

SI Financial Group, Inc.
Form 10-Q
May 09, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2007

OR

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

For the Transition Period from _____ to _____

Commission File Number: 0-50801

SI FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

United States
(State or other jurisdiction of
incorporation or organization)

84-1655232
(I.R.S. Employer
Identification No.)

803 Main Street, Willimantic, Connecticut

06226

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(Address of principal executive offices)

(860) 423-4581

(Zip Code)

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of May 4, 2007, there were 12,421,920 shares of the registrant's common stock outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****SI FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS***(Dollars in Thousands, Except Share Amounts)*

	March 31, 2007 <i>(Unaudited)</i>	December 31, 2006
ASSETS:		
Cash and due from banks:		
Noninterest-bearing	\$ 13,176	\$ 14,984
Interest-bearing	6,344	3,824
Federal funds sold	2,500	7,300
Total cash and cash equivalents	22,020	26,108
Available for sale securities, at fair value	121,366	119,508
Loans held for sale	257	135
Loans receivable (net of allowance for loan losses of \$4,468 at March 31, 2007 and \$4,365 at December 31, 2006)	579,879	574,111
Accrued interest receivable	3,441	3,824
Federal Home Loan Bank stock, at cost	6,660	6,660
Cash surrender value of bank-owned life insurance	8,188	8,116
Premises and equipment, net	10,385	10,512
Goodwill and other intangibles	716	741
Deferred tax asset, net	3,273	3,361
Other assets	3,749	3,961
Total assets	\$ 759,934	\$ 757,037
LIABILITIES AND STOCKHOLDERS EQUITY:		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 56,789	\$ 55,703
Interest-bearing	490,777	482,973
Total deposits	547,566	538,676
Mortgagors and investors escrow accounts	1,753	3,246
Federal Home Loan Bank advances	106,875	111,956
Junior subordinated debt owed to unconsolidated trust	15,465	15,465
Accrued expenses and other liabilities	5,067	5,308
Total liabilities	676,726	674,651
Stockholders Equity:		
Preferred stock (\$.01 par value; 1,000,000 shares authorized; none issued)	126	126

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Common stock (\$.01 par value; 75,000,000 shares authorized; 12,563,750 shares issued; 12,421,920 shares outstanding at March 31, 2007 and December 31, 2006)		
Additional paid-in capital	51,571	51,481
Unallocated common shares held by ESOP	(4,118)	(4,199)
Unearned restricted shares	(1,555)	(1,679)
Retained earnings	39,514	39,254
Accumulated other comprehensive loss	(744)	(1,011)
Treasury stock, at cost (141,830 shares at March 31, 2007 and December 31, 2006)	(1,586)	(1,586)
Total stockholders equity	83,208	82,386
Total liabilities and stockholders equity	\$ 759,934	\$ 757,037

See accompanying notes to unaudited interim consolidated financial statements.

Table of Contents**SI FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME***(Dollars in Thousands, Except Share Amounts / Unaudited)*

	Three Months Ended March 31,	
	2007	2006
Interest and dividend income:		
Loans, including fees	\$ 8,914	\$ 8,185
Securities:		
Taxable interest	1,355	1,203
Tax-exempt interest	4	6
Dividends	126	84
Other	75	52
Total interest and dividend income	10,474	9,530
Interest expense:		
Deposits	3,694	2,761
Federal Home Loan Bank advances	1,228	992
Subordinated debt	300	143
Total interest expense	5,222	3,896
Net interest income	5,252	5,634
Provision for loan losses	165	285
Net interest income after provision for loan losses	5,087	5,349
Noninterest income:		
Service fees	1,126	1,144
Wealth management fees	922	834
Increase in cash surrender value of bank-owned life insurance	72	68
Net gain on sale of securities	321	
Net gain on sale of loans	31	24
Other	11	54
Total noninterest income	2,483	2,124
Noninterest expenses:		
Salaries and employee benefits	3,729	3,583
Occupancy and equipment	1,355	1,160
Computer and electronic banking services	638	627
Outside professional services	364	225
Marketing and advertising	172	153
Supplies and printing	126	124
Other	562	408

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Total noninterest expenses	6,946	6,280
Income before income tax provision	624	1,193
Income tax provision	175	398
Net income	\$ 449	\$ 795
Net income per common share:		
Basic	\$ 0.04	\$ 0.07
Diluted	\$ 0.04	\$ 0.07

See accompanying notes to unaudited interim consolidated financial statements.

Table of Contents**SI FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY****FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006***(Dollars in Thousands, Except Share Amounts / Unaudited)*

	Common Stock		Additional Paid-in Capital	Unallocated Common Shares Held by ESOP	Unearned Restricted Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
	Shares	Dollars							
Balance at December 31, 2005	12,563,750	\$ 126	\$ 51,155	\$ (4,521)	\$ (2,176)	\$ 37,216	\$ (1,609)	\$ (148)	\$ 80,043
Cash dividends declared (\$0.04 per share)						(176)			(176)
Equity incentive plan shares earned			67		124				191
Allocation of ESOP shares			9	80					89
Treasury shares purchased (51,600 shares)								(586)	(586)
Comprehensive income:									
Net income						795			795
Change in net unrealized losses on available for sale securities, net of reclassification adjustment and tax effects							(464)		(464)
Total comprehensive income									331
Balance at March 31, 2006	12,563,750	\$ 126	\$ 51,231	\$ (4,441)	\$ (2,052)	\$ 37,835	\$ (2,073)	\$ (734)	\$ 79,892
Balance at December 31, 2006	12,563,750	\$ 126	\$ 51,481	\$ (4,199)	\$ (1,679)	\$ 39,254	\$ (1,011)	\$ (1,586)	\$ 82,386
Cash dividends declared (\$0.04 per share)						(189)			(189)
Equity incentive plan shares earned			68		124				