

Newport Bancorp, Inc. (NASDAQ: NFSB) has agreed to merge with SI Financial Group, Inc. (NASDAQ: SIFI)

Deal Value: Approximately \$61.3 million

Sandler O'Neill served as financial advisor to Newport Bancorp, Inc. in this transaction. This transaction is Sandler O'Neill's 69th bank or thrift transaction nationwide since January 1, 2011. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.¹

Willimantic, Connecticut and Newport, Rhode Island, March 5, 2013 — SI Financial Group, Inc. (Nasdaq: SIFI), the holding company for Savings Institute Bank and Trust Company, and Newport Bancorp, Inc. (Nasdaq: NFSB), the holding company for Newport Federal Savings Bank, today announced the execution of a definitive merger agreement pursuant to which SI Financial Group will acquire Newport Bancorp. The acquisition will add to SI Financial Group approximately \$449.4 million in assets, \$355.0 million in loans and \$289.7 million in deposits before acquisition accounting adjustments.

Under the terms of the merger agreement, stockholders of Newport Bancorp will have the right to elect to receive either \$17.55 in cash or 1.5129 shares of SI Financial Group common stock in exchange for each share of Newport Bancorp held by them, subject to proration procedures so that 50 percent of the outstanding Newport Bancorp common shares is converted into SI Financial Group common stock and the balance is converted into the cash consideration. Based upon SI Financial Group's five-day average closing price of \$11.60 on March 4, 2013, the transaction is valued at \$17.55 per share, or approximately \$61.3 million in the aggregate. The transaction is intended to qualify as a tax-free reorganization for federal income tax purposes. SI Financial Group expects the transaction to be immediately accretive to its earnings per share, excluding one-time transaction expenses. The transaction represents 116% of Newport Bancorp's tangible book value and a core deposit premium of 3.0% at December 31, 2012.

The transaction, which has been unanimously approved by the board of directors of both SI Financial Group and Newport Bancorp, is expected to close in the third quarter of 2013. The transaction is subject to certain conditions, including the approval by SI Financial Group's and Newport Bancorp's stockholders and customary regulatory approvals.

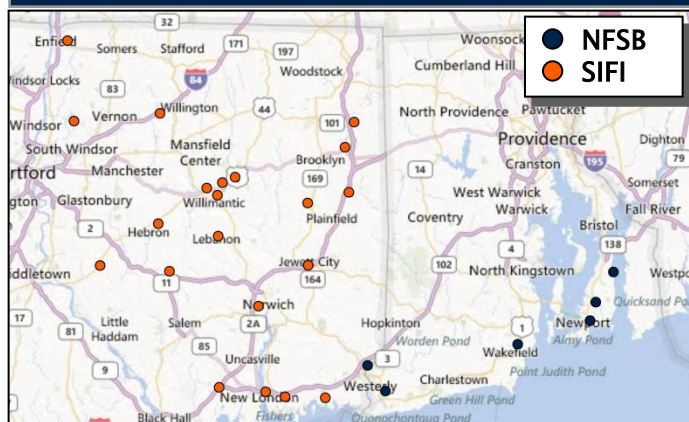
Financial Highlights

(Dollars in millions)

	<u>NFSB</u>	<u>SIFI</u>
Total Assets	\$449	\$953
Net Loans	\$355	\$690
Total Deposits	\$290	\$705
Total Equity	\$53	\$126
Tang. Comm. Equity / Tang. Assets	11.83%	12.88%

*(1) Excludes terminated transactions, self-advisory roles
Note: Financial data as of 12/31/12
Source: SNL Financial*

Pro Forma Branch Map



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