

This past year has been marked by a tentative and halting recovery in the general economy. It has also been notable for a period of almost unprecedented political unrest across the Middle East with attendant uncertainty in the energy markets. More recently, the natural disaster in Japan, the world's third largest economy, has created great uncertainty about global GDP. While the post-bubble US real estate market has apparently stabilized, there is little belief that price increases will occur over the next few years and some concern that further decreases may be in store. All of that has left us with a heightened sense that the future is difficult to predict with any sense of real confidence.

Acknowledging this general uncertainty and appreciating the futility of building our strategies upon speculative hypotheses, we at the Bank have done what we have always done - focus on what we can control - stuck to the fundamentals - attempting to deliver attentive, quality service to our customers, carefully scrutinizing credit risk and continuing in all of the small but crucial ways to build an extraordinary banking company.

Our progress is again reflected in the quality and consistency of the numbers.

As you can see, we grew from \$631.1 million to \$730 million. A 15.7% growth rate compared to 5.4% and 7.8% for our peer group and all other savings banks in the state. As you can see in this chart, we have been outgrowing our competition for many years. Our loan portfolio also experienced strong 10% growth with an even more favorable performance to peers. In a real milestone for us, we became a \$1B bank for the first time. This past year and the comparative chart on total assets reflects the positive performance to peers.

Our asset quality also remained quite strong when compared against that of banks of our size and also against all other state chartered savings banks and all banks nationally. While other institutions may have more complex risk management policies and practices, our reliance is on an active and informed Board committee making credit decisions, not only more effectively but also more efficiently.

The next chart reflects a portion of our performance of which we are very proud, our efficiency ratio. We were again the most efficient of all the 64 savings banks in Massachusetts and have one of the best efficiency ratios in the country. Each year I send a copy of our annual report to businesses and banks headquartered on the South Shore. This year, I received back a note from my colleague, Chris Oddliefson, the President of Rockland Trust Company. In that note, he congratulated us on another terrific year and went on to say "How low can an efficiency ratio go?" I have a great deal of respect for Chris and what he has accomplished at Rockland and I

think that his recognition of what we have accomplished by way of cost control is something we can be quite proud of.

All of this growth and cost control produce some impressive earnings. This past year, we achieved record earnings of \$10.2 million, a 27% increase over those of 2009. If you look at those earnings as a return on equity, the best way of measuring them, we were #2 out of 64 savings banks in the state. One of our competitors took advantage of some one-time asset sales and a very large tax loss carry forward to slip in front of us. We will make every effort to make sure that doesn't happen again.

If you view this return on equity in comparison to the banks we compete directly against in our marketplace, you can put this past year's accomplishment in perspective. None of these banks, from the smaller locals to the larger regionals or national behemoths, had a performance that approached our own. These earnings are reflected in a substantial increase to stockholders equity to \$72.7 million, even after we increased dividends declared per share to \$1.19 last year -- the 16th consecutive year in which we have increased dividends declared.

This performance continued to merit and receive much acclaim. KBW (Top 40 Honor Roll), SNL Financial #1 in the East, Boston Business Journal "One of the Most Profitable in the Country." Our stock performance certainly reflected this attention with a performance of #0.56 to \$51.51 from January 2010 to April 21, 2011. More importantly, over a much longer horizon, it has proven to be an outstanding investment for all of us.

All of the accomplishments of this past year took place while we were coping with a major renovation and addition to our headquarters here in Hingham. I thank all of our staff for continuing to focus under some difficult conditions. We look forward to wrapping up the expansion across the street in the next few weeks and moving on to the development of a new Boston branch on Beacon Hill.

As is the case with every successful enterprise, it is the individuals and their attitudes, efforts, and skills that ultimately and collectively determine the degree and consistency of that success. I mentioned earlier two long-serving directors and their valuable contributions. I could also cite many individuals across our organization whose efforts in jobs as diverse as branch manager, IT officer, and facilities and maintenance staff are all responsible for the results we can proudly point to today.

Each year we make an effort to identify one individual whose work sets an example to each of us to emulate. This year, I want to recognize an individual who has had a tremendous impact on our organization since joining us years ago, our personnel officer, Janet Rice. Janet is responsible for our personnel function and the purchasing function at the Bank. She is admired by each of us for the level of professionalism and competence she brings to a difficult job, but also for the kindness and courtesy that she demonstrates toward each of her coworkers as well as the applicants she interviews and the vendors with who she negotiates. These attitudes are

transmitted to new and existing staff and set a standard for the treatment of our customers as well. Thank you Janet.

That concludes my prepared remarks and I would be happy to try to answer any questions you may have at this time.