

**PUBLIC
SUPPLEMENT**

TO THE

APPLICATION

PURSUANT TO
SECTIONS 3(a)(3) AND 3(a)(5) OF THE BANK HOLDING
COMPANY ACT OF 1956, THE BANK MERGER ACT, AND
SECTION 9 OF THE FEDERAL RESERVE ACT OF 1913

SUBMITTED BY

M&T BANK CORPORATION

TO THE

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE
SYSTEM**

RELATING TO THE PROPOSED ACQUISITION OF

**PEOPLE'S UNITED FINANCIAL, INC. AND PEOPLE'S
UNITED BANK, NATIONAL ASSOCIATION**

AND

RELATED TRANSACTIONS

SUBMITTED

June 21, 2021

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RESPONSES OF M&T BANK CORPORATION TO THE SECOND REQUEST FOR ADDITIONAL INFORMATION

Set forth below are the responses of M&T Bank Corporation (“M&T”) to the questions of the staff of the Board of Governors of the Federal Reserve System (the “Board”), dated May 28, 2021, relating to M&T’s application submitted on March 22, 2021 (the “Application”) pursuant to (i) Sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended, and Sections 225.11 and 225.15 of the Board’s Regulation Y promulgated thereunder; (ii) the Bank Merger Act, 12 U.S.C. § 1828(c) and implementing regulations; and (iii) Section 9 of the Federal Reserve Act of 1913, as amended. Preceding each response, the related question is restated in bold. Capitalized terms not otherwise defined herein have the meanings set forth in the Application.

Convenience and Needs

- 1. Please describe in detail any due diligence review conducted of People’s United Bank’s communities with respect to the convenience and needs factor, the findings of any such review, and M&T’s plans to address any findings, including plans to offer products or services in the communities served by People’s United Bank.**

The initial due diligence process related to People’s United Bank’s communities included a review of People’s United Bank’s HMDA and CRA Small Business data as well as retail branch distribution. This information was compared to available demographic data to provide additional context.

A review of Peoples United Bank’s most recent CRA evaluation was also conducted. This provided important information related to People’s United Bank’s overall CRA performance and, along with the above-referenced data analysis, suggested areas of focus moving forward should the merger be approved.

During the due diligence process, M&T was also able to rely on community relationships in Fairfield County and to a lesser extent, Massachusetts, as another avenue for assessing community needs. Since the announcement of the Transaction, M&T has contacted over 300 non-profit, community development and governmental leaders in the impacted markets. While these conversations are ongoing and the number of groups and individuals contacted continues to grow, feedback gleaned from these sessions is a critical part of M&T’s strategy development moving forward.

The due diligence showed that a combination with People’s United Bank would provide meaningful opportunities to establish a full-scale presence in New England with an expanded suite of product offerings, as discussed below. Customers will benefit from our combined footprint and access to an expanded branch and ATM network, including M&T Bank’s off-premise ATMs, as well as expanded call center availability for customer support. While the acquisition of People’s United Bank would represent the largest such transaction in M&T’s

history, the firms share a similar community focus, conservative credit culture and prior merger integration experience that mitigates potential risk to M&T.

The acquisition of People's United Bank would provide M&T Bank with a full-scale presence in Connecticut and Vermont, which represent the top two deposit market positions of People's United Bank, and a platform for future growth in metropolitan Boston and Long Island. The demographic characteristics of People's United Bank's core markets resemble those in which M&T Bank has operated successfully for decades. The combined company would occupy a unique niche in the New England market, providing broader capabilities than the numerous local banks in that region but with a greater community presence than the largest national banks.

The combination would enable M&T to offer its full range of products and services to People's United customers, including in areas where People's United presently lacks comparable capabilities such as commercial mortgage banking through M&T Real Estate Capital Corporation, debt capital markets and corporate trust services. Furthermore, the addition to M&T's sales force throughout New England will provide People's United's customer base with access to Wilmington Trust's retail and institutional product offerings. M&T Bank's digital checking account origination capabilities can be leveraged across People's United Bank to create an opportunity to apply M&T Bank's full consumer credit product suite.

The addition of approximately 402 branches in areas with dense small business communities provides an opportunity to extend M&T Bank's business banking model throughout People's United Bank's footprint, leveraging M&T Bank's expertise in Small Business Administration ("SBA") lending and improving sales productivity by realigning People's United Bank's business banking resources to M&T Bank's established and award winning model.

By entering People's United Bank's New England markets, M&T Bank will also enhance access to small business credit through its SBA lending expertise. M&T Bank is designated a Preferred Lending Partner, which means it can act on behalf of the SBA in approving SBA loans. M&T Bank participates in several SBA loan programs, including the SBA Express, the Standard 7(a) and 7(a) small loan, 504 Certified Development Program, SBA CAP lines, Export Express and the Export Working Capital Program. M&T Bank is currently the fifth largest SBA lender in the country, originating 1,110 loans for \$157 million in fiscal year 2020. M&T Bank is the number one SBA lender in Baltimore, Buffalo/Rochester, Delaware, Philadelphia, Syracuse and Washington, DC. M&T Bank is the number two SBA lender in New York City and New Jersey. M&T Bank is excited about the prospects of bringing its experience, infrastructure and expertise to the legacy People's United markets. Finally, helping underscore the effectiveness and positive impact M&T Bank's small business lending infrastructure can have on its communities is the fact that M&T Bank was the 10th largest PPP lender in the country during the first round and provided nearly \$10 billion in needed financing by way of more than 58,000 loans over the course of the program.

The due diligence process also highlighted opportunities for M&T Bank to expand or build upon People's United Bank's product offerings in several areas: small business lending, affordable mortgage lending, a checkless checking account, a credit building secured credit card and financial education.

To further address the needs of smaller businesses, M&T Bank also offers a Small Business Credit Card. This product is designed to provide small businesses an opportunity to address short term cash flow needs for things like business equipment and supplies, travel, and entertainment. The business credit card has a credit limit as low as \$2,000, an ideal credit limit for smaller businesses. The product has no annual fee and can be used to provide overdraft protection on business checking accounts. The Small Business Credit Card is also available to non-profits to help these organizations address their financial needs. At the end of 2020, the portfolio had over 16,000 accounts and \$290 million in credit lines.

Affordable Mortgage Products

Supporting homeownership is a key strategic initiative across M&T's footprint and will be an important focus as the bank enters the legacy People's United markets. In addition to providing support for mortgage loan officers focusing on affordable mortgage lending strategies, M&T will also roll out these products to the legacy People's United markets:

- *Fannie Mae Home Ready and Freddie Home Possible.* These products provide flexible underwriting, low down payment options (as low as 3%) which can be funded with a gift or grant, closing cost assistance and seller concessions.
- *M&T's portfolio product.* This product provides flexible underwriting, interest rate discounts if payments are auto deducted, as little as 1% of borrowers' own funds toward a down payment and a bi-weekly payment option to build equity faster. M&T also offers an unsecured loan to be used for additional down payment and closing cost assistance priced at the first mortgage interest rate.
- *FHA, VA, USDA CRA Programs.* These programs include discounted interest rates or lender credits, low down payments and the ability to be paired with local non-profit or municipal closing cost assistance programs. The USDA product allows for 100% financing in rural areas.
- *M&T Grant Program.* M&T offers its own \$5,000 grant to support LMI individuals buying homes in LMI geographies

Secured Credit Card

One item that is continually mentioned as M&T speaks to customers and conducts community conversations across its footprint is the need for a "credit builder" type product that can be used to help build and improve personal credit scores. Given this feedback, M&T developed a Secured Credit Card product. The credit line starts at \$250 and includes access to online and mobile banking and the ability to link this account to a traditional checking account for overdraft protection. This product will be rolled out to the new markets and paired with the Bank On-Certified MyWay Account, discussed below, as well as financial education offered through M&T Money Mentor.

MyWay

MyWay is a checkless checking account with no overdraft fees. The product has the same features as a traditional account but does not allow customers to overdraw the account.

This account is an ideal vehicle for helping bring people into the financial mainstream because customers are still eligible to open a checking account even if they have had past issues with banking accounts. MyWay also provides users with debit card access, access to online and mobile banking and the ability to use Zelle for person to person payments.

The Cities for Financial Empowerment Fund recently announced that the MyWay account meets the Bank On National Certification standards for a low-cost financial product. The Bank On certification is important because it assures customers that they have access to a safe, low-cost account that meets their daily needs and adheres to an independent national standard. A basic transaction account is an important first step toward participating in the financial mainstream and, along with the secured card, plays an important role in providing underserved populations access to mainstream financial services. People's United Bank does not offer a Bank On certified account, so the Transaction will increase access throughout the legacy People's United Bank footprint.

Financial Education

M&T's customers have indicated that financial education is a critical part of their personal financial journeys. With this in mind, M&T has developed an online Financial Education Center which is organized into seven different life stages or education bundles. The online resource includes links to videos, product pages and articles to help guide customers on topics ranging from homeownership to banking for families and teens. The financial education sessions are powered by M&T's Money Mentor digital modules. M&T offers over 37 interactive digital modules, with calculators, videos and a Q&A section and each is designed to take no more than six minutes to complete.

M&T also offers Money Mentors Workshops which are in-person versions of the digital programming and are designed to be offered by an M&T professional in conjunction with a community partner or non-profit organization. Both the digital and in-person programs will be rolled out in the legacy People's United markets.

Taken together, the Secured Credit Card, MyWay account and the Financial Education Center will be a powerful combination for customers looking to navigate their personal financial journey.

- 2. Please discuss whether M&T Bank plans to proceed with the closure of the majority of People's United Bank's Stop & Shop in-store branch locations in New York and Connecticut.**

On January 21, 2021, People's United Bank announced its decision not to renew its agreements with Stop & Shop ("S&S") to operate 140 in-store branches in Connecticut and New York upon their expiration in 2022, of which 84 are in Connecticut and 56 are in New York.

[REDACTED]

[REDACTED]

[REDACTED]