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Yes  No .

Indicate by check mark if whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes  No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at May 8, 2003
Common Stock, Par value \$.01	5,288,301

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Port Financial Corp.  
Consolidated Balance Sheets  
(Dollars in Thousands, Except Share Amounts)

	March 31, 2003	December 31, 2002
ASSETS	(Unaudited)	
Cash and due from banks	\$ 12,131	\$ 15,406
Other interest bearing cash equivalents	16,186	5,259
	28,317	20,665
Total cash and cash equivalents		
Certificates of deposit	-	2,262
Investment securities held to maturity, at amortized cost (Fair value of \$35,842 in 2003 and \$40,619 in 2002)	35,142	39,807
Investment securities available for sale, at fair value	590,395	509,504
Federal Home Loan Bank Stock, at cost	11,171	10,196
Savings Bank Life Insurance Stock, at cost	1,934	1,934
Loans held for sale	9,142	13,718
Loans, net (Allowance for loan losses for \$10,086 in 2003 and \$10,007 in 2002)	834,863	836,343
Banking premises and equipment, net	22,581	22,843
Accrued interest receivable	6,869	6,074
Other assets	6,076	5,919
	\$ 1,546,490	\$ 1,469,265
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 1,208,886	\$ 1,156,609

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Mortgagors' escrow payments	4,101	3,919
Federal Home Loan Bank advances	196,636	175,566
Accrued expenses and other liabilities	13,014	12,078
	<hr/>	<hr/>
Total liabilities	1,422,637	1,348,172
	<hr/>	<hr/>

Commitments and Contingencies (Note 3)

Stockholders' Equity:

Preferred stock, \$ .01 par value- Authorized - 5,000,000 shares Issued and outstanding - no shares	-	-
Common stock, \$ .01 par value - Authorized - 30,000,000 shares Issued - 7,442,818 shares at March 31, 2003 and December 31, 2002; shares outstanding 5,288,101 at March 31, 2003 and 5,257,164 at December 31, 2002	74	74

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Port Financial Corp.  
Consolidated Balance Sheets-(Continued)  
(Dollars in Thousands, Except Share Amounts)

	March 31, 2003	December 31, 2002
	<hr/>	<hr/>
	(Unaudited)	
Additional paid-in capital	72,337	72,135
Treasury stock, at cost - 2,154,717 and 2,185,654 shares	(54,581)	(55,365)
Unearned compensation - Recognition and Retention Plan	(2,500)	(2,538)
Unearned compensation - ESOP	(6,713)	(6,775)
Retained earnings	104,671	102,356
Accumulated other comprehensive income	10,565	11,206
	<hr/>	<hr/>
Total stockholders' equity	123,853	121,093
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 1,546,490	\$ 1,469,265
	<hr/>	<hr/>

See the accompanying notes to the unaudited consolidated financial statements.

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Port Financial Corp.  
Consolidated Statements of Operations  
(Dollars in Thousands Except Share and Per Share Amounts)  
(Unaudited)

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Three Months Ended  
March 31,

	2003	2002
Interest and dividend income:		
Interest on loans	\$ 14,036	\$ 14,314
Interest and dividends on investment securities	6,518	4,269
Interest on other cash equivalents	46	76
Interest on certificates of deposit	2	33
	<hr/>	<hr/>
Total interest and dividend income	20,602	18,692
	<hr/>	<hr/>
Interest expense:		
Interest on deposits	6,446	6,695
Interest on borrowed funds	1,851	1,435
	<hr/>	<hr/>
Total interest expense	8,297	8,130
	<hr/>	<hr/>
Net interest income	12,305	10,562
Provision for loan losses	75	300
Noninterest income:		
Customer service fees	377	326
Gain on sale of investment securities	-	72
Mortgage banking revenue	887	196
Other income	485	520
	<hr/>	<hr/>
Total noninterest income	1,749	1,114
	<hr/>	<hr/>
Noninterest expense:		
Compensation and employee benefits	4,296	4,016
Occupancy and equipment expense	957	885
Data processing service fees	534	575
Marketing and investor relations	300	425
Other noninterest expense	1,180	1,015
	<hr/>	<hr/>
Total noninterest expenses	7,267	6,916
	<hr/>	<hr/>
Income before provision for income taxes	6,712	4,460
Provision for income taxes	3,452	1,632
	<hr/>	<hr/>
Net income	\$ 3,260	\$ 2,828
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Earnings per share:		
Basic	\$ 0.71	\$ 0.57

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Diluted	\$ 0.67	\$ 0.55
Weighted average shares outstanding:		
Basic	4,599,994	4,956,737
Diluted	4,879,319	5,184,197

See the accompanying notes to the unaudited consolidated financial statements

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Port Financial Corp.  
Consolidated Statement of Changes in Stockholders' Equity  
For The Three Months Ending March 31, 2003 and 2002  
(In Thousands)  
(Unaudited)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Unearned Compensation ESOP/RRP	Retained Earnings	Accumulated Other Comprehensive Income	Total	Comprehensive Income
Balance at December 31, 2001	\$ 74	\$ 70,879	\$ (35,095)	\$ (10,365)	\$ 91,652	\$ 6,253	\$ 123,398	
Net income	-	-	-	-	2,828	-	2,828	\$ 2,828
Change in unrealized gain on securities								
Available for sale, net of taxes \$(839)	-	-	-	-	-	(1,568)	(1,568)	(1,568)
Less reclassification of securities gains								
Included in net income, net of taxes \$30	-	-	-	-	-	(42)	(42)	(42)
Change in fair market value of swap								
Agreement, net of taxes \$ 161	-	-	-	-	-	232	232	232
Purchase of treasury stock	-	-	(5,188)	-	-	-	(5,188)	-
Exercise of stock options	-	(26)	100	-	-	-	74	-
Net forfeiture of RRP awards	-	381	-	(381)	-	-	-	-
Amortization of unearned compensation	-	84	-	297	-	-	381	-
	-	-	-	-	(525)	-	(525)	-

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Cash dividends  
- \$.10 per share

Balance at March 31, 2002	\$ 74	\$ 71,318	\$ (40,183)	\$ (10,449)	\$ 93,955	\$ 4,875	\$ 119,590	\$ 1,450
Balance at December 31, 2002	\$ 74	\$ 72,135	\$ (55,365)	\$ (9,313)	\$ 102,356	\$ 11,206	\$ 121,093	
Net income	-	-	-	-	3,260	-	3,260	\$ 3,260
Change in unrealized gain on securities								
Available for sale, net of taxes \$(497)	-	-	-	-	-	(747)	(747)	(747)
Change in fair market value of swap								
Agreement, net of taxes \$ 76	-	-	-	-	-	106	106	106
Exercise of stock options	-	(184)	784	-	-	-	600	-
Grant of RRP stock awards	-	215	-	(215)	-	-	-	-
Amortization of unearned compensation	-	171	-	315	-	-	486	-
Cash dividends - \$.20 per share	-	-	-	-	(945)	-	(945)	-
Balance at March 31, 2003	\$ 74	\$ 72,337	\$ (54,581)	\$ (9,213)	\$ 104,671	\$ 10,565	\$ 123,853	\$ 2,619

See the accompanying notes to the unaudited consolidated financial statements

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Port Financial Corp.  
Consolidated Statements of Cash Flows  
(In Thousands)  
(Unaudited)

Three months Ended  
March 31,

2003	2002
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Cash Flows from Operating Activities:

Net income	\$ 3,260	\$ 2,828
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	75	300
Depreciation and amortization	438	446
Net gain from sales of available-for-sale investment securities	-	(72)
Amortization of premiums on investment securities, net	552	112
Increase in cash surrender value of life insurance policies	(48)	(48)
Gain on loan sales, net	(882)	(115)
Proceeds from sale of loans	53,901	7,709
Loans originated for sale	(48,443)	(8,848)
Amortization of unearned compensation	486	381
(Increase) decrease in other assets	(109)	291
Increase in accrued interest receivable	(795)	(1,142)
Increase in prepaid deferred tax provision	(290)	(334)
Decrease in deferred loan fees	(195)	(329)
Increase (decrease) in accrued expenses and other liabilities	1,829	(2,344)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	9,779	(1,165)
	<hr/>	<hr/>

Cash Flows from Investing Activities:

Proceeds from sales, maturities and principal repayments of securities available-for-sale	74,930	21,284
Purchases of securities available-for-sale	(157,567)	(50,525)
Proceeds from maturities and principal repayments of securities held-to-maturity	4,615	7,340
Purchases of securities held-to-maturity	-	(31,005)
Proceeds from maturities of certificates of deposit	2,263	-
Purchase of certificates of deposit	-	(33)
Purchase of FHLB stock	(976)	(1,387)
Purchase of premises and equipment	(176)	(392)
Loan originations, net	1,590	(47,000)
Recoveries of loans previously charged-off	10	4
	<hr/>	<hr/>
Net cash used in investing activities	(75,311)	(101,714)
	<hr/>	<hr/>

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Port Financial Corp.  
Consolidated Statements of Cash Flows (Continued)  
(In Thousands)  
(Unaudited)

Three months Ended  
March 31,

2003

2002



Cash Flows from Financing Activities:		
Increase (decrease) in certificates of deposit	(1,099)	28,671
Increase in demand deposits, NOW accounts and savings accounts	53,376	53,332
Increase in mortgagors' escrow payments	182	529
Increase in Federal Home Loan Bank advances	21,070	19,951
Exercise of stock options	600	74
Cash dividends	(945)	(525)
Treasury stock purchases	-	(5,188)
Net cash provided by financing activities	73,184	96,844
Net Increase in Cash and Cash Equivalents	7,652	(6,035)
Cash and Cash Equivalents, beginning of year	20,665	36,244
Cash and Cash Equivalents, end of period	\$ 28,317	\$ 30,209
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 8,143	\$ 7,851
Cash paid for income taxes	\$ 1,225	\$ 3,404

See the accompanying notes to the unaudited consolidated financial statements

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Port Financial Corp.  
Notes to the Unaudited Consolidated Financial Statements

1) Basis of Presentation

The unaudited consolidated financial statements of Port Financial Corp. ("Port" or the "Company") include the accounts of the Company and its two wholly owned subsidiaries, Cambridgeport Bank (the "Bank") and Brighton Investment Corporation. Brighton Investment Corporation invests in marketable securities. The Bank is a Massachusetts-chartered stock savings bank with its headquarters located in Cambridge, Massachusetts. The Bank has four wholly-owned subsidiaries, Temple Investment Corporation, River Investment Corporation, Cambridgeport Insurance Services, Inc. and Prospect Real Estate Investment Corp. Temple Investment Corporation and River Investment Corporation both invest in securities. Cambridgeport Insurance Services, Inc. was established in April 2000 with the intention of providing insurance. It is not engaged in such activities at this time. Prospect Real Estate Investment Corp. is a real estate investment trust which holds certain mortgage loans originated by the Bank as well as mortgage-backed securities. In addition, the Bank is the sole member of Temple Realty LLC, which owns the Company's administrative center.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the

instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, the unaudited consolidated financial statements presented herein reflect all adjustments (consisting only of normal adjustments) necessary for a fair presentation. Interim results are not necessarily indicative of results to be expected for the entire year. The Company believes that the disclosures are adequate to make the information presented not misleading. All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

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## 2) Stock Based Compensation

In October 1995, the FASB issued SFAS No. 123, *Accounting for Stock-Based Compensation*. SFAS No. 123 established a fair-value-based method of accounting for stock-based compensation plans. The Company has determined that it will account for stock-based compensation for employees under APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and elect the disclosure-only alternative under SFAS No. 123.

Had compensation cost for the Company's stock option plan been determined consistent with SFAS No. 123, the pro forma net income would have been as follows:

	Three Months Ended March 31,	
	2003	2002
Net income-		
As reported	\$ 3,260	\$ 2,828
Deduct:		
Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(115)	(104)
Pro forma	\$ 3,145	\$ 2,724
Basic EPS-		
As reported	\$ 0.71	\$ 0.57
Pro forma	\$ 0.68	\$ 0.55
Diluted EPS-		
As reported	\$ 0.67	\$ 0.55
Pro forma	\$ 0.64	\$ 0.53

## 3) Commitments

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At March 31, 2003, the Company had outstanding commitments to originate loans amounting to approximately \$40.6 million, unadvanced funds on construction loans of approximately \$1.9 million and unadvanced funds on lines of credit amounting to approximately \$184.4 million.

4) Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period presented. In calculating basic earnings per share, the number of shares of common stock outstanding is reduced by the number of shares held by Port's Employee Stock Ownership Plan (the "ESOP") and its 2000 Recognition and Retention Plan (the "RRP") that have not been allocated or are not committed for release to participants' individual accounts. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed conversion. Potential common shares that may be issued by the Company relate solely to outstanding stock options and unearned RRP shares and are determined using the treasury stock method.

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The following table summarizes the calculation of basic and diluted earnings per share:

	Three Months Ended March 31,	
	2003	2002
(Dollars in thousands, Except Shares and Per Share amounts )		
Net income	\$ 3,260	\$ 2,828
Weighted average common shares outstanding	4,599,994	4,956,737
Dilutive effect of common stock equivalents	279,325	227,460
Weighted average common and common Equivalent shares outstanding	4,879,319	5,184,197
Basic earnings per share	\$ 0.71	\$ 0.57
Dilutive effect of common stock equivalents	(0.04)	(0.02)