

BERKSHIRE HILLS BANCORP INC
Form 10-Q
August 09, 2006

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2006

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 0-51584

BERKSHIRE HILLS BANCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware 04-3510455
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

24 North Street, Pittsfield, 01201
Massachusetts
(Address of principal executive offices) (Zip Code)

(413) 443-5601
(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. (Check one):
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 [X]

The Registrant had 8,631,220 shares of common stock, par value \$0.01 per share, outstanding as of August 3, 2006.

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PART I. - FINANCIAL INFORMATION**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****BERKSHIRE HILLS BANCORP, INC.
CONSOLIDATED BALANCE SHEETS**

	June 30, 2006	December 31, 2005
<i>(In thousands, except share data)</i>		
Assets		
Cash and cash equivalents	\$ 29,055	\$ 31,087
Securities available for sale, at fair value	353,322	390,876
Securities held to maturity, at amortized cost	42,524	29,908
Loans held for sale	-	2,093
Total loans	1,551,112	1,416,449
Less: Allowance for loan losses	(13,537)	(13,001)
Net loans	1,537,575	1,403,448
Premises and equipment, net	28,005	26,236
Accrued interest receivable	8,361	8,508
Goodwill	88,544	88,092
Other intangible assets	10,556	11,524
Bank-owned life insurance	19,402	19,002
Cash surrender value - other life insurance	10,418	11,503
Other assets	20,227	13,276
Total assets	\$ 2,147,989	\$ 2,035,553
Liabilities and Stockholders' Equity		
Deposits	\$ 1,463,545	\$ 1,371,218
Borrowings	412,641	397,453
Junior subordinated debentures	15,464	15,464
Other liabilities	8,089	5,352
Total liabilities	1,899,739	1,789,487
Stockholders' equity:		
Preferred stock (\$.01 par value; 1,000,000 shares authorized; none issued)	-	-
Common stock (\$.01 par value; 26,000,000 shares authorized; 10,600,472 shares issued)	106	106
Additional paid-in capital	200,123	198,667
Unearned compensation	(2,409)	(1,435)
Retained earnings	105,033	99,429
Accumulated other comprehensive loss	(6,427)	(2,239)
Treasury stock, at cost (1,978,242 shares in 2006 and 2,060,604 in 2005)	(48,176)	(48,462)
Total stockholders' equity	248,250	246,066

Total liabilities and stockholders' equity	\$	2,147,989	\$	2,035,553
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See accompanying notes to consolidated financial statements.

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BERKSHIRE HILLS BANCORP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(In thousands, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Interest and dividend income				
Loans	\$ 24,017	\$ 15,226	\$ 46,373	\$ 27,142
Securities	4,180	4,100	8,877	8,210
Short-term investments	15	22	32	38
Total interest and dividend income	28,212	19,348	55,282	35,390
Interest expense				
Deposits	9,843	4,318	18,599	7,691
Borrowings	3,911	3,522	7,617	6,159
Total interest expense	13,754	7,840	26,216	13,850
Net interest income	14,458	11,508	29,066	21,540
Provision for loan losses	600	300	890	793
Net interest income, after provision for loan losses	13,858	11,208	28,176	20,747
Non-interest income				
Deposit fees	1,383	1,033	2,669	1,648
Wealth management fees	772	663	1,528	1,333
Insurance fees	581	175	1,489	207
Loan fees	125	198	351	372
Increase in cash surrender value of life insurance	247	200	540	403
Gain on sales of securities, net	529	1,388	1,026	1,817
Gain on sale of loans and securitized loans, net	-	162	-	751
Other	273	97	397	125
Total non-interest income	3,910	3,916	8,000	6,656
Non-interest expense				
Salaries and benefits	5,758	4,485	11,411	8,820
Occupancy and equipment	1,822	1,212	3,753	2,352
Marketing and advertising	350	200	593	361
Data processing and telecommunications	813	635	1,697	1,127
Professional services	432	363	935	838
Foreclosed real estate and other loans, net	105	218	137	312
Amortization of intangible assets	478	156	956	186
Other recurring expense	1,495	1,162	2,995	1,972
Termination of Employee Stock Ownership Plan	-	8,667	-	8,667
Other non-recurring expense	385	963	385	963
Total non-interest expense	11,638	18,061	22,862	25,598

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Income (loss) from continuing operations before income taxes	6,130	(2,937)	13,314	1,805
Income tax expense	1,888	1,671	4,254	3,161
Net income (loss) from continuing operations	4,242	(4,608)	9,060	(1,356)
Income from discontinued operations before income taxes	359	-	359	-
Income tax expense	138	-	138	-
Net income from discontinued operations	221	-	221	-
Net income (loss)	\$ 4,463	\$ (4,608)	\$ 9,281	\$ (1,356)
Earnings (loss) per share				
Basic	\$ 0.52	\$ (0.74)	\$ 1.09	\$ (0.23)
Diluted	\$ 0.51	\$ (0.74)	\$ 1.06	\$ (0.23)
Average shares outstanding				
Basic	8,513	6,257	8,492	5,782
Diluted	8,760	6,257	8,758	5,782

See accompanying notes to consolidated financial statements.

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BERKSHIRE HILLS BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands)

	Six Months Ended June 30,	
	2006	2005
Total stockholders' equity at beginning of period	\$ 246,066	\$