

People's United Financial, Inc.
Form 10-Q
August 09, 2007
Table of Contents

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, 2007

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 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

As of July 31, 2007, there were 300,878,722 shares of the registrant s common stock outstanding.

Table of Contents

Table of Contents

	Page
Part I - Financial Information	
Item 1. Financial Statements (Unaudited)	
<u>Consolidated Statements of Condition at June 30, 2007 and December 31, 2006</u>	1
<u>Consolidated Statements of Income for the Three and Six months ended June 30, 2007 and 2006</u>	2
<u>Consolidated Statements of Changes in Stockholders' Equity for the Six months ended June 30, 2007 and 2006</u>	3
<u>Consolidated Statements of Cash Flows for the Six months ended June 30, 2007 and 2006</u>	4
<u>Notes to Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	51
Item 4. <u>Controls and Procedures</u>	52
Part II - Other Information	
Item 1. <u>Legal Proceedings</u>	53
Item 1A. <u>Risk Factors</u>	53
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	53
Item 3. <u>Defaults Upon Senior Securities</u>	54
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	54
Item 5. <u>Other Information</u>	54
Item 6. <u>Exhibits</u>	55
<u>Signatures</u>	56

Table of Contents

Item 1 - Financial Statements

People's United Financial, Inc.

Consolidated Statements of Condition - (Unaudited)

(in millions)	June 30, 2007	December 31, 2006
Assets		
Cash and due from banks	\$ 360.9	\$ 344.1
Short-term investments	2,236.7	224.6
 Total cash and cash equivalents	 2,597.6	 568.7
Securities (note 3):		
Trading account securities, at fair value	26.4	29.6
Securities available for sale, at fair value	42.1	46.8
Securities held to maturity, at amortized cost (fair value of \$1.1 at each date)	1.1	1.1
 Total securities	 69.6	 77.5
Securities purchased under agreements to resell	1,418.0	
Loans (note 4):		
Residential mortgage	3,553.0	3,900.1
Commercial	2,451.3	2,363.6
Commercial real estate	1,784.1	1,786.7
Consumer	1,258.1	1,321.3
 Total loans	 9,046.5	 9,371.7
Less allowance for loan losses	(72.5)	(74.0)
 Total loans, net	 8,974.0	 9,297.7
Bank-owned life insurance (note 1)	218.0	212.6
Premises and equipment, net	147.4	136.8
Goodwill (note 7)	101.5	101.5
Other acquisition-related intangibles (note 7)	3.0	3.5
Other assets	292.6	288.6
 Total assets	 \$ 13,821.7	 \$ 10,686.9
Liabilities		
Deposits:		
Non-interest-bearing	\$ 2,302.8	\$ 2,294.4
Savings, interest-bearing checking and money market	3,194.4	3,205.2
Time	3,593.7	3,583.0
 Total deposits	 9,090.9	 9,082.6
Borrowings:		
Federal funds purchased		4.1

Edgar Filing: People's United Financial, Inc. - Form 10-Q

Total borrowings		4.1
Subordinated notes	65.3	65.3
Other liabilities	161.9	195.4
Total liabilities	9,318.1	9,347.4
Stockholders' Equity (note 2)		
Common stock (\$0.01 par value; 1.95 billion shares authorized; 300.9 million shares issued and outstanding)	3.0	
Common stock (without par value; 450.0 million shares authorized; 142.2 million shares issued and outstanding)		142.2
Additional paid-in capital	3,708.9	182.9
Retained earnings	1,055.2	1,062.4
Unallocated common stock of Employee Stock Ownership Plan	(214.4)	
Accumulated other comprehensive loss (note 5)	(49.1)	(48.0)
Total stockholders' equity	4,503.6	1,339.5
Total liabilities and stockholders' equity	\$ 13,821.7	\$ 10,686.9

See accompanying notes to consolidated financial statements.

Table of Contents

People's United Financial, Inc.

Consolidated Statements of Income - (Unaudited)

(in millions, except per share data)	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Interest and dividend income:				
Residential mortgage	\$ 47.1	\$ 45.4	\$ 96.1	\$ 87.5
Commercial	42.0	36.1	82.6	69.3
Commercial real estate	32.1	31.0	63.9	60.3
Consumer	22.5	21.6	45.4	41.8
Total interest on loans	143.7	134.1	288.0	258.9
Short-term investments	28.1	0.7	32.1	1.5
Securities	1.0	9.2	2.1	21.1
Securities purchased under agreements to resell	14.7	0.3	14.7	0.6
Total interest and dividend income	187.5	144.3	336.9	282.1
Interest expense:				
Deposits	53.8	42.9	106.1	80.9
Borrowings	0.1	2.8	0.2	6.1
Subordinated notes	1.6	2.5	3.3	5.0
Total interest expense	55.5	48.2	109.6	92.0
Net interest income	132.0	96.1	227.3	190.1
Provision for loan losses	1.8	0.2	2.6	(2.1)
Net interest income after provision for loan losses	130.2	95.9	224.7	192.2
Non-interest income:				
Fee-based revenues:				
Service charges on deposit accounts	19.5	20.0	37.5	38.3
Insurance revenue	6.2	5.8	13.5	13.6
Brokerage commissions	3.6	3.2	7.0	6.3
Other fees	9.2	8.5	18.3	17.1
Total fee-based revenues	38.5	37.5	76.3	75.3
Net security losses		(4.0)		(4.0)
Bank-owned life insurance (note 1)	2.7	2.2	5.1	4.1
Net gains on sales of residential mortgage loans	0.9	0.6	1.6	1.0
Other non-interest income	3.4	2.9	6.1	5.2
Total non-interest income	45.5	39.2	89.1	81.6
Non-interest expense:				
Compensation and benefits	54.9	50.3	106.2	102.2
Occupancy and equipment	16.2	15.4	32.7	31.2
Contribution to The People's United Community Foundation (note 2)	60.0		60.0	
Other non-interest expense	24.6	20.9	44.9	40.8

Edgar Filing: People's United Financial, Inc. - Form 10-Q

Total non-interest expense	155.7	86.6	243.8	174.2
Income from continuing operations before income tax expense	20.0	48.5	70.0	99.6
Income tax expense	6.9	16.3	23.8	33.5
Income from continuing operations	13.1	32.2	46.2	66.1
Discontinued operations (note 10):				
Income from discontinued operations, net of tax	0.4	0.7	0.9	1.6
Income from discontinued operations	0.4	0.7	0.9	1.6
Net income	\$ 13.5	\$ 32.9	\$ 47.1	\$ 67.7
Earnings per common share (notes 2 and 6)				
Basic:				
Income from continuing operations	\$ 0.05	\$ 0.11	\$ 0.16	\$ 0.22