

SI Financial Group, Inc.
Form 10-Q
November 08, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the Quarterly Period Ended September 30, 2018

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: 0-54241

SI FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Maryland 80-0643149
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

803 Main Street, Willimantic, Connecticut 06226
(Address of principal executive offices) (Zip Code)

(860) 423-4581
(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 has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer Smaller Reporting Company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period

for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange

Act.

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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 November 2, 2018, there were 12,033,611 shares of the registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SI FINANCIAL GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Amounts / Unaudited)

	September 30, 2018	December 31, 2017
ASSETS:		
Cash and due from banks:		
Noninterest-bearing	\$ 16,915	\$ 16,872
Interest-bearing	59,829	66,614
Total cash and cash equivalents	76,744	83,486
Available for sale securities, at fair value	147,576	154,053
Loans held for sale	1,368	835
Loans receivable (net of allowance for loan losses of \$14,227 at September 30, 2018 and \$12,334 at December 31, 2017)	1,276,373	1,237,174
Federal Home Loan Bank stock, at cost	9,308	9,856
Federal Reserve Bank stock, at cost	3,638	3,636
Bank-owned life insurance	34,397	33,726
Premises and equipment, net	19,099	19,409
Goodwill and other intangibles	16,442	16,893
Accrued interest receivable	5,209	4,784
Deferred tax asset, net	6,943	6,412
Other real estate owned, net	608	1,226
Other assets	9,430	9,466
Total assets	\$ 1,607,135	\$ 1,580,956
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 243,688	\$ 220,877
Interest-bearing	1,006,405	987,170
Total deposits	1,250,093	1,208,047
Mortgagors' and investors' escrow accounts	2,838	4,418
Federal Home Loan Bank advances	152,780	170,094
Junior subordinated debt owed to unconsolidated trust	8,248	8,248
Accrued expenses and other liabilities	23,164	21,668
Total liabilities	1,437,123	1,412,475
Shareholders' Equity:		
Preferred stock (\$.01 par value; 1,000,000 shares authorized; none issued)	—	—
Common stock (\$.01 par value; 35,000,000 shares authorized; 12,033,734 and 12,242,434 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively)	120	122
Additional paid-in-capital	126,178	126,540
Unallocated common shares held by ESOP	(2,328) (2,688
Unearned restricted shares	(227) (235

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Retained earnings	49,628	46,176
Accumulated other comprehensive loss	(3,359) (1,434
Total shareholders' equity	170,012	168,481
Total liabilities and shareholders' equity	\$ 1,607,135	\$ 1,580,956

See accompanying notes to unaudited interim consolidated financial statements.

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SI FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts / Unaudited)

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
Interest and dividend income:				
Loans, including fees	\$13,493	\$12,326	\$39,188	\$36,758
Securities:				
Taxable interest	854	891	2,030	2,465
Tax-exempt interest	13	14	41	42
Dividends	199	184	566	538
Other	295	234	847	546
Total interest and dividend income	14,854	13,649	42,672	40,349
Interest expense:				
Deposits	2,528	1,922	6,579	5,555
Federal Home Loan Bank advances	779	802	2,408	2,577
Subordinated debt and other borrowings	82	60	228	173
Total interest expense	3,389	2,784	9,215	8,305
Net interest income	11,465	10,865	33,457	32,044
Provision for loan losses	1,009	171	2,022	501
Net interest income after provision for loan losses	10,456	10,694	31,435	31,543
Noninterest income:				
Service fees	1,736	1,723	5,217	5,165
Wealth management fees	5	20	23	539
Increase in cash surrender value of bank-owned life insurance	230	133	671	395
Mortgage banking	343	519	901	1,140
Net loss on disposal of equipment	(2)	(4)	(2)	(4)
Other	607	124	1,822	1,428
Total noninterest income	2,919	2,515	8,632	8,663
Noninterest expenses:				
Salaries and employee benefits	5,386	5,052	15,898	15,485
Occupancy and equipment	1,668	1,662	5,175	5,138
Computer and electronic banking services	1,350	1,345	3,926	4,015
Outside professional services	268	379	967	1,172
Marketing and advertising	203	173	666	580
Supplies	141	121	436	383
FDIC deposit insurance and regulatory assessments	192	178	530	590
Core deposit intangible amortization	150	150	451	451
Other real estate owned operations	103	117	271	484
Other	491	481	1,536	1,725
Total noninterest expenses	9,952	9,658	29,856	30,023

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Income before income tax provision	3,423	3,551	10,211	10,183
Income tax provision	719	1,307	2,147	3,378
Net income	\$2,704	\$2,244	\$8,064	\$6,805
Earnings per share:				
Basic	\$0.23	\$0.19	\$	