

WEBSTER FINANCIAL CORP
Form 10-Q
May 02, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2012.

or

.. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number: 001-31486

WEBSTER FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of

06-1187536
(I.R.S. Employer

incorporation or organization)

Identification No.)

145 Bank Street (Webster Plaza), Waterbury, Connecticut
(Address of principal executive offices)

06702
(Zip Code)

(203) 578-2202

(Registrant's telephone number, including area code)

(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 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 (Section 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 definitions 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

The number of shares of common stock, par value \$.01 per share, outstanding as of April 27, 2012 was 87,868,904

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<i>(In thousands, except share data)</i>	March 31, 2012 (Unaudited)	December 31, 2011
Assets:		
Cash and due from banks	\$ 173,027	\$ 195,957
Interest-bearing deposits	77,921	96,062
Securities available for sale, at fair value	3,144,867	2,874,764
Securities held-to-maturity (fair value of \$3,234,584 and \$3,130,546)	3,079,654	2,973,727
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	142,595	143,874
Loans held for sale	59,615	57,391
Loans and leases	11,312,150	11,225,404
Allowance for loan and lease losses	(210,288)	(233,487)
Loans and leases, net	11,101,862	10,991,917
Deferred tax asset, net	81,676	105,665
Premises and equipment, net	141,088	147,379
Goodwill	529,887	529,887
Other intangible assets, net	14,293	15,690
Cash surrender value of life insurance policies	309,556	307,039
Prepaid FDIC premiums	32,507	37,946
Accrued interest receivable and other assets	245,594	237,042
Total assets	\$ 19,134,142	\$ 18,714,340
Liabilities and Equity:		
Deposits:		
Non-interest-bearing	\$ 2,491,442	\$ 2,473,693
Interest-bearing	11,453,055	11,182,332
Total deposits	13,944,497	13,656,025
Securities sold under agreements to repurchase and other short-term borrowings	1,268,589	1,164,706
Federal Home Loan Bank advances	1,352,466	1,252,609
Long-term debt	474,318	552,589
Accrued expenses and other liabilities	199,330	242,637
Total liabilities	17,239,200	16,868,566
Shareholders' equity:		
Preferred stock, \$.01 par value; Authorized - 3,000,000 shares:		
Series A issued and outstanding - 28,939 shares	28,939	28,939
Common stock, \$.01 par value; Authorized - 200,000,000 shares		
Issued - 90,713,626 and 90,709,350 shares	907	907
Paid-in capital	1,146,141	1,145,346
Retained earnings	898,031	865,427
Less: Treasury stock, at cost (3,467,612 and 3,493,915 shares)	(132,631)	(134,641)
Accumulated other comprehensive loss, net	(46,445)	(60,204)

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Total equity	1,894,942	1,845,774
Total liabilities and equity	\$ 19,134,142	\$ 18,714,340

See accompanying Notes to Condensed Consolidated Financial Statements.

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WEBSTER FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended March 31,	
	2012	2011
<i>(In thousands, except per share data)</i>		
Interest Income:		
Interest and fees on loans and leases	\$ 120,741	\$ 121,943
Taxable interest and dividends on securities	45,888	46,493
Non-taxable interest on securities	6,980	7,351
Loans held for sale	498	422
 Total interest income	 174,107	 176,209
Interest Expense:		
Deposits	16,056	22,769
Securities sold under agreements to repurchase and other short-term borrowings	4,434	3,562
Federal Home Loan Bank advances	4,564	3,355
Long-term debt	5,685	6,362
 Total interest expense	 30,739	 36,048
 Net interest income	 143,368	 140,161
Provision for loan and lease losses	4,000	10,000
 Net interest income after provision for loan and lease losses	 139,368	 130,161
Non-interest Income:		
Deposit service fees	23,363	25,340
Loan related fees	4,869	4,443
Wealth and investment services	7,221	6,722
Mortgage banking activities	4,383	1,253
Increase in cash surrender value of life insurance policies	2,517	2,533
Net loss on trading securities		(1,799)
Net gain on sale of investment securities		2,176
Other income	1,633	3,248
 Total non-interest income	 43,986	 43,916
Non-interest Expense:		
Compensation and benefits	68,619	67,071
Occupancy	12,882	14,735
Technology and equipment	15,582	15,392
Intangible assets amortization	1,397	1,397
Marketing	4,100	5,520
Professional and outside services	2,692	2,430
Deposit insurance	5,709	5,781
Litigation		292
Other expenses	16,832	16,507
 Total non-interest expense	 127,813	 129,125

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Income from continuing operations before income tax expense	55,541	44,952
Income tax expense	16,603	12,368
Income from continuing operations	38,938	32,584
Income from discontinued operations, net of tax		1,995
Net income	38,938	34,579
Less: Net loss attributable to non controlling interests		(1)
Net income attributable to Webster Financial Corporation	38,938	34,580
Preferred stock dividends	(615)	(831)
Net income available to common shareholders	\$ 38,323	\$ 33,749
Net income per common share:		
Basic		
Net income from continuing operations	\$ 0.44	\$ 0.36
Net income available to common shareholders	0.44	0.38
Diluted		
Net income from continuing operations	0.42	0.34
Net income available to common shareholders	0.42	0.36

See accompanying Notes to Condensed Consolidated Financial Statements.

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	Three months ended	
	March 31,	
	2012	2011
<i>(In thousands, except per share data)</i>		
Net income	\$ 38,938	\$ 34,579
Other comprehensive income, net of taxes:		
Securities:		
Net change in unrealized gain on securities available for sale	11,619	4,308
Net change in non-credit related other-than-temporary impairment		746
Amortization of unrealized loss on securities transferred to held to maturity	39	28
Unrealized gain on derivative instruments	1,041	1,865
Defined benefit pension plans:		
Amortization of net loss	1,048	406
Amortization of prior service cost	12	12
Current year actuarial gain		365
Other comprehensive income	13,759	7,730
Comprehensive income	52,697	42,309
Less: comprehensive loss attributable to non controlling interest		