

People's United Financial, Inc.
Form 10-Q
November 12, 2013
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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, 2013

Commission File Number 001-33326

PEOPLE S UNITED FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-8447891
(I.R.S. Employer
Identification No.)

850 Main Street, Bridgeport, Connecticut
(Address of principal executive offices)

06604
(Zip Code)

(203) 338-7171

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

As of October 31, 2013, there were 317,800,729 shares of the registrant's common stock outstanding.

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Item 1 - Financial Statements

People's United Financial, Inc.

Consolidated Statements of Condition - (Unaudited)

(in millions)	September 30, 2013	December 31, 2012
Assets		
Cash and due from banks	\$ 447.3	\$ 470.0
Short-term investments (note 2)	147.9	131.4
Total cash and cash equivalents	595.2	601.4
Securities (note 2):		
Trading account securities, at fair value	6.3	6.5
Securities available for sale, at fair value	4,194.8	4,532.3
Securities held to maturity, at amortized cost (fair value of \$58.9 million and \$60.9 million)	56.0	56.2
Federal Home Loan Bank stock, at cost	122.0	73.7
Total securities	4,379.1	4,668.7
Loans held for sale	28.5	77.0
Loans (note 3):		
Commercial	8,457.2	8,400.0
Commercial real estate	8,393.1	7,294.2
Residential mortgage	4,235.8	3,886.1
Consumer	2,141.3	2,156.3
Total loans	23,227.4	21,736.6
Less allowance for loan losses	(188.2)	(188.0)
Total loans, net	23,039.2	21,548.6
Goodwill (note 6)	1,954.5	1,954.5
Other acquisition-related intangible assets (note 6)	179.4	199.0
Premises and equipment	314.2	330.4
Bank-owned life insurance	338.3	336.5
Other assets (notes 3 and 11)	682.2	608.3
Total assets	\$ 31,510.6	\$ 30,324.4

Liabilities

Deposits:		
Non-interest-bearing	\$ 5,105.7	\$ 5,084.3
Savings, interest-bearing checking and money market	12,657.5	11,959.8
Time	4,426.4	4,706.4
Total deposits	22,189.6	21,750.5
Borrowings:		
Federal Home Loan Bank advances	2,370.6	1,178.3
Federal funds purchased	704.0	619.0
Retail repurchase agreements	539.5	588.2
Other borrowings	7.3	1.0
Total borrowings	3,621.4	2,386.5
Notes and debentures	639.0	659.0
Other liabilities (note 11)	423.0	489.6
Total liabilities	26,873.0	25,285.6
Commitments and contingencies (note 8)		
Stockholders Equity		
Common stock (\$0.01 par value; 1.95 billion shares authorized; 396.4 million shares and 395.8 million shares issued)	3.9	3.9
Additional paid-in capital	5,272.7	5,261.3
Retained earnings	770.5	756.2
Treasury stock, at cost (80.6 million shares and 56.2 million shares) (note 4)	(1,039.0)	(712.2)
Accumulated other comprehensive loss (note 4)	(202.5)	(96.9)
Unallocated common stock of Employee Stock Ownership Plan, at cost (8.1 million shares and 8.4 million shares) (note 7)	(168.0)	(173.5)
Total stockholders equity	4,637.6	5,038.8
Total liabilities and stockholders equity	\$ 31,510.6	\$ 30,324.4

See accompanying notes to consolidated financial statements.

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People's United Financial, Inc.

Consolidated Statements of Income - (Unaudited)

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Interest and dividend income:				
Commercial real estate	\$ 90.0	\$ 91.3	\$ 262.7	\$ 279.4
Commercial	86.4	91.3	260.3	275.2
Residential mortgage	34.7	37.1	103.5	109.1
Consumer	18.6	19.8	56.1	60.5
Total interest on loans	229.7	239.5	682.6	724.2
Securities	22.0	20.3	66.9	56.6
Loans held for sale	0.5	0.5	1.3	1.4
Short-term investments			0.2	0.7
Total interest and dividend income	252.2	260.3	751.0	782.9
Interest expense:				
Deposits	20.1	22.1	61.4	68.8
Borrowings	2.7	1.8	7.6	5.1
Notes and debentures	5.9	1.6	18.3	5.4
Total interest expense	28.7	25.5	87.3	79.3
Net interest income	223.5	234.8	663.7	703.6
Provision for loan losses (note 3)	12.1	15.1	33.7	37.2
Net interest income after provision for loan losses	211.4	219.7	630.0	666.4
Non-interest income:				
Bank service charges	33.3	33.0	95.5	95.8
Investment management fees	9.2	8.7	27.6	26.0
Insurance revenue	9.1	9.5	24.5	25.1
Brokerage commissions	3.3	2.8	10.0	9.3
Operating lease income	8.7	8.3	25.1	22.7
Net gains on sales of residential mortgage loans	3.9	3.6	13.8	10.0
Net gains on sales of acquired loans			5.8	0.7
Other non-interest income	16.5	15.5	50.7	39.9
Total non-interest income	84.0	81.4	253.0	229.5

Non-interest expense:				
Compensation and benefits	106.9	106.7	319.5	321.5
Occupancy and equipment	36.7	36.5	111.5	104.0
Professional and outside service fees	16.1	15.8	44.9	48.6
Operating lease expense	7.8	6.8	22.9	18.8
Amortization of other acquisition-related intangible assets (note 6)	6.5	6.7	19.6	20.1
Other non-interest expense	38.5	36.4	111.9	110.2
Total non-interest expense	212.5	208.9	630.3	623.2
Income before income tax expense	82.9	92.2	252.7	272.7
Income tax expense	24.4	30.0	79.6	88.6
Net income	\$ 58.5	\$ 62.2	\$ 173.1	\$ 184.1
Earnings per common share (note 5):				
Basic	\$ 0.19	\$ 0.18	\$ 0.55	\$ 0.54
Diluted	0.19	0.18	0.55	0.54

See accompanying notes to consolidated financial statements.

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People's United Financial, Inc.

Consolidated Statements of Comprehensive Income - (Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	\$ 58.5	\$ 62.2	\$ 173.1	\$ 184.1
Other comprehensive (loss) income, net of tax:				
Net actuarial loss, prior service cost and transition obligation related to pension and other postretirement benefit plans	1.0	0.9	3.3	3.1
Net unrealized gains and losses on securities available for sale	(24.4)	11.1	(110.0)	15.8
Net unrealized gains and losses on derivatives accounted for as cash flow hedges	(0.3)	(0.8)	1.1	(2.1)
Total other comprehensive (loss) income, net of tax (note 4)	(23.7)	11.2	(105.6)	16.8

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