

People's United Financial, Inc.
Form 10-Q
May 10, 2016

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 March 31, 2016
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 April 30, 2016, there were 310,860,988 shares of the registrant's common stock outstanding.

People's United Financial Inc.

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Part 1 - Financial Information

Item 1 - Financial Statements

People's United Financial, Inc.

Consolidated Statements of Condition - (Unaudited)

(in millions)	March 31, 2016	December 31, 2015
Assets		
Cash and due from banks	\$ 302.7	\$ 334.8
Short-term investments (note 2)	251.0	380.5
Total cash and cash equivalents	553.7	715.3
Securities (note 2):		
Trading account securities, at fair value	6.8	6.7
Securities available for sale, at fair value	4,746.1	4,527.7
Securities held to maturity, at amortized cost (fair value of \$1.75 billion and \$1.66 billion)	1,678.8	1,609.6
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	299.9	305.4
Total securities	6,731.6	6,449.4
Loans held for sale	31.5	34.5
Loans (note 3):		
Commercial real estate	10,046.4	10,028.8
Commercial and industrial	7,707.1	7,748.7
Equipment financing	2,977.8	2,973.3
Total Commercial Portfolio	20,731.3	20,750.8
Residential mortgage	5,600.8	5,457.0
Consumer	2,178.6	2,203.1
Total Retail Portfolio	7,779.4	7,660.1
Total loans	28,510.7	28,410.9
Less allowance for loan losses	(215.5)	(211.0)
Total loans, net	28,295.2	28,199.9
Goodwill (note 6)	1,955.6	1,958.7
Bank-owned life insurance	346.7	346.5

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Premises and equipment, net	252.1	257.8
Other acquisition-related intangible assets (note 6)	123.3	129.1
Other assets (notes 1, 3 and 11)	974.1	855.5
Total assets	\$ 39,263.8	\$ 38,946.7
Liabilities		
Deposits:		
Non-interest-bearing	\$ 6,091.4	\$ 6,178.6
Savings, interest-bearing checking and money market	18,134.9	17,420.7
Time	4,879.2	4,818.1
Total deposits	29,105.5	28,417.4
Borrowings:		
Federal Home Loan Bank advances	3,063.1	3,463.8
Customer repurchase agreements	351.2	469.5
Federal funds purchased	303.0	374.0
Total borrowings	3,717.3	4,307.3
Notes and debentures (note 1)	1,050.4	1,033.1
Other liabilities (notes 1 and 11)	599.4	457.3
Total liabilities	34,472.6	34,215.1
Commitments and contingencies (notes 1 and 8)		
Stockholders Equity		
Common stock (\$0.01 par value; 1.95 billion shares authorized; 399.5 million shares and 399.2 million shares issued)	3.9	3.9
Additional paid-in capital	5,344.3	5,337.7
Retained earnings	889.6	880.8
Accumulated other comprehensive loss (note 4)	(134.7)	(177.2)
Unallocated common stock of Employee Stock Ownership Plan, at cost (7.2 million shares and 7.3 million shares) (note 7)	(150.0)	(151.8)
Treasury stock, at cost (89.0 million shares and 89.1 million shares) (note 4)	(1,161.9)	(1,161.8)
Total stockholders equity	4,791.2	4,731.6
Total liabilities and stockholders equity	\$ 39,263.8	\$ 38,946.7

See accompanying notes to consolidated financial statements.

People's United Financial, Inc.

Consolidated Statements of Income - (Unaudited)

(in millions, except per share data)	Three Months Ended March 31,	
	2016	2015
Interest and dividend income:		
Commercial real estate	\$ 86.8	\$ 85.3
Commercial and industrial	60.3	57.2
Equipment financing	33.3	31.7
Residential mortgage	43.9	40.2
Consumer	18.6	18.1
Total interest on loans	242.9	232.5
Securities	34.5	27.5
Loans held for sale	0.2	0.2
Short-term investments	0.4	0.1
Total interest and dividend income	278.0	260.3
Interest expense:		
Deposits	25.2	22.2
Borrowings	5.0	2.6
Notes and debentures	7.7	7.4
Total interest expense	37.9	32.2
Net interest income	240.1	228.1
Provision for loan losses (note 3)	10.5	9.8
Net interest income after provision for loan losses	229.6	218.3
Non-interest income:		
Bank service charges	23.8	24.2
Investment management fees	11.1	10.8
Operating lease income	10.4	10.8
Insurance revenue	9.3	7.6
Commercial banking lending fees	8.1	13.3
Cash management fees	6.0	5.9
Brokerage commissions	3.0	3.2
Net gains on sales of residential mortgage loans	0.9	0.7
Other non-interest income	9.7	12.5
Total non-interest income	82.3	89.0

Non-interest expense:		
Compensation and benefits	114.1	114.8
Occupancy and equipment	37.5	38.7
Professional and outside services	17.4	15.8
Operating lease expense	9.2	9.3
Regulatory assessments	8.0	9.3
Amortization of other acquisition-related intangible assets (note 6)	5.8	5.9
Other non-interest expense	25.3	23.8
Total non-interest expense	217.3	217.6
Income before income tax expense	94.6	89.7
Income tax expense (note 1)	31.7	30.5
Net income	\$ 62.9	\$ 59.2
Earnings per common share (note 5):		
Basic	\$ 0.21	\$ 0.20
Diluted	0.21	0.20

See accompanying notes to consolidated financial statements.

People's United Financial, Inc.

Consolidated Statements of Comprehensive Income - (Unaudited)

(in millions)	Three Months Ended March 31,	
	2016	2015
Net income	\$ 62.9	\$ 59.2
Other comprehensive income, net of tax:		
Net actuarial loss and prior service credit related to pension and other postretirement plans	1.0	1.1
Net unrealized gains and losses on securities available for sale	41.0	26.2
Amortization of unrealized losses on securities transferred to held to maturity	0.5	0.5
Net unrealized gains and losses on derivatives accounted for as cash flow hedges		(0.2)
Total other comprehensive income, net of tax (note 4)	42.5	27.6
Total comprehensive income	\$ 105.4	\$ 86.8

See accompanying notes to consolidated financial statements.

People's United Financial, Inc.

Consolidated Statements of Changes in Stockholders' Equity - (Unaudited)

Three months ended March 31, 2016 (in millions, except per share data)	Additional		Accumulated		Unallocated		Total Stockholders Equity
	Common Stock	Paid-In Capital	Retained Earnings	Other Comprehensive Loss	ESOP Common Stock	Treasury Stock	
Balance at December 31, 2015	\$ 3.9	\$ 5,337.7	\$ 880.8	\$ (177.2)	\$ (151.8)	\$ (1,161.8)	\$ 4,731.6
Net income			62.9				62.9
Total other comprehensive income, net of tax (note 4)				42.5			42.5
Cash dividends on common stock (\$0.1675 per share)			(50.7)				(50.7)
Restricted stock and performance-based share awards		2.1				(0.1)	2.0
Employee Stock Ownership Plan common stock committed to be released (note 7)			(0.5)		1.8		1.3
			(2.9)				(2.9)

Common stock repurchased and retired
upon vesting of restricted stock awards
Stock options and related tax benefits

4.5