

WEBSTER FINANCIAL CORP

Form 10-Q

November 02, 2011

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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 September 30, 2011.

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
incorporation or organization)

06-1187536
(I.R.S. Employer
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 October 25, 2011 was 87,503,485.

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<i>(In thousands, except share data)</i>	September 30, 2011 (Unaudited)	December 31, 2010
Assets:		
Cash and due from banks	\$ 168,776	\$ 159,849
Interest-bearing deposits	87,240	52,811
Trading securities, at fair value		11,554
Securities available for sale, at fair value	2,500,151	2,413,776
Securities held-to-maturity (fair value of \$3,261,733 and \$3,141,775)	3,106,013	3,072,453
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	143,874	143,874
Loans held for sale	28,266	52,224
Loans and leases	11,056,446	11,024,639
Allowance for loan and lease losses	(257,352)	(321,665)
Loans and leases, net	10,799,094	10,702,974
Deferred tax asset, net	96,310	104,774
Premises and equipment, net	148,274	157,724
Goodwill	529,887	529,887
Other intangible assets, net	17,087	21,277
Cash surrender value of life insurance policies	305,901	298,149
Prepaid FDIC premiums	42,424	57,548
Accrued interest receivable and other assets	254,796	259,194
Total assets	\$ 18,228,093	\$ 18,038,068
Liabilities and Equity:		
Deposits:		
Non-interest bearing	\$ 2,292,673	\$ 2,216,987
Interest bearing	11,293,261	11,391,798
Total deposits	13,585,934	13,608,785
Securities sold under agreements to repurchase and other short-term borrowings	1,220,905	1,091,477
Federal Home Loan Bank advances	760,964	768,005
Long-term debt	554,478	582,837
Accrued expenses and other liabilities	255,892	203,898
Total liabilities	16,378,173	16,255,002
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 - 90,703,887 shares and 90,688,879 shares	907	907
Paid-in capital	1,145,146	1,160,690
Retained earnings	839,816	746,057
Less: Treasury stock, (at cost; 3,657,626 shares and 3,830,050 shares)	(141,338)	(149,462)

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Accumulated other comprehensive loss, net	(33,127)	(13,709)
Total Webster Financial Corporation shareholders' equity	1,840,343	1,773,422
Non controlling interests	9,577	9,644
Total equity	1,849,920	1,783,066
Total liabilities and equity	\$ 18,228,093	\$ 18,038,068

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**WEBSTER FINANCIAL CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
<i>(In thousands, except per share data)</i>				
Interest Income:				
Interest and fees on loans and leases	\$ 120,018	\$ 123,042	\$ 362,848	\$ 368,839
Taxable interest and dividends on securities	45,753	45,709	138,504	140,268
Tax-exempt interest and dividends on securities	7,221	7,473	21,841	22,513
Loans held for sale	266	79	865	537
Total interest income	173,258	176,303	524,058	532,157
Interest Expense:				
Deposits	18,930	26,409	63,540	88,842
Securities sold under agreements to repurchase and other short-term borrowings	4,384	4,048	11,723	12,172
Federal Home Loan Bank advances	3,551	4,682	10,201	13,847
Long-term debt	6,012	6,430	18,647	18,836
Total interest expense	32,877	41,569	104,111	133,697
Net interest income	140,381	134,734	419,947	398,460
Provision for loan and lease losses	5,000	25,000	20,000	100,000
Net interest income after provision for loan and lease losses	135,381	109,734	399,947	298,460
Non-interest Income:				
Deposit service fees	27,074	26,822	78,509	83,951
Loan related fees	6,823	6,119	18,071	19,349
Wealth and investment services	6,486	6,220	20,662	18,273
Mortgage banking activities	1,324	1,658	3,811	1,947
Increase in cash surrender value of life insurance policies	2,642	2,677	7,751	7,867
Net gain (loss) on trading securities		1,205	(1,799)	9,789
Net gain on sale of investment securities		1,027	3,823	9,709
Total other-than-temporary impairment loss on securities		(5,314)		(14,445)
Less: Portion of loss recognized in other comprehensive income		4,344		8,607
Net impairment loss recognized in earnings		(970)		(5,838)
Other income	1,857	2,510	6,698	14,757
Total non-interest income	46,206	47,268	137,526	159,804
Non-interest Expense:				
Compensation and benefits	61,897	60,133	194,501	181,402
Occupancy	13,150	13,777	40,741	41,763
Technology and equipment	15,141	15,886	45,667	46,811
Intangible assets amortization	1,397	1,397	4,191	4,191
Marketing	4,144	4,634	13,916	14,651
Professional and outside services	3,125	4,038	8,368	10,206
Deposit insurance	4,472			