

## STATEMENT OF CONDITION

	<b>Year Ended December 31.</b>		
<b>ASSETS:</b>	2007	2006	2005
Cash and Due From Banks.....	\$ 26,584,000	\$ 32,622,000	\$ 32,048,000
Federal Funds Sold.....	14,013,000	16,977,000	12,828,000
Cash Equivalents.....	2,438,000	1,089,000	1,836,000
Total Cash and Cash Equivalents.....	43,035,000	50,688,000	46,712,000
Investment Securities:			
Available-for-Sale			
(Amortized cost of \$173,843, \$93,311 and \$77,757 respectively)....	176,102,000	93,256,000	77,025,000
Held-to-Maturity			
(Fair Value of \$101,257, \$184,981 and \$267,604 respectively).....	102,331,000	188,796,000	274,002,000
Loans, Less Allowance for Loan Losses of \$11,101, \$11,140 and \$11,174 respectively.....	1,287,834,000	1,202,204,000	1,074,465,000
Federal Home Loan Bank of Boston Stock, at cost.....	7,179,000	7,588,000	5,594,000
Accrued Interest Receivable.....	7,456,000	7,061,000	6,302,000
Premises and Equipment, Net.....	23,224,000	22,563,000	23,849,000
Deferred Taxes.....	3,322,000	4,280,000	4,703,000
Other Assets.....	4,231,000	4,896,000	6,726,000
Total Assets.....	<u>\$ 1,654,714,000</u>	<u>\$ 1,581,332,000</u>	<u>\$ 1,519,378,000</u>
 <b>LIABILITIES AND RETAINED EARNINGS:</b>			
Deposits.....	\$1,407,497,000	\$1,343,610,000	\$1,316,065,000
Federal Home Loan Bank of Boston Advances.....	52,977,000	56,303,000	33,185,000
Mortgagor's Escrow Accounts.....	883,000	684,000	782,000
Repurchase Agreements.....	20,675,000	18,398,000	17,055,000
Accrued Expenses and Other Liabilities.....	8,110,000	8,358,000	8,551,000
Total Liabilities.....	1,490,142,000	1,427,353,000	1,375,638,000
Commitments and Contingencies			
Retained Earnings:			
Retained Earnings.....	163,168,000	154,019,000	144,179,000
Accumulated Other Comprehensive (Loss) Income.....	1,404,000	(40,000)	(439,000)
Total Retained Earnings.....	164,572,000	153,979,000	143,740,000
Total Liabilities and Retained Earnings.....	<u>\$ 1,654,714,000</u>	<u>\$ 1,581,332,000</u>	<u>\$ 1,519,378,000</u>

NOTES:

1. The accounting policies of the Bank and its wholly-owned subsidiaries conform to generally accepted accounting principles and to statutory and regulatory requirements for the banking industry.
2. Loan values are shown after reduction for reserve for possible losses and net of unadvanced funds.
3. Bank and other stocks are shown at market value which was greater than or equal to cost as of reported dates.
4. Federal Agency securities with a par value amount of \$13,000,000 have been segregated as collateral for the Bank's Treasury, Tax and Loan position and Discount Window borrowing at the Federal Reserve Bank of Boston. Additional Federal Agency securities with a par value amount of \$32,000,000 have been segregated as collateral at Brown Brothers Harriman & Co. for the Bank's Repurchase Agreement Sweep program.
5. Retained Earnings values shown after recognition of deferred income taxes and unrealized gains (losses) within the equity portfolio.

## INCOME STATEMENT

	<b>Year Ended December 31,</b>		
	2007	2006	2005
<b>INTEREST AND DIVIDEND INCOME:</b>			
Interest on Loans.....	\$ 77,833,000	\$ 69,419,000	\$ 54,779,000
Interest and Dividends on Investment Securities.....	12,459,000	11,756,000	12,572,000
Interest on Federal Funds Sold.....	1,844,000	1,089,000	780,000
Interest on Other Cash Equivalents.....	<u>153,000</u>	<u>105,000</u>	<u>52,000</u>
Total Interest and Dividend Income.....	92,289,000	82,369,000	68,183,000
<b>INTEREST EXPENSE:</b>			
Interest on Noncertificate Accounts.....	12,742,000	10,971,000	8,305,000
Interest on Certificate Accounts.....	32,476,000	23,618,000	15,865,000
Interest on Borrowed Funds.....	<u>4,248,000</u>	<u>5,516,000</u>	<u>1,164,000</u>
Total Interest Expense.....	<u>49,466,000</u>	<u>40,105,000</u>	<u>25,334,000</u>
Net Interest Income.....	42,823,000	42,264,000	42,849,000
Provision for Loan Losses.....	<u>250,000</u>	<u>63,000</u>	<u>240,000</u>
Net Interest Income After Provision for Loan Losses.....	<u>42,573,000</u>	<u>42,201,000</u>	<u>42,609,000</u>
<b>NONINTEREST INCOME:</b>			
Service Charges.....	3,802,000	3,239,000	2,867,000
Trust Income.....	3,002,000	2,469,000	1,918,000
Investment Services Fees.....	1,532,000	1,408,000	1,260,000
Net Gain on Sale of Mortgage Loans.....	1,574,000	989,000	1,060,000
Loan Servicing Income, Net.....	492,000	460,000	324,000
Net Gain on Sale of Investments.....	4,000	4,000	1,374,000
Other Income.....	<u>358,000</u>	<u>812,000</u>	<u>363,000</u>
Total Noninterest Income.....	10,764,000	9,381,000	9,166,000
<b>NONINTEREST EXPENSES:</b>			
Salaries and Employee Benefits.....	24,375,000	22,322,000	20,851,000
Office Occupancy and Equipment.....	3,830,000	3,906,000	3,815,000
Data Processing.....	2,752,000	2,471,000	2,304,000
Professional Fees.....	1,300,000	1,315,000	1,237,000
Advertising and Marketing Expenses.....	1,014,000	1,069,000	1,245,000
Contributions.....	60,000	75,000	100,000
Other Noninterest Expenses.....	<u>5,817,000</u>	<u>5,130,000</u>	<u>4,869,000</u>
Total Noninterest Expenses.....	<u>39,148,000</u>	<u>36,288,000</u>	<u>34,421,000</u>
Income Before Provision for Income Taxes.....	14,189,000	15,294,000	17,354,000
Provision for Income Taxes.....	<u>5,040,000</u>	<u>5,454,000</u>	<u>6,784,000</u>
Net Income.....	<u>\$ 9,149,000</u>	<u>\$ 9,840,000</u>	<u>\$ 10,570,000</u>