

SOUTHERN CONNECTICUT BANCORP INC  
Form 10-Q  
August 14, 2008

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 June 30, 2008

Commission file number: 0-49784

Southern Connecticut Bancorp, Inc.  
(Exact name of registrant as specified in its charter)

Connecticut  
(State or other jurisdiction of  
incorporation or organization)

06-1609692  
(I.R.S. Employer  
Identification No.)

215 Church Street  
New Haven, Connecticut

06510

(203) 782-1100  
(Registrant's telephone number, including area code)

[None]  
(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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated  
filer  (do not check if a smaller reporting  
company)

Smaller reporting  
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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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 August 14, 2008
[Common Stock, \$.01 par value per share]	2,793,528 shares

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SOUTHERN CONNECTICUT BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
June 30, 2008 and December 31, 2007 (unaudited)

ASSETS	2008	2007
Cash and due from banks	\$ 3,593,334	\$ 3,891,258
Federal funds sold	8,140,748	21,100,000
Short-term investments	8,170,830	8,355,686
Cash and cash equivalents	19,904,912	33,346,944
Available for sale securities (at fair value)	6,576,038	5,265,679
Federal Home Loan Bank stock	66,100	66,100
Loans held for sale	-	354,606
Loans receivable		
Loans receivable - portfolio	81,572,648	80,404,844
Loans receivable - branch disposed of	-	6,847,249
Allowance for loan losses	(1,144,490)	(1,256,965)
Loans receivable, net	80,428,158	85,995,128
Accrued interest receivable	422,911	533,690
Premises and equipment		
Premises and equipment	2,851,296	2,921,459
Premises and equipment - branch disposed of	-	656,261
Premises and equipment, net	2,851,296	3,577,720
Other assets held for sale	414,920	414,920
Other assets	1,028,048	1,009,474
Total assets	\$ 111,692,383	\$ 130,564,261

SOUTHERN CONNECTICUT BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS, Continued  
June 30, 2008 and December 31, 2007 (unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities	2008	2007
Deposits		
Noninterest bearing deposits		
Noninterest bearing deposits	\$ 24,213,159	\$ 23,610,756
Noninterest bearing deposits - branch disposed of	-	4,187,632
Total noninterest bearing deposits	24,213,159	27,798,388
Interest bearing deposits		
Interest bearing deposits	65,266,932	73,911,903
Interest bearing deposits - branch disposed of	-	5,712,101
Total interest bearing deposits	65,266,932	79,624,004
Total deposits	89,480,091	107,422,392
Repurchase agreements	79,528	544,341
Capital lease obligations	1,183,558	1,186,043
Accrued expenses and other liabilities	1,083,756	1,327,002
Total liabilities	91,826,933	110,479,778
Commitments and Contingencies		
Shareholders' Equity		
Common stock, par value \$.01; shares authorized: 5,000,000; shares issued and outstanding: 2008 2,872,528; 2007 2,969,714	28,725	29,697
Additional paid-in capital	23,621,023	24,263,531
Accumulated deficit	(3,759,380)	(4,169,051)
Accumulated other comprehensive loss - net unrealized loss on available for sale securities	(24,918)	(39,694)
Total shareholders' equity	19,865,450	20,084,483
Total liabilities and shareholders' equity	\$ 111,692,383	\$ 130,564,261

See Notes to Consolidated Financial Statements

SOUTHERN CONNECTICUT BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months and Six Months Ended June 30, 2008 and 2007 (unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
<b>Interest Income</b>				
Interest and fees on loans	\$ 1,518,632	\$ 1,837,813	\$ 3,273,123	\$ 3,569,992
Interest on securities	36,922	62,281	76,288	130,309
Interest on federal funds sold and short-term investments	103,500	357,467	303,162	671,778
Total interest income	1,659,054	2,257,561	3,652,573	4,372,079
<b>Interest Expense</b>				
Interest on deposits	472,863	814,711	1,117,437	1,557,998
Interest on capital lease obligations	44,044	43,936	88,080	87,804
Interest on repurchase agreements	2,088	2,261	4,148	4,496
Total interest expense	518,995	860,908	1,209,665	1,650,298
Net interest income	1,140,059	1,396,653	2,442,908	2,721,781
(Credit) Provision for Loan Losses	(113,503)	27,451	(103,743)	127,244
Net interest income after (credit) provision for loan losses	1,253,562	1,369,202	2,546,651	2,594,537
<b>Noninterest Income</b>				
Service charges and fees	90,373	142,999	266,111	281,002
Gain on sale of branch	46,431	-	824,244	-
Gains on sales of loans	-	45,286	-	45,286
Other noninterest income	140,202	91,552	169,761	194,391
Total noninterest income	277,006	279,837	1,260,116	520,679
<b>Noninterest Expense</b>				
Salaries and benefits	850,173	920,097	2,121,998	1,825,720
Occupancy and equipment	165,651	215,714	356,947	432,532
Professional services	137,816	173,095	248,759	258,452
Data processing and other outside services	98,278	106,667	204,402	210,578
Advertising and promotional expense	18,595	10,043	31,857	11,849
Forms, printing and supplies	39,910	20,655	57,034	39,165
FDIC insurance	13,374	61,074	43,363	63,472
Other operating expenses	133,490			