. During the first nine months of 2009, the Bank sold $10.9 million in fixed rate mortgages (with servicing retained) and recognized a net gain of $318,000. Customer service fees decreased by $96,000 from the prior year, primarily the result of a decrease in the volume of fee-based customer transactions. Income from bank-owned life insurance decreased by $5,000 between the two periods reflecting the decreased rate earned on these assets.

OPERATING EXPENSE

Total operating expenses were $10.7 million, or an annualized 1.67% of average total assets, for the nine months ended September 30, 2009 as compared to $8.9 million, or 1.55%, for the same period of 2008. Operating expenses include salaries and employee benefits, data processing, occupancy and equipment, deposit insurance, foreclosure, marketing and other general and administrative expenses.

Salaries and employee benefits expenses rose 7% primarily due to expenditures related to the new branch, annual merit-based salary increases, rising medical insurance costs, the accrual of death benefit expenses and scheduled increases in the Supplemental Employee Retirement Plan for certain Bank officers.

Data processing expenses increased 4% due to expenditures related to the new branch, increased processing volumes and improvements made to the Bank's wide area network.

Occupancy and equipment expenditures increased by $84,000, or 9% due primarily to expenses related to the purchase and renovation of the new branch, increased property taxes, maintenance costs for bank buildings and increased rental expenses.

Deposit insurance expense increased $834,000, or 334%, due primarily to a Federal Deposit Insurance Corporation ("FDIC") special assessment totaling $400,000 for the Bank along with an increase in their 2009 regular assessment. Total deposit insurance expenses were $1.1 million for the first nine months of 2009 as compared to $250,000 during the same period in 2008. At the time of the special assessment, the FDIC indicated a potential for another special assessment at a later date but has recently proposed an alternative that would require banks to prepay the remaining 2009 assessment along with an estimate for 2010 through 2012. This alternative would also include a 3% increase in assessment rate. Additionally, the Bank's regular assessment increased due to growth in insured deposit balances combined with an increase in the assessment rate. Financial pressures on insured institutions nationwide, coupled with the recent increase in the maximum amount of deposits insured, will create additional deposit insurance expense in the future.

Foreclosure expenses increased $238,000 or 350%, due to the increased activity associated with foreclosures and bankruptcies. During 2009, the Bank has been proactive in resolving several impaired loans as four properties were sold at foreclosure and five were taken into other real estate owned during the first nine months of 2009. Additionally, the Bank has been monitoring a few borrowers which have filed for bankruptcy protection. At September 30, 2009, the Bank had five properties totaling $4.1 million in other real estate owned compared to one property for $280,000 at December 31, 2008. At September 30, 2008 there were no properties in other real estate owned.

Marketing expense increased $95,000 or 37% due to increased marketing initiatives in 2009 to promote the stability of the Bank including the full insurance coverage on deposit balances. Additionally, the Bank has been promoting competitive deposit and loan products and rates.

Other expenses, which include director fees, supplies and audit-related expenses, among others, increased $152,000 or 11%, when comparing the two periods primarily due to an increase in audit related expenses and the recognition of the insurance deductible associated with a recent branch break-in/robbery.

INCOME TAXES

The Bank recognizes income taxes under the asset and liability method established in Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes". Under this method, deferred tax assets and liabilities are established for the temporary difference between the accounting basis and the tax basis of the Bank's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. The Bank's deferred tax asset is reviewed quarterly and adjustments to such asset are recognized as deferred income tax expense or benefit based on management's judgment relating to the realizability of such asset.

During the nine months ended September 30, 2009, the Bank recorded $3.6 million, or 38.2% of pre-tax income, in tax expense as compared to $2.7 million, or 37.5%, for the same period in 2008. Changes in the Bank’s tax rate are due primarily to changes in the yields earned on assets subject to preferential tax treatment as well as higher projected net income before tax in 2009 such that these assets have a lower impact on the effective tax rate.

BALANCE SHEET ANALYSIS - COMPARISON AT SEPTEMBER 30, 2009 TO DECEMBER 31, 2008

Assets totaled $913.9 million at September 30, 2009, as compared to $806.2 million at December 31, 2008, an increase of $107.7 million, or 13.4%.

SECURITIES

Securities were $91.6 million at September 30, 2009, an increase of 5% when compared to the $87.4 million at December 31, 2008. During the first nine months of 2009, there were $40.8 million in securities purchased offset by $35.9 million in maturities, calls and principal paydowns. Net proceeds from securities transactions were reinvested in a combination of short-term investments and new securities.

Beginning in the last three months of 2008 and continuing through September 30, 2009, there has been a significant inflow of deposits. These funds have been temporarily held by the Bank in short-term investments until such time as they can be used to reduce borrowed funds, or used to fund loan production.

At September 30, 2009 and December 31, 2008, the Bank's entire securities portfolio was classified as available for sale and reflected on the balance sheet at fair value with unrealized gains and losses, net of tax effect, excluded from earnings and reported in accumulated other comprehensive income. The net unrealized gain on securities available for sale, net of tax, was $738,000 at September 30, 2009 as compared to $770,000 at December 31, 2008. The fair value of securities fluctuates with the movement of interest rates. Generally, during periods of falling interest rates, the fair values increase whereas the opposite may hold true during a rising interest rate environment.

The securities portfolio is comprised primarily of bonds issued by government-sponsored enterprises and mortgage-backed securities issued by the FHLMC and FNMA. At September 30, 2009, approximately 91% of the portfolio consisted of fixed-rate agency bond issues. In September 2008, the U.S. government placed FNMA and FHLMC in conservatorship under the Federal Housing Financing Agency (“FHFA”). While equity investors in these two entities were negatively impacted, bond holders have, thus far, been unaffected. Residential mortgage-backed issues, which are guaranteed by FNMA and FHLMC, comprised 6% of the portfolio. Repayment of these issues is anticipated from payments made on the underlying mortgages. The majority of the bond and mortgage-backed holdings are short-term in nature with nearly the entire portfolio maturing in three years or less.

At September 30, 2009, the Bank held $3.1 million, or 3% of the portfolio, in the CRA Fund, an equity security which invests in local community-related projects.

The Bank held an investment of $13.0 million in FDIC-insured certificates of deposit issued by other financial institutions at September 30, 2009. Generally, the Bank invests in such certificates due to the increase in yield over comparably-termed bonds issued by government-sponsored enterprises at time of purchase.

As a member of the FHLBB, the Bank is required to hold a Membership Stock Investment plus an Activity-based Stock Investment in the FHLBB, which is based primarily on the amount of FHLBB borrowings. In late 2008, the FHLBB announced a moratorium on all excess stock repurchases and subsequently in early 2009, FHLBB announced that it has suspended its dividend payment. It is uncertain when the FHLBB will resume paying a dividend and re-establish their program of redeeming excess stock. At September 30, 2009 and December 31, 2008, the Bank held $13.4 million in FHLBB stock.

LOANS

During the first nine months of 2009, total loans outstanding increased by $53.2 million to $700.5 million, from $647.3 million at December 31, 2008, attributable primarily to originated loans of $190.4 million offset by payoffs, loan sales and amortization. Comparably, loan originations for the same period in 2008 were $110.9 million. On September 30, 2009 net loans outstanding represented 77% of assets compared to 80% at December 31, 2008. Mortgage loans continue to account for more than 99% of the loan portfolio.

	Loan Balances by Type	
(In thousands)	September 30, 2009	December 31, 2008
Mortgage loans:		
Residential	$ 318,919	$ 271,473
Commercial	333,815	317,162
Construction	21,310	33,315
Equity lines-of-credit	22,687	20,591
Second mortgages	7,702	7,802
Total mortgage loans	704,433	650,343
Other loans:		
Personal installment	294	357
Commercial loans	247	198
Revolving credit	186	244
Total other loans	727	799
Total loans	705,160	651,142
Allowance for loan losses	(5,463)	(4,530)
Net deferred loan origination costs	766	643
Loans, net	$ 700,463	$ 647,255

Loans are carried net of the allowance for loan losses. The allowance is maintained at a level to absorb losses within the loan portfolio. At September 30, 2009, the allowance had a balance of $5.5 million as compared to $4.5 million at December 31, 2008. At September 30, 2009, the Bank allocated $125,000 to loans classified as impaired pursuant to SFAS No. 114. At December 31, 2008, $31,000 was allocated to impaired loans.

The Bank works closely with delinquent mortgagors to bring their loans current and foreclosure proceedings commence if the mortgagor is unable to satisfy their outstanding obligation. In 2008, the Commonwealth of Massachusetts enacted a law which grants a mortgagor a 90-day right to cure a default on residential real property mortgages. Land court filings, which are part of the foreclosure process in Massachusetts, experienced a 90-day backlog due to the volume of foreclosure filings in the state. This resulted in a delay in the Bank's collection process.

At September 30, 2009, there were 24 loans classified as non-accrual totaling $8.2 million as compared to 16 non-accrual loans totaling $7.1 million at December 31, 2008. At September 30, 2009, the Bank held $4.1 million in foreclosed assets. At December 31, 2008, the Bank held $280,000 in foreclosed assets. At September 30, 2009, non-performing assets were 1.35% of total assets as compared to 0.91% at December 31, 2008. Management believes that its loans classified as non-accrual are significantly collateralized, pose minimal risk of loss to the Bank, and the allowance for loan losses is sufficient to absorb such losses, if any.

Non-Performing Assets

(In thousands)	September 30, 2009	December 31, 2008
Non-accrual loans:		
Residential mortgages	$ 5,487	$ 5,587
Commercial mortgages	2,539	1,498
Commercial equity loans	172	--
Installment loans	11	--
Total non-accrual loans	8,209	7,085
Other real estate owned	4,084	280
Total non-performing assets	$ 12,293	$ 7,365
Percent of non-accrual loans to:		
Loans, net	1.17 %	1.09 %
Total assets	0.90 %	0.88 %
Percent of non-performing assets, net to:		
Loans, net	1.76 %	1.13 %
Total assets	1.35 %	0.91 %
Allowance for loan losses to total loans, net	0.77 %	0.70 %

All non-accrual loan amounts listed above, except $11,000 at September 30, 2009, were also considered impaired pursuant to SFAS No. 114 at September 30, 2009 and December 31, 2008.

OTHER REAL ESTATE OWNED

At September 30, 2009 and December 31, 2008, the Bank reported $4.1 million and $280,000 in other real estate owned. At September 30, 2009, the balance consisted of five properties that were taken in settlement of loans through foreclosure or a deed in lieu of foreclosure. All properties are carried at the lower of cost or fair value less costs to sell. Since all properties were taken during the current quarter, at September 30, 2009 no valuation allowance was needed. At December 31, 2008, the balance consisted of a single property that was subsequently sold in early 2009. No valuation allowance was required at December 31, 2008.

BANK-OWNED LIFE INSURANCE

At September 30, 2009 and December 31, 2008, the Bank reported $13.5 million and $13.2 million, respectively, in the cash value of life insurance. The policies, which insure the lives of certain current and former Bank officers, accrete at a variable rate of interest with minimum stated guaranteed rates.

DEPOSITS

Deposits increased by $103.5 million to $628.8 million at September 30, 2009 from $525.3 million at December 31, 2008. Core deposits, which include regular, money market, NOW and demand deposits, increased $84.3 million over the December 31, 2008 balance, reflecting increases in all categories. Certificate accounts were $327.3 million, or 52% of total deposits, at September 30, 2009, as compared to $308.2 million, or 59% of total deposits, at December 31, 2008.

During late 2008, national and international financial markets became increasingly volatile. The NYSE reported large declines in the trading prices of equity securities and several financial services companies were in severe distress. Combined, these events concerned consumers and small business owners, a number of whom ultimately transferred their funds from affected markets into premium money market and certificate of deposit accounts at the Bank. The Bank offers FDIC insurance, which generally provides protection for up to $100,000 in separately insured deposit accounts, and DIF insurance for all deposits in excess of this amount. In October 2008, the FDIC began offering insurance protection for up to $250,000 in separately insured deposit accounts and in June 2009 announced an extension of the additional coverage through December 31, 2013. Although the markets have begun to stabilize, the Bank continues to experience an influx of deposits.

The Bank's newest branch, in the Assinippi section of Norwell/Hanover, Massachusetts, commenced operation in June 2008. Thus far, deposit growth has exceeded management's expectations. Deposit growth over the first nine months of 2009 was used to fund growth in the loan portfolio and has allowed the Bank to hold lower levels of borrowed funds.

	Deposit Balances by Type			
	September 30, 2009	% of Total	December 31, 2008	% of Total
(Dollars in thousands)				
Non-certificate accounts				
Regular	$ 47,508	7.5 %	$ 42,576	8.1 %
Money market deposits	181,565	28.9	108,729	20.7
NOW	25,087	4.0	24,504	4.6
Demand	47,357	7.5	41,360	7.9
Total non-certificate accounts	301,517	47.9	217,169	41.3
Term certificates less than $100,000	173,485	27.6	159,144	30.3
Term certificates $100,000 or more	153,817	24.5	149,021	28.4
Total certificate accounts	327,302	52.1	308,165	58.7
Total deposits	$ 628,819	100.0 %	$ 525,334	100.0 %

BORROWINGS

Federal Home Loan Bank of Boston (FHLB) advances were $214.9 million or 24% of total assets at September 30, 2009 as compared to $215.0 million or 27% of total assets at December 31, 2008. These advances are predominately fixed rate in nature with 26% scheduled to mature in the next twelve months. During the first nine months of 2009, total borrowings declined by $141,000 as proceeds from deposit growth allowed the Bank to maintain a lower level of borrowings to total assets while funding asset growth.

LIQUIDITY AND CAPITAL RESOURCES

The Bank continually assesses its liquidity position by forecasting incoming and outgoing cash flows. In some cases, contractual maturity dates are used to anticipate cash flows. However, when an asset or liability is subject to early repayment or redemption at the discretion of the issuer or customer, cash flows can be difficult to predict. Generally, these prepayment rights are exercised when it is most financially favorable to the issuer or customer.

The majority of the Bank's investment portfolio was fixed with respect to rate and maturity date. The remaining securities can be called at the discretion of the issuer. Mortgage-backed securities, which comprised 6% of the portfolio, are subject to repayment at the discretion of the underlying borrower.

Residential loans are susceptible to principal repayment at the discretion of the borrower. Commercial mortgages, while subject to significant penalties for early repayment in most cases, can also prepay at the borrower's discretion.

Core deposit balances can generally be withdrawn from the Bank at any time. Certificates of deposit, with predefined maturity dates and subject to early redemption penalties, can also be withdrawn. The Bank estimates the volatility of its deposits in light of the general economic climate and recent actual experience.

Approximately 74% of the Bank's borrowings were fixed in term of rate and maturity. Approximately 25% or $53.5 million can be called for earlier repayment at the discretion of the issuer. It is considered unlikely that these borrowings will be called by the issuer in the near term.

The Bank also monitors its off-balance sheet items. See "Commitments" appearing within the "Notes to Unaudited Consolidated Financial Statements" section of this document which begins on Page 8. At September 30, 2009, the Bank had $72.3 million in commitments to extend credit as compared to $59.4 million at December 31, 2008.

The Bank considers the above information when measuring its liquidity position. Specific measurements include the Bank's cash flow position at the 30 day, 60 day and 90 day horizon and the level of volatile assets on earning assets. At September 30, 2009, each measurement was within pre-defined Bank guidelines.

To supplement its liquidity position, should the need arise, the Bank maintains its membership in the Federal Home Loan Bank of Boston where it is eligible to obtain both short and long-term credit advances. The Bank can borrow up to $325.4 million to meet its borrowing needs, based on the Bank's available qualified collateral which consists primarily of 1-4 family residential mortgages, five or more family residential mortgages, the majority of the Bank's investment in securities issued by government-sponsored enterprises and certain commercial mortgages. The Bank can pledge other mortgages and assets as collateral to secure as much as $123.1 million in additional borrowings. At September 30, 2009, the Bank had $214.9 million in advances outstanding.

At September, 2009, the Bank had capital of $64.3 million, or 7.0% of total assets, as compared to $59.8 million, or 7.4%, at December 31, 2008. During the nine months ended September 30, 2009, stockholders' equity increased by $4.4 million due primarily to net income for the period of $5.8 million, partially offset by the declaration of dividends of $0.64 per share, which reduced capital by $1.4 million. Stock option activity during the first nine months of 2009 contributed $50,000 to capital.

Total capital is adjusted by the unrealized gains or losses in the Bank's available-for-sale securities portfolio and, as such, it is subject to fluctuations resulting from changes in the market values of its securities. At September 30, 2009, the Bank's entire securities portfolio was classified as available for sale which had the effect of decreasing capital over the nine-month period by $32,000.

Massachusetts chartered savings banks that are insured by the FDIC are subject to minimum capital maintenance requirements. Regulatory guidelines define the minimum amount of qualifying capital an institution must maintain as a percentage of risk-weighted assets and average total assets.

The following table details the Bank's actual capital ratios and minimum regulatory ratios.

(Dollars in thousands)	Actual Regulatory Capital Ratios			
	September 30, 2009	December 31, 2008	Minimum Capital Requirement Ratios	Minimum To Be Well Capitalized Under Prompt Corrective Action Provision Ratios
Tier 1 Capital as a Percent of Risk-Weighted Assets	11.20 %	11.24 %	4.0 %	6.0 %
Total Capital as a Percentage of Risk-Weighted Assets	12.17 %	12.10 %	8.0 %	10.0 %
Tier 1 Capital to Average Assets	7.14 %	7.39 %	4.0 %	5.0 %
Total Risk-Weighted Assets	$ 567,115	$ 525,321		

At September 30, 2009 and December 31, 2008, the Bank exceeded all of the minimum regulatory capital ratio requirements.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

ASSET/LIABILITY MANAGEMENT

The earnings of most banking institutions are exposed to interest rate risk because their balance sheets, both assets and liabilities, are predominantly interest bearing. It is the Bank's objective to minimize, to the degree prudently possible, its exposure to interest rate risk, and bearing in mind that the Bank, by its very nature, will always be in the business of taking on interest rate risk. Interest rate risk is monitored on a quarterly basis by the Asset Liability Committee of the Bank. The primary tool used by the Bank in managing interest rate risk is income simulation modeling. Income simulation modeling measures changes in net interest income by projecting the future composition of the Bank's balance sheet and applying different interest rate scenarios. Management incorporates numerous assumptions into the simulation model, such as prepayment speeds, interest rate environments, balance sheet growth and deposit elasticity. To a significantly lesser degree, the Bank also utilizes GAP analysis which involves comparing the difference between interest-rate sensitive assets and liabilities that mature or reprice during a given period of time. The analyses indicate that the Bank's interest rate risk exposure continues to be well managed and within pre-defined limits.

During the first nine months of 2009, interest rate declines proved to be beneficial to the Bank’s earnings despite the fact that both the investment portfolio, consisting largely of shorter term investments, and adjustable loans that reset in 2008 and through the first nine months of 2009 were negatively impacted by lower yields. Total yields on earning assets saw modest declines but the cost of deposits and borrowings declined dramatically over last quarter of 2008 and the first nine months. The dramatic drop in funding cost also allowed the Bank to refinance maturing borrowings at longer terms and at lower rates than the maturing advances. This not only reduced current funding costs but also reduces our risk to rising interest rates in the near future.

In early 2009, the U. S. Treasury has taken action to attempt to lower longer-term rates as a means to stimulate economic activity. This includes having U. S. government agencies purchase longer-term investment products to artificially lower rates through increased demand. Although this has not had a significant impact on the Bank’s portfolio through September 30, 2009, management continually reviewed current loan production and decided, in April 2009, to sell a portion of current production as a means of reducing future interest rate risk. In late April 2009, $10.9 million in 30-year, fixed rate loans were packaged and sold in the secondary market. In late September 2009, a second pool of long-term fixed rate loans totaling $14.4 million was packaged for sale.

ITEM 4 – CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Bank's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness, as of September 30, 2009, of the Bank's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended. The term "disclosure controls and procedures" is defined to mean controls and other procedures that are designed to ensure that information required to be disclosed by the Bank in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and is made known to the Bank's CEO and CFO by others within the Bank, particularly during the period in which this report was being prepared, as appropriate to allow timely decisions regarding required disclosure.

The CEO and CFO recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and such officers necessarily apply their judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on their evaluation of the Bank's disclosure controls and procedures as of September 30, 2009, the CEO and CFO concluded that, as of such date, the Bank's disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in Internal Control

There were no significant changes in the Bank's internal control over financial reporting, as defined in Rules 13a-15(e) and 15d-15(e), during the fiscal quarter ended September 30 , 2009 that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

Not applicable

ITEM 1A – RISK FACTORS

There have been no material changes to the risk factors previously disclosed in the Bank's most recently filed Form 10K.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 - OTHER INFORMATION

Not applicable

ITEM 6 – EXHIBITS

Exhibit No.

31.1 Certifications – Chief Executive Officer
31.2 Certifications – Chief Financial Officer

32.1 Certification Pursuant to 18 U.S.C. §1350 – Chief Executive Officer
32.2 Certification Pursuant to 18 U.S.C. §1350 – Chief Financial Officer

SIGNATURES

Under the requirements of the Securities Exchange Act of 1934, the Bank has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HINGHAM INSTITUTION FOR SAVINGS

Date: November 10, 2009

Robert H. Gaughen, Jr.
President & Chief Executive Officer

Date: November 10, 2009

Robert A. Bogart
Vice President & Treasurer

CERTIFICATIONS EXHIBIT 31.1

I, Robert H. Gaughen, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Hingham Institution for Savings;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2009 __________________________

Robert H. Gaughen, Jr.
Chief Executive Officer

CERTIFICATIONS EXHIBIT 31.2

I, Robert A. Bogart, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Hingham Institution for Savings;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2009

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Robert A. Bogart
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Hingham Institution for Savings (the "Bank") for the quarter ended September 30, 2009, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), the undersigned Robert H. Gaughen, Jr., Chief Executive Officer of the Bank, hereby certifies pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly present, in all material respects, the financial condition and results of operations of the Bank.

____

Robert H. Gaughen, Jr.
Chief Executive Officer

Date: November 10, 2009

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Hingham Institution for Savings (the "Bank") for the quarter ended September 30, 2009, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), the undersigned Robert A. Bogart, Chief Financial Officer of the Bank, hereby certifies pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly present, in all material respects, the financial condition and results of operations of the Bank.

____
Robert A. Bogart
Vice President and Treasurer
Chief Financial Officer

Date: November 10, 2009