
APPLICATION
TO THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
BY
M&T BANK CORPORATION
RELATING TO THE PROPOSED ACQUISITION OF
**PEOPLE'S UNITED FINANCIAL, INC. AND PEOPLE'S UNITED BANK,
NATIONAL ASSOCIATION**
and
APPLICATION
TO THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
RELATING TO THE PROPOSED MERGER OF
PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION
WITH AND INTO
MANUFACTURERS AND TRADERS TRUST COMPANY (M&T BANK)
and
TO ESTABLISH BRANCH LOCATIONS

March 22, 2021

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PRELIMINARY STATEMENT

I. OVERVIEW

M&T Bank Corporation (“M&T”), a bank holding company incorporated under New York law and headquartered in Buffalo, New York that has elected to become a financial holding company, hereby submits the following applications (the “Applications”) to the Federal Reserve Bank of New York and the Board of Governors of the Federal Reserve System (the “Board”), pursuant to:

- Sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended (the “BHC Act”), and Sections 225.11 and 225.15 of the Board’s Regulation Y promulgated thereunder, requesting the Board’s prior approval for Bridge Merger Corp., a Delaware corporation and direct, wholly owned subsidiary of M&T (“Merger Sub”), to merge with and into People’s United Financial, Inc. (“People’s United”), a bank holding company incorporated under Delaware law and headquartered in Bridgeport, Connecticut that has elected to become a financial holding company, with People’s United as the surviving entity (the “Merger”), and as soon as reasonably practicable following the Merger, People’s United to merge with and into M&T, with M&T as the surviving entity (the “Holdco Merger”), and thereby for M&T to acquire People’s United’s sole insured depository institution subsidiary, People’s United Bank, National Association, a national banking association headquartered in Bridgeport, Connecticut (“People’s United Bank”);
- The Bank Merger Act, 12 U.S.C. § 1828(c) (the “Bank Merger Act”), requesting the Board’s prior approval of the merger of People’s United Bank with and into Manufacturers and Traders Trust Company, M&T’s depository institution subsidiary and a New York state-chartered member bank headquartered in Buffalo, New York (“M&T Bank”), with M&T Bank as the surviving entity (the “Bank Merger” and, together with the Merger and the Holdco Merger, the “Transaction”); and
- Section 9 of the Federal Reserve Act of 1913, as amended (the “Federal Reserve Act”), requesting the Board’s prior approval to establish branches at the existing locations of People’s United Bank’s main office and branches.

Both M&T and People’s United are publicly traded companies. Information regarding each of the parties to the Transaction is set forth below in Section IV.

In addition to People’s United Bank, M&T will acquire indirect control of non-depository subsidiaries of People’s United for which no application is required.¹ Additional information regarding People’s United’s subsidiaries is set forth in Section IV.C.

As discussed in detail below, the Transaction satisfies all the criteria for approval under the BHC Act, the Bank Merger Act, Section 9 of the Federal Reserve Act, and applicable state law. The merger of M&T with People’s United will create a sound, financially strong, and more competitive institution with enhanced managerial resources and a deep-rooted and proven commitment to its communities.

II. DESCRIPTION OF THE TRANSACTION

A. The Merger

On February 21, 2021, M&T, Merger Sub, and People’s United entered into an Agreement and Plan of Merger (the “Merger Agreement”) that provides for the business combination of M&T and People’s United. Pursuant to the Merger Agreement, and subject to the receipt of all required regulatory approvals and the satisfaction of other customary closing conditions, Merger Sub will merge with and into People’s United, with People’s United as the surviving corporation. A copy of the Merger Agreement is attached as Public Exhibit 1.² The aggregate value of the Transaction is approximately \$7.6 billion.³

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of common stock, par value \$0.01 per share, of People’s United issued and outstanding immediately prior to the Effective Time (the “People’s United Common Stock”), including each People’s United Restricted Share (as defined below) held by a non-employee director of the People’s United Board of Directors (each, a “Director Restricted Share”), except for shares of People’s United Common Stock owned by People’s United or M&T (in each case, other than shares of People’s United Common Stock (i) held in trust accounts,

¹ These include subsidiaries the shares of which M&T may hold pursuant to Section 4(c) of the BHC Act and Section 225.22(b) of Regulation Y. M&T will also acquire indirect (following the Merger) or direct (following the Holdco Merger) control of certain subsidiaries of People’s United pursuant to Section 4(k) of the BHC Act and Section 225.86 of Regulation Y. M&T will comply with the post-closing notice procedures of Section 4(k) of the BHC Act and Section 225.87 of Regulation Y with respect to its acquisition of such subsidiaries. In addition, M&T will acquire indirect control of People’s United Bank’s non-bank subsidiaries, each of which conducts activities permissible to be conducted by M&T Bank. No prior Board approval is required for M&T’s direct or indirect acquisition of such subsidiaries pursuant to Section 225.22(e) of Regulation Y.

² M&T has filed with the Securities and Exchange Commission (the “SEC”) a Form 8-K dated February 21, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/36270/000119312521049843/d121321d8k.htm>, and People’s United has filed with the SEC a Form 8-K dated February 21, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/1378946/000119312521057178/d109088d8k.htm>, in each case in connection with its entry into the Merger Agreement.

³ This amount is based on a closing price of \$149.97 per share of M&T Common Stock on February 19, 2021.

managed accounts, and mutual funds, and the like or otherwise held in a fiduciary or agency capacity, that are beneficially owned by third parties, or (ii) held, directly or indirectly, by People's United or M&T in respect of debts previously contracted), will be converted into the right to receive 0.118 of a share (the "Exchange Ratio") of the common stock, par value \$0.50 per share, of M&T (the "M&T Common Stock") (the "Merger Consideration").⁴ Holders of People's United Common Stock will receive cash in lieu of fractional shares. Holders of People's United Common Stock are not entitled to appraisal or dissenters' rights under the Delaware General Corporation Law (the "DGCL").

At the Effective Time, each outstanding share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, par value \$0.01 per share, of People's United (the "People's United Preferred Stock"), will be converted into the right to receive a share of a newly created series of M&T preferred stock having terms that are substantially as set forth in Exhibit A to the Merger Agreement (the "New M&T Preferred Stock").

At the Effective Time, People's United's outstanding equity awards will generally be converted into M&T equity awards and, except as specifically provided in the Merger Agreement, governed by the same terms and conditions as were applicable to the corresponding People's United equity awards immediately prior to the Effective Time. Based on the number of shares of People's United common stock and preferred stock outstanding as of February 19, 2021, upon consummation of the Merger, M&T expects to issue (i) approximately 50 million shares of M&T Common Stock (not including shares of M&T Common Stock reserved for issuance in respect of converted People's United equity awards described above), and (ii) 10,000,000 shares of New M&T Preferred Stock.

A certified copy of the unanimous written consent approving the transactions contemplated by the Merger Agreement, including the Merger, adopted by the Boards of Directors of M&T and M&T Bank is attached as Confidential Exhibit 1, and a certified copy of the resolutions adopted by the Boards of Directors of People's United and People's United Bank approving the transactions contemplated by the Merger Agreement, including the Merger, is attached as Confidential Exhibit 2.

B. The Holdco Merger

As soon as reasonably practicable following the Merger, People's United will merge with and into M&T, with M&T as the surviving corporation.

C. The Bank Merger

At a date and time following the Holdco Merger as determined by M&T, People's United Bank, People's United's depository institution subsidiary that is a national bank

⁴ As agreed by M&T and People's United in the Merger Agreement and pursuant to the applicable People's United equity compensation plans, equity awards made to directors vest upon a change in control, while People's United Restricted Shares (as defined below) other than those held by non-employee directors would convert, at the Effective Time, into M&T Restricted Shares (as defined below).

headquartered in Bridgeport, Connecticut, will merge with and into M&T Bank, one of M&T’s depository institution subsidiaries and a New York state-chartered member bank headquartered in Buffalo, New York, with M&T Bank surviving and continuing as the bank subsidiary of M&T.

The Agreement and Plan of Merger, dated as of February 21, 2021, between M&T Bank and People’s United Bank (the “Bank Merger Agreement”) is attached as Confidential Exhibit 3. A certified copy of the unanimous written consent approving the Bank Merger adopted by the Board of Directors of M&T Bank are attached as Confidential Exhibit 1, and a certified copy of the resolutions approving the Bank Merger adopted by the Board of Directors of People’s United Bank is attached as Confidential Exhibit 2.

D. The Transaction

Below is a summary of the principal terms of the Transaction, subject to the terms and conditions of the Merger Agreement.

Structure of the Transaction	<p>Merger Sub will merge with and into People’s United, with People’s United as the surviving corporation.</p> <p>As soon as reasonably practicable following the Merger, People’s United will merge with and into M&T, with M&T as the surviving entity.</p> <p>At a date and time following the Holdco Merger as determined by M&T, People’s United Bank will merge with and into M&T Bank, with M&T Bank as the surviving entity.</p>
Consideration	<p>Each outstanding share of People’s United Common Stock will be converted into the right to receive 0.118 of a share of M&T Common Stock.</p>
Treatment of People’s United Preferred Stock	<p>Each outstanding share of People’s United Preferred Stock will be converted into the right to receive a share of the New M&T Preferred Stock.</p>
Treatment of People’s United Equity Awards	<p>At the Effective Time:</p> <ul style="list-style-type: none"> • each outstanding restricted share award under People’s United’s equity compensation plans other than any Director Restricted Shares (each, a “<u>People’s United Restricted Share</u>”) will, automatically and without any required action on the part of the holder thereof, cease to represent a restricted share of People’s United Common Stock and be converted into a number of restricted shares of M&T Common Stock (each, an “<u>M&T Restricted Share</u>”) equal to the Exchange Ratio (rounded up or down to the nearest whole number, with 0.5 rounding up); • each outstanding performance share unit under People’s United’s equity compensation plans (each, a “<u>People’s United Performance Share</u>”), whether vested or unvested, will, automatically and without any required action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of People’s United Common Stock and be converted into a restricted share unit

denominated in shares of M&T Common Stock (each, an “M&T Stock-Based RSU”), with the number of M&T Common Stock subject to each such M&T Stock-Based RSU equal to the product (rounded up or down to the nearest whole number, with 0.5 rounding up) of (i) the number of shares of People’s United Common Stock subject to such People’s United Performance Shares immediately prior to the Effective Time (including any applicable dividend equivalents) based on the higher of target performance and actual performance through the Effective Time, as reasonably determined by the compensation committee of the People’s United board of directors in its reasonable judgement and in consultation with M&T, multiplied by (ii) the Exchange Ratio; and

- each outstanding option to purchase People’s United Common Stock under People’s United’s equity compensation plans (each, a “People’s United Option”), whether vested or unvested, will, automatically and without any required action on the part of the holder thereof, cease to represent an option to purchase shares of People’s United Common Stock and be converted into an option to purchase shares of M&T Common Stock (each, an “M&T Option”), and together with the M&T Restricted Shares and M&T Stock-Based RSUs, the “M&T Converted Equity Awards”) equal to the product (rounded down to the nearest whole number) of (i) the number of shares of People’s United Common Stock subject to such People’s United Option immediately prior to the Effective Time and (ii) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (x) the exercise price per share of People’s United Common Stock of such option immediately prior to the Effective Time divided by (y) the Exchange Ratio; provided, however, that the exercise price and the number of shares of M&T Common Stock purchasable pursuant to the People’s United Options will be determined in a manner consistent with the requirements of Section 409A of the Internal Revenue Code of 1986 (the “Code”); provided, further, that in the case of any People’s United Option to which Section 422 of the Code applies, the exercise price and the number of shares of People’s United Common Stock purchasable pursuant to such option shall be determined in accordance with the foregoing, subject to such adjustments as are necessary in order to satisfy the requirements of Section 424(a) of the Code.

Except as specifically provided in the Merger Agreement, at and following the Effective Time, each M&T Converted Equity Award will generally continue to be governed by the same terms and conditions as were applicable to each such award immediately prior to the Effective Time.

	Immediately prior to the Effective Time, each Director Restricted Share will be converted into the right to receive a number of M&T Common Stock equal to the Exchange Ratio.
Regulatory Approvals	M&T and People’s United have agreed to cooperate with each other and use their reasonable best efforts to promptly prepare and file all necessary applications and notices in respect of all “ <u>Requisite Regulatory Approvals</u> ,” (as defined in the Merger Agreement) to obtain all Requisite Regulatory Approvals, and to comply with the terms and conditions of all Requisite Regulatory Approvals.
Corporate Governance	M&T and People’s United have agreed that five directors of People’s United immediately prior to the Effective Time will be added to the Board of Directors of M&T (such appointed directors, the “ <u>People’s United Designated Directors</u> ”). Of these five, one will be the Chief Executive Officer of People’s United, one will be the Senior Executive Vice President, Corporate Development and Strategic Planning of People’s United, and the remaining three have not been identified but will be current directors of People’s United as mutually agreed to by People’s United and M&T and will be independent of M&T in accordance with applicable stock exchange standards. On the closing date of the Merger (the “ <u>Closing Date</u> ”), M&T will invite all directors of People’s United immediately prior to the Effective Time other than the People’s United Designated Directors to become members of M&T’s Transition Advisory Board, and will cause all such individuals who accept such invitation to be elected or appointed for a two-year term as members of the Transition Advisory Board. Such members of the Transition Advisory Board will serve on such board until the second anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive annual compensation of \$40,000.
Commitments to the Community	<p>The Merger Agreement provides that it is the intention of M&T to retain as many employees of People’s United and its subsidiaries as feasible in Connecticut and Vermont, and to remain one of the leading employers in Bridgeport, Connecticut.</p> <p>The principal headquarters of M&T will remain at One M&T Plaza, Buffalo, New York. Bridgeport, Connecticut will become M&T’s New England headquarters, and M&T will retain People’s United’s headquarters building in Bridgeport, Connecticut</p>
M&T Charter Amendment	Prior to the Effective Time, subject to the receipt by M&T of the requisite shareholder vote, M&T will amend the restated charter of M&T to effect (i) an increase in the number of authorized shares of its stock from 251,000,000 to 270,000,000 and (ii) an increase in the number of authorized shares of its preferred stock from 1,000,000 to 20,000,000 (the “ <u>M&T Charter Amendment</u> ”).

<p>Closing Conditions to the Merger</p>	<p>Each party’s obligation to close the Merger is subject to customary closing conditions, including the:</p> <ul style="list-style-type: none"> • approval of the Merger Agreement by the affirmative vote of a majority of the outstanding shares of People’s United’s Common Stock; • approval of the M&T Charter Amendment by the affirmative vote of a majority of the outstanding shares of M&T Common Stock entitled to vote on such matter and approval of M&T’s issuance of the shares of M&T Common Stock pursuant to the Merger Agreement (the “<u>M&T Share Issuance</u>”) by the affirmative vote of a majority of the votes cast of M&T Common Stock ; • authorization for listing on the New York Stock Exchange (“<u>NYSE</u>”) of the shares of M&T Common Stock and New M&T Preferred Stock to be issued in connection with the Merger; • effectiveness of the registration statement on Form S-4 (the “<u>S-4</u>”) to be filed with the SEC, which includes a joint proxy statement (the “<u>Joint Proxy Statement</u>”) relating to the meetings of M&T’s shareholders and People’s United’s stockholders to be held in connection with the Merger Agreement; • absence of any order, injunction, decree, or other legal restraint preventing the consummation of the Merger, the Holdco Merger or the Bank Merger or making the consummation of the Merger, the Holdco Merger or the Bank Merger illegal; • receipt of all necessary approvals and authorizations of governmental entities except for any such approvals and authorizations the failure of which to be obtained, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect (as defined below) on the Parent and its Subsidiaries, taken as a whole, after giving effect to the Merger without the imposition of a Materially Burdensome Regulatory Condition (as defined in the Merger Agreement), and the expiration of statutory waiting periods in respect thereof; • receipt of a tax opinion from its counsel to the effect that the Merger and the Holdco Merger, taken together, qualifies as a “reorganization” for tax purposes; • accuracy of the other party’s representations and warranties as of the date of the Merger Agreement and as of the Closing Date, generally subject to a “Material Adverse Effect” qualification; and • performance in all material respects by the other party of its obligations under the Merger Agreement.
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<p>Material Adverse Effect Standard</p>	<p>“Material Adverse Effect” is defined as, with respect to M&T or People’s United, as the case may be, any effect, change, event, circumstance, condition, occurrence, or development that, either individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the business, properties, assets, liabilities, results of operations, or financial condition of such party and its subsidiaries, taken as a whole, subject to customary specified exclusions, or (ii) the ability of such party to timely consummate the transactions contemplated by the Merger Agreement.</p> <p>The definition of Material Adverse Effect contains customary carve-outs, including changes in U.S. GAAP, laws of general applicability to companies in the industries in which the applicable party and its subsidiaries operate, political conditions, economic or market conditions affecting the financial services industry, and changes resulting from natural disasters or pandemics, except where such changes have a disproportionate adverse effect upon the applicable party and its subsidiaries, taken as a whole.</p>
<p>Termination Rights</p>	<p>The Merger Agreement can be terminated by mutual written consent of M&T and People’s United.</p> <p>In addition, the Merger Agreement can be terminated by either party, if:</p> <ul style="list-style-type: none"> • (i) any governmental entity that must grant a Requisite Regulatory Approval has denied approval of the Merger, the Holdco Merger or the Bank Merger and such denial has become final and nonappealable, or (ii) any governmental entity has issued a final nonappealable order, injunction, or decree permanently enjoining or otherwise prohibiting, or making illegal, the consummation of the Merger, the Holdco Merger or the Bank Merger (unless the failure to obtain a Requisite Regulatory Approval is due to the terminating party’s breach of its covenants in the Merger Agreement); • the Merger has not been completed on or before February 21, 2022 (the “<u>Termination Date</u>”) (unless the failure of the Closing to occur by such date is due to the failure of the terminating party’s breach of its covenants in the Merger Agreement); • there is an uncured or incurable breach by the other party of any of its representations or covenants that would constitute the failure of any closing condition (provided that the terminating party is not then in material breach of any of its representations or covenants in the Merger Agreement); or • the other party or the other party’s board of directors has (i) withdrawn its recommendation that (A) in the case of People’s United, its stockholders approve and adopt the Merger Agreement and the transactions contemplated thereby (the “<u>People’s United Board Recommendation</u>”), and (B) in the case of M&T, its shareholders approve and adopt the M&T Charter Amendment and the M&T Share

	<p>Issuance (the “<u>M&T Board Recommendation</u>”), (ii) failed to make such recommendation in the Joint Proxy Statement, (iii) adopted, approved, recommended or endorsed a competing transaction or publicly announced an intention to do so, (iv) failed to publicly and without qualification recommend against a competing transaction or reaffirm the People’s United Board Recommendation or the M&T Board Recommendation, as the case may be (any of the foregoing (i) through (iv), a “<u>Recommendation Change</u>”), or (v) breached its covenants in respect of seeking stockholder approval or the solicitation of another offer.</p>
Termination Fee	<p>A termination fee of \$280 million will be payable by either People’s United or M&T to the other party in connection with the termination of the Merger Agreement under certain circumstances.</p>
No Solicitation; Stockholders Meeting; Board Recommendation; Fiduciary Out	<p>Each of M&T and People’s United has agreed that it will not, and will cause each of its subsidiaries and use its reasonable best efforts to cause its and their respective officers, directors, employees, agents, advisors and representatives not to, directly or indirectly, solicit a competing transaction, or effect a Recommendation Change, subject to a customary fiduciary duty exception.</p> <p>Notwithstanding any competing transaction proposal, unless the Merger Agreement has been terminated in accordance with its terms, the party receiving any competing transaction proposal must submit the Merger Agreement to be voted on at a meeting of its shareholders or stockholders, as applicable.</p>
Employee Matters	<p><i>Post-Closing Compensation and Benefits.</i> Following the closing of the merger and until December 31, 2022, M&T will generally provide continuing employees of People’s United and its subsidiaries with (i) base salary or base wage no less than that provided by People’s United immediately prior to the Effective Time, (ii) target annual cash bonus opportunity no less favorable than that provided by People’s United immediately prior to the Effective Time and (iii) employee benefits (other than severance and equity-based incentive opportunities) comparable to those provided by People’s United to each such continuing employee immediately prior to the Effective Time. Additionally, during the 12-month period following the Effective Time, any continuing employee who is involuntarily terminated during such period will be provided with severance payments and benefits as described in Section 6.6(a) of the M&T disclosure schedule delivered with the Merger Agreement.</p> <p><i>Service Credit.</i> For certain purposes under the M&T benefit plans, M&T and its subsidiaries will endeavor, to the extent permitted by law and the terms of the plans, to give each continuing employee service credit for such continuing employee’s employment with People’s United and its subsidiaries for all purposes under each applicable new plan, as if such service had been performed with M&T, except for benefit accrual under defined benefit pension plans, for purposes of qualifying for subsidized early retirement benefits or to the extent it would result in a duplication of benefits.</p>

	<p><u>Other Employee Matters:</u></p> <ul style="list-style-type: none"> • Continuing employees who participate in People’s United’s annual incentive plans will receive a normal and customary annual cash incentive award in the year of closing, with People’s United determining the pro-rata amount for the portion of the year prior to closing and M&T determining the pro-rata amount for the portion of the year following closing. • Prior to the Effective Time, M&T will use reasonable best efforts to provide People’s United employees who have in place individual change-in-control agreements with a revised arrangement providing for revised payment terms subject to certain conditions.⁵ • M&T will also use reasonable best efforts to prioritize former People’s United employees in the selection process to fill M&T job openings related to their experience. • M&T may request that People’s United terminate its 401(k) plan contingent upon the occurrence of the Effective Time and, if so, continuing employees will be eligible to participate in M&T’s 401(k) plan, and M&T and People’s United will take any and all actions required to permit continuing employees to make rollover contributions. • Prior to the Closing Date, People’s United will terminate its ESOP. In connection with the termination, People’s United will cancel or offset the ESOP loan in exchange for the unallocated shares attributable to the ESOP loan, resulting in the cancellation of the loan receivable and payable on People’s United’s books. Any remaining shares (if any) held by the ESOP trust will be converted into M&T Common Stock pursuant to the terms of the Merger Agreement, and such unallocated shares or other assets (if any) will be allocated to the accounts of the ESOP participants who are employed as of the date of termination of the ESOP.
<p>Interim Operating Covenants</p>	<p>People’s United has agreed to customary pre-closing covenants, including covenants to operate its business in the ordinary course in all material respects and to refrain from taking certain significant actions without M&T’s consent.</p> <p>M&T has agreed to customary pre-closing covenants, including covenants to refrain from taking certain actions that may adversely affect its ability to consummate the Transaction on a timely basis without People’s United’s consent.</p>
<p>Representations and Warranties</p>	<p>M&T and People’s United have made customary public company representations and warranties.</p>

⁵ For additional information, see People’s United’s Form 8-K dated February 21, 2021, available at <https://www.sec.gov/Archives/edgar/data/0001378946/000119312521057229/d109088d425.htm>.

Governing Law and Jurisdiction	Delaware (except that matters relating to the fiduciary duties of the Board of Directors of M&T are subject to the laws of the state of New York).
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E. Approvals and Closing

Each of M&T's and People's United's Board of Directors has unanimously approved its respective institution's entry into the Merger Agreement and the transactions contemplated thereby, including the Merger and the Holdco Merger. Each of M&T Bank's and People's United Bank's Board of Directors has unanimously approved its respective institution's entry into the Bank Merger Agreement and the Bank Merger.

The consummation of the Merger is subject to receipt of all Requisite Regulatory Approvals (including the approval of the Board pursuant to these Applications), M&T shareholder approval, People's United shareholder approval, and other standard closing conditions. M&T shareholders will be asked to vote to approve the M&T Share Issuance, the M&T Charter Amendment and related matters, and People's United stockholders will be asked to vote to approve the Merger Agreement and related matters. The consummation of the Bank Merger will be subject to receipt of all regulatory approvals with respect to the Bank Merger (including the approval of the Board pursuant to these Applications and the approval of each of the Connecticut Department of Banking and the New York State Department of Financial Services ("NYDFS"), the approval by each of the sole common shareholder of M&T Bank and the sole shareholder of People's United Bank, the consummation of the Merger and the Holdco Merger in accordance with the terms of the Merger Agreement, and other standard closing conditions.

Following is a summary of the regulatory approvals and notices that are required to be obtained or made in order to consummate the Transaction:

1. Approval Under Section 3 of the BHC Act

M&T hereby requests the approval of the Board for the Merger and the Holdco Merger, pursuant to Sections 3(a)(3) and 3(a)(5) of the BHC Act, and Sections 225.11 and 225.15 of Regulation Y, and thereby for M&T to acquire People's United Bank.

2. Notices Required Under Section 4 of the BHC Act

A list of People's United holding company subsidiaries is provided in Public Exhibit, together with the authority under which each conducts its activities. M&T will acquire the subsidiaries pursuant to Section 4(c)(1) of the BHC Act and Section 225.22(b) of Regulation Y or pursuant to financial holding company authority and will comply with the post-closing notice procedures of Section 4(k) of the BHC Act and Section 225.87 of Regulation Y, which do not require the Board's prior approval.

In addition, M&T will acquire indirect control of People's United Bank's non-bank subsidiaries, which conduct activities permissible to be conducted by M&T Bank pursuant to 12 U.S.C. § 1831a(d) and under New York Banking Law. The acquisition of these non-bank subsidiaries does not require the Board's prior approval pursuant to Section 225.22(e) of Regulation Y. People's United Bank's subsidiaries of which M&T will acquire indirect control

are listed in Public Exhibit 2, together with the authority under which the activities of each subsidiary are conducted.

3. Approval of the Bank Merger Under the Bank Merger Act

M&T Bank hereby requests the approval of the Board, pursuant to the Bank Merger Act, to merge People's United Bank with and into M&T Bank.

4. Approval of the Establishment of Branch Locations Under Section 9 of the Federal Reserve Act

M&T Bank hereby requests the approval of the Board, pursuant to Section 9 of the Federal Reserve Act, to establish branches at the locations of People's United Bank's main office and branches existing at the time the Transaction is consummated, as described in Public Exhibit 3.

5. State Approvals and Filing Requirements

An application to the NYDFS pursuant to Section 601 of the New York Banking Law with respect to the Bank Merger and pursuant to Section 14.3 of the General Regulations of the Superintendent with respect to the resulting acquisition of certain operating subsidiaries of People's United Bank by M&T Bank is being filed contemporaneously with this Application.

M&T is separately requesting the approval of the Connecticut Department of Banking for the Transaction pursuant to Sections 36a-411 and 36a-412(a)(1) of the Connecticut General Statutes. Under Connecticut law, an out-of-state holding company may merge with or acquire a Connecticut holding company⁶ by filing an application for the proposed merger with, and receiving approval from, the commissioner of the Connecticut Department of Banking.⁷ Furthermore, an out-of-state bank may merge with or acquire a national bank with a principal office in Connecticut (a "federal bank" under Connecticut law)⁸ by filing an application for the proposed merger with, and receiving approval from, the commissioner of the Connecticut

⁶ Under the Connecticut General Statutes, a "Connecticut holding company" means any holding company whose home state is Connecticut. Conn. Gen. Stat. § 36a-410(3). "Home state" means, with respect to a bank holding company, the state in which the total deposits of all banking subsidiaries of such company were the largest on the date on which the company became a bank holding company under the BHC Act. *Id.* § 36a-410(5). For the purposes of Conn. Gen. Stat § 36a(411), People's United is a Connecticut holding company, and M&T's home state is New York.

⁷ *Id.* § 36a-411.

⁸ Under the Connecticut General Statutes, a national banking association, federal savings bank or federal savings and loan association having its principal office in Connecticut is referred to as a "federal bank." *Id.* § 36a-2(28).

Department of Banking.⁹ In addition, an out-of-state bank may maintain the branch(es) of any federal bank that it has acquired as a result of a merger, consolidation, or asset acquisition.¹⁰

M&T is an out-of-state bank holding company that desires to acquire a Connecticut holding company. M&T Bank is an out of state bank that desires to acquire a national bank headquartered in Connecticut. Therefore, these application approval requirements apply to M&T and M&T Bank. Connecticut law also provides that the laws applicable to such an out-of-state bank holding company or bank must permit, under conditions no more restrictive than those imposed under Connecticut law, the proposed transaction. With respect to acquisition of control of any banking institution, New York law does not distinguish between New York companies and other companies.¹¹ New York law would permit, under conditions no more restrictive than those of Connecticut, a national bank headquartered in Connecticut to merge with a bank whose home state is New York.¹²

The FDI Act requires a bank filing an application for an interstate merger transaction to comply with the filing requirements of any state that will become a host state as a result of the transaction.¹³ The term “host state” means, with respect to a bank, a state, other than the home state of the bank, in which the bank maintains, or seeks to establish and maintain, a branch.¹⁴ The term “home state” means, with respect to a state bank, the state by which the bank is chartered. As a result of the Transaction, Maine, New Hampshire, and Vermont will become host states of M&T Bank. In Maine, an out-of-state financial institution¹⁵ that plans to operate one or more branches in Maine must notify the Superintendent of the Bureau of Financial Institutions

⁹ *Id.* § 36a-412(a)(1).

¹⁰ *Id.* §36a-412(5). §36a-412 does not explicitly state that the surviving entity may maintain and operate its Connecticut branches after such a proposed merger, however, §36a-412 is interpreted as creating authority for the survivor to do so. 1995 CT Banking Comr. Lexis 5. Further, under Connecticut law, as an out-of-state bank that is not federally chartered, M&T may continue any activity at its branch(es) in Connecticut that is permissible under the laws of New York state, to the extent such activity is permissible either for a Connecticut bank or for a branch in Connecticut of an out-of-state national banking association. Conn. Gen. Stat. § 36a-412(4)(B).

¹¹ *See* N.Y. Banking Law § 143-B.

¹² N.Y. Banking Law § 225. *See also* NYDFS, Banking Interpretations – Banking Law: Letter of October 15, 2010, available at <https://www.dfs.ny.gov/legal/interpret/lo101221a.htm> (“[I]t is clear that New York law would permit, under conditions no more restrictive than those of Connecticut, a Connecticut bank to merge or consolidate with a bank whose home state is New York.”).

¹³ 12 U.S.C. § 1831u(b)(1).

¹⁴ *Id.* § 1831u(g)(5).

¹⁵ A “financial institution” is defined as a universal bank or limited purpose bank organized under the provisions of this Title, and a trust company, nondepository trust company, savings bank, industrial bank or savings and loan association organized under the prior laws of this State. Me. Rev. Stat. tit. 9-B § 131 (2020).

of its intention to do so and pay a filing fee in accordance with Title 9-B M.R.S. Chapter 37.¹⁶ M&T Bank will comply with this requirement. Neither New Hampshire's nor Vermont's state banking laws contain filing requirements applicable to the Transaction.

Section 44 of the FDI Act also requires a bank filing an application for an interstate merger transaction to submit a copy of its federal application for approval under the Bank Merger Act to the state bank supervisor of each state that will become a host state as a result of the transaction.¹⁷ M&T Bank will submit to the state banking authorities in each of Maine, New Hampshire and Vermont a copy of these Applications.

6. Other Required Approvals and Filings

M&T, People's United, and certain of their subsidiaries will make additional filings with various governmental authorities, regulatory agencies, and self-regulatory organizations. These filings include:

- the S-4 with the SEC, including a Joint Proxy Statement with respect to matters requiring M&T shareholder approval and People's United stockholder approval and a prospectus describing M&T capital stock that will be issued in the Merger;
- an application with the Financial Industry Regulatory Authority seeking prior approval for the change of control of People's United's broker-dealer subsidiary;
- an application with the NYSE for approval to list additional shares of M&T capital stock that will be issued in the Merger;
- an application with the Financial Services Commission of the Turks & Caicos Islands with respect to the change in control of Commerce Square Equipment Reinsurance Co. LTD.;
- a notice with the Office of the Comptroller of the Currency pursuant to 12 C.F.R. § 5.33(k) regarding the Bank Merger; and
- various notices and filings with state authorities, including state insurance commissions and state securities commissions, with respect to the change in control of certain of People's United regulated subsidiaries.

The parties plan to complete the Transaction promptly once M&T and People's United have obtained the approval of M&T shareholders and People's United stockholders for the

¹⁶ *Id.* tit 9-B § 371–378 (2020). Thereafter, each out-of-state financial institution operating one or more branches in Maine must file an annual notice and remit a fee. 02-029-137 Me. Code R. § IV.

¹⁷ 12 U.S.C. § 1831u(b)(1).

Transaction, and have obtained necessary regulatory approvals and have satisfied certain other closing conditions.

III. OVERVIEW OF THE BENEFITS OF THE TRANSACTION

M&T and People's United have concluded, after extensive due diligence and deliberation, that the Transaction will create a sound and financially strong banking institution with highly capable management and a commitment to its communities, a sustainable environment, and diversity, inclusion and justice. The Transaction combines two complementary franchises that will enhance competition and will result in a stronger financial holding company with increased economies of scale, greater geographic and product reach, and enhanced earnings- and capital-generating ability, which will benefit its customers, communities, employees, and shareholders. In addition, the Transaction will enhance M&T's ability to invest in advanced technologies and innovation to strengthen its business and its product and services offerings.

M&T and People's United are banking organizations that are both built on the communities they serve; both M&T and People's United have focused on consumer and small and medium-sized businesses, largely in smaller urban and rural areas that are not served, or less-well served, by the largest nationwide banks. The Transaction will make M&T a larger and more competitive and cost-efficient banking organization, bolstered by stronger capital and capital-enhancing capability, but the additional scale will not change the fundamental way it operates, which is on the local level, tailoring its products and services in response to the needs of the small businesses, consumers and other customers in its communities. The Transaction is not meant to change the nature of the products it offers or the way in which it offers them; it simply allows M&T to extend its reach.

Both M&T and People's United have a rich tradition of outstanding commitment to customers and have provided high-quality, readily accessible service to the consumers and businesses within the communities they serve. With its broader geographic reach, greater size, capabilities, and breadth of products post-Transaction, M&T will be able to offer a more comprehensive suite of products and services for consumer, small-business, and commercial clients. Consumers of M&T, M&T Bank, People's United, and People's United Bank stand to benefit from the combined institution's more expansive footprint, with domestic banking offices in 13 states (New York, Maryland, New Jersey, Pennsylvania, Delaware, Connecticut, Virginia, West Virginia, Massachusetts, Vermont, New Hampshire, Florida and Maine) and Washington, D.C. People's United's and People's United Bank's experience and capabilities in equipment financing and certain specialized financial services, including personal, institutional and employee benefit trust, cash management, mortgage warehouse lending and municipal banking, will complement M&T's and M&T Bank's experience and capabilities in a wide range of retail and commercial banking, trust and wealth management, and investment services.

Post-Transaction, M&T will continue M&T's, People's United's, M&T Bank's, and People's United Bank's strong commitment to serving their customers and, in particular, the needs of low- or moderate-income ("LMI") communities. After the Transaction, M&T will continue to support charitable activities in the communities currently served by People's United existing charitable foundations, People's United Community Foundation and People's United Community Foundation of Eastern Massachusetts. M&T will also provide additional funds

dedicated to supporting community development and reinvestment, and civic and charitable activities in People's United's footprint. Following the Closing, M&T would continue to have a strong base of stable core deposit funding, with additional deposit growth opportunities supported by its expanded footprint. As a result of the Transaction, M&T will be able to leverage its enhanced financial and managerial resources to compete more effectively with larger financial institutions in the relevant markets. Because M&T will be a more effective competitor post-Transaction, it anticipates there will be greater competition for pricing, service quality, and new product development, which will benefit current and potential new customers in the markets served by M&T and People's United. The Transaction is expected to provide additional benefits to the public, as the communities and customers that are currently served by M&T, People's United, M&T Bank, and People's United Bank will be even better served as a result of the Transaction.

IV. THE PARTIES

A. M&T and Its Subsidiaries

M&T is a New York corporation incorporated in 1969, a public company listed on the NYSE (common stock symbol "MTB"), and a bank holding company that has elected to become a financial holding company. Please see Public Exhibit 4 for a current organization chart of M&T and its subsidiaries. M&T, with its headquarters and principal executive offices located in Buffalo, New York, is subject to the primary federal supervision and regulation of the Board and provides diversified financial services, primarily through its principal subsidiaries, which are M&T Bank, Wilmington Trust, National Association ("WTNA"), Wilmington Trust Company, M&T Insurance Agency, Inc., M&T Realty Capital Corporation, M&T Securities, Inc., Wilmington Trust Investment Advisors, Inc., Wilmington Funds Management Corporation, and Wilmington Trust Investment Management, LLC.

M&T Bank and WTNA collectively offer a wide range of retail and commercial banking, trust and wealth management, and investment services to their customers. As of December 31, 2020, M&T Bank represented 99% of the consolidated assets of M&T. Lending and deposit-taking are largely focused on consumers residing in New York State, Maryland, New Jersey, Pennsylvania, Delaware, Connecticut, Virginia, West Virginia, and Washington, D.C., and on small and medium-size businesses based in those areas. Additionally, loans are originated through offices in other states and deposits are taken in a small number of branches in other states, and lending and deposit-taking occur in Ontario, Canada. In addition, M&T conducts lending activities in various states through other subsidiaries.

M&T Bank and certain of its subsidiaries also offer commercial mortgage loans secured by income producing properties or properties used by borrowers in a trade or business. Additional financial services are provided through other operating subsidiaries of M&T. As of December 31, 2020, M&T and its subsidiaries had 17,403 employees.

Trust and other fiduciary services are offered by M&T's subsidiaries, M&T Bank and WTNA and their respective wealth management subsidiaries.

As of December 31, 2020 and for the preceding twelve months, as applicable, M&T had total consolidated assets of approximately \$142.6 billion, total revenue of approximately \$6.0

billion, net income of approximately \$1.4 billion, common equity tier 1 capital ratio of 10%, tier 1 capital ratio of 11.2%, total capital ratio of 13.4%, tier 1 leverage ratio of 8.5%, and shareholders' equity of approximately \$16.2 billion.

For additional information regarding M&T's activities, please refer to its Annual Report on Form 10-K for the year ended December 31, 2020 and its most recent Proxy Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934.¹⁸

B. M&T Bank

M&T Bank is a New York state-chartered member bank headquartered in Buffalo, New York and a direct subsidiary of M&T. M&T Bank, which was founded in 1856, operates primarily in the eastern U.S. and has more than 715 branches in nine states, the District of Columbia and Ontario, Canada as of the date of these Applications: 243 branches in New York, 150 branches in Pennsylvania, 162 branches in Maryland, 69 branches in New Jersey, 26 branches in Virginia, nine branches in each of Connecticut and Washington, D.C., two branches in West Virginia, two branches in Florida and one branch in Massachusetts. M&T Bank also has a branch in Ontario, Canada, and a branch in George Town, Cayman Islands. M&T Bank also owns other facilities in Buffalo, New York; Syracuse, New York; Wilmington, Delaware; Harrisburg, Pennsylvania; and Millsboro, Delaware. M&T Bank has 18 subsidiaries.

As of December 31, 2020, M&T Bank had consolidated total assets of approximately \$142.2 billion, total deposits of approximately \$121.1 billion, shareholder's equity of \$15.9 billion, common equity tier 1 capital ratio of 10.9%, tier 1 capital ratio of 10.9%, total capital ratio of 12.6%, and tier 1 leverage ratio of 8.3%.

C. People's United and Its Subsidiaries

People's United is incorporated in Delaware, a public company listed on The NASDAQ Global Select Market (common stock symbol "PBCT"), and a bank holding company that has elected to become a financial holding company. Please see Public Exhibit 5 for a current organization chart of People's United and its principal subsidiaries. People's United, with its headquarters located in Bridgeport, Connecticut, is subject to the primary supervision and regulation of the Board. Through People's United's subsidiaries, People's United provides

- commercial banking, retail banking and wealth management services to individual, corporate and municipal customers;
- specialized financial services tailored to specific markets, including personal, institutional and employee benefit trust; cash management; and municipal banking;
- brokerage, financial advisory services, investment management services and life

¹⁸ M&T's 10-K for the year ended December 31, 2020 has been filed with the SEC and is *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/36270/000156459021007188/mtb-10k_20201231.htm. M&T's most recent Proxy Statement was filed with the SEC on March 8, 2021 and is *available at* https://www.sec.gov/Archives/edgar/data/0000036270/000156459021011350/mtb-def14a_20210421.htm

insurance;

- equipment financing;
- investment advisory services and financial management and planning services;
- vendor single interest insurance.

As of December 31, 2020, People's United Bank had 5,927 full-time employees and 60 temporary employees.

People's United is the parent company of People's United Bank, national bank headquartered in Bridgeport, Connecticut. People's United Bank represents 99.6% of People's United assets. See Public Exhibit 2 for a list of People's United other subsidiaries, the activities in which they engage, and the relevant authority.

As of and for the twelve months ended December 31, 2020, People's United had total consolidated assets of approximately \$63.1 billion, total revenue of approximately \$2.1 billion, net income of approximately \$219.6 million, common equity tier 1 capital ratio of 10.5%, tier 1 risk-based capital ratio of 11.0%, total risk-based capital ratio of 12.4%, tier 1 leverage ratio of 8.3%, and shareholders' equity of approximately \$7.6 billion.

For additional information regarding People's United's activities, please refer to its Annual Report on Form 10-K for the year ended December 31, 2020.¹⁹

D. People's United Bank

People's United Bank, founded in 1842, is a national bank headquartered in Bridgeport, Connecticut, and a direct wholly owned subsidiary of People's United. As of the date of these Applications, People's United Bank has 417 branches in six states: 172 in Connecticut, 101 in New York, 64 in Massachusetts, 38 in Vermont, 25 in New Hampshire, and 17 in Maine, including 84 full-service Stop & Shop supermarket branches throughout Connecticut and 56 in southeastern New York. People's United Bank and its subsidiaries provide commercial banking, retail banking and wealth management services to individual, corporate and municipal customers, and other specialized financial services.

People's United Bank maintains 17 active, wholly owned operating subsidiaries that are all engaged in activities permissible for a national bank. These subsidiaries and the activities in which they engage are described in Public Exhibit 2.

As of December 31, 2020, People's United Bank had total assets of approximately \$62.9 billion, total deposits of approximately \$52.5 billion, common equity tier 1 capital ratio of

¹⁹ People's United's 10-K for the year ended December 31, 2020 has been filed with the SEC and is available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/1378946/000162828021003563/pbct-20201231.htm>.

11.5%, tier 1 risk-based capital ratio of 11.5%, total risk-based capital ratio of 12.8%, and tier 1 leverage ratio of 8.7%.

E. Shareholders of M&T, People’s United, and M&T Post-Transaction

1. M&T’s Shareholders Before the Transaction

As of December 31, 2020, 128,315,156 shares of M&T Common Stock were issued and outstanding. As of the date of the Applications, the only persons or entities known by M&T to beneficially own more than 5% of the outstanding shares of M&T Common Stock, as reported in such persons Schedule 13G filings with the SEC, are as follows:

Beneficial Owner	Number of Shares	Percentage
The Vanguard Group, Inc. ²⁰	13,577,933	10.6%
BlackRock, Inc. ²¹	10,514,714	8.2%
FMR LLC ²²	10,405,667	8.1%
State Street Corporation ²³	6,945,463	5.4%

2. People’s United’s Stockholders Before the Transaction

As of February 19, 2021, 425,524,923 shares of People’s United Common Stock were issued and outstanding. As of the date of the Applications, the only persons or entities known by People’s United to beneficially own more than 5% of the outstanding shares of People’s United Common Stock, as reported in such persons Schedule 13G filings with the SEC, are as follows:

Beneficial Owner	Number of Shares	Percentage
State Street Corporation ²⁴	60,777,069	14.3%
The Vanguard Group, Inc. ²⁵	46,802,201	11.0%

²⁰ Based on the Schedule 13G/A filed by The Vanguard Group, Inc. with the SEC on February 10, 2021, available at <https://www.sec.gov/Archives/edgar/data/36270/000110465921018553/tv01313-mtbankcorp.htm>.

²¹ Based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 29, 2021, available at https://www.sec.gov/Archives/edgar/data/36270/000083423721004611/us55261f1049_012921.txt.

²² Based on the Schedule 13G filed by FMR LLC with the SEC on February 8, 2021, available at <https://www.sec.gov/Archives/edgar/data/36270/000031506621001116/filing.txt>.

²³ Based on the Schedule 13G filed by State Street Corporation with the SEC on February 10, 2021, available at https://www.sec.gov/Archives/edgar/data/36270/000009375121000201/M_T_BANK_CORP.txt.

²⁴ Based on the Schedule 13G filed by State Street Corporation with the SEC on February 11, 2021, available at https://www.sec.gov/Archives/edgar/data/93751/000009375121000297/People_United_Financial_Inc.txt.

²⁵ Based on the Schedule 13G/A filed by The Vanguard Group, Inc. with the SEC on February 10, 2021, available at <https://www.sec.gov/Archives/edgar/data/102909/000110465921018849/tv01599-peoplesunitedfinanci.htm>.

3. Post-Transaction Share Ownership

Upon consummation of the Transaction, M&T legacy shareholders will own approximately 72% of M&T and People’s United legacy stockholders will own approximately 28% of M&T.

After the closing of the Merger (the “Closing”), The Vanguard Group, Inc., BlackRock, Inc., FMR LLC and State Street Corporation may each continue to be a 5% or more shareholder of M&T. Based on the Exchange Ratio and assuming the shareholders noted above that own 5% or more of either M&T Common Stock or People’s United Common Stock retain their same shareholdings, the persons or entities that will beneficially own more than 5% of the outstanding shares of M&T Common Stock at Closing are as follows:

Beneficial Owner	Number of Shares of Post-Transaction M&T on a <u>Pro Forma Basis</u>²⁷	Percentage of 178,445,555 Shares²⁸ Outstanding on a <u>Pro Forma Basis</u>
The Vanguard Group, Inc.	19,100,593	10.7%
BlackRock, Inc.	14,206,989	8.0%
State Street Corporation	10,478,486	5.9%
FMR LLC	14,117,157	7.9%

V. STATUTORY CRITERIA

M&T respectfully submits that the Transaction satisfies the criteria for approval under Section 3 of the BHC Act, as implemented by Section 225.13 of Regulation Y, and under the Bank Merger Act and will advance the objectives of those statutes.

First, the Transaction will not have a significant adverse effect on competition in any relevant market. Second, M&T, M&T Bank, People’s United, and People’s United Bank have strong financial and managerial resources and, upon consummation of the Transaction, M&T and M&T Bank will continue to have strong financial and managerial resources and be well capitalized. Third, the Transaction will further the convenience and needs of each of the communities in which M&T, People’s United, M&T Bank, and People’s United Bank operate, and the Transaction satisfies the applicable requirements under the Community Reinvestment Act of 1977 (the “CRA”). Fourth, each of M&T, M&T Bank, People’s United, and People’s United Bank has, and, upon consummation of the Transaction, M&T will continue to have, comprehensive and effective anti-money laundering programs. Fifth, the Transaction will not result in greater or more

²⁶ Based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 29, 2021, *available at* https://www.sec.gov/Archives/edgar/data/1364742/000083423721004809/us7127041058_012921.txt.

²⁷ Represents the sum of (i) the number of shares of M&T Common Stock owned as of December 31, 2020, and (ii) the number of additional shares of M&T Common Stock to be acquired in the Merger.

²⁸ Represents the sum of (i) the number of shares of M&T Common Stock outstanding as of December 31, 2020, and (ii) the number of additional shares of M&T Common Stock to be issued to People’s United shareholders in the Merger.

concentrated risks to the stability of the U.S. banking or financial system. Sixth, the Transaction complies with the interstate bank merger requirements of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the “Riegle-Neal Act”), which the Board must consider under Section 3(d) of the BHC Act and Section 44 of the FDI Act. In this regard, we note that the Transaction is reasonably expected to produce benefits to the public that clearly outweigh any possible adverse effects.

M&T respectfully submits that the Transaction also satisfies the criteria for approval under Section 9 of the Federal Reserve Act and Section 208.6 of Regulation H, in respect of the establishment and retention of People’s United Bank’s branches.

A. Competition Analysis

Section 3 of the BHC Act prohibits the Federal Reserve from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any Federal Reserve designated banking market (“banking markets”).²⁹ The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.³⁰ As discussed below, the Transaction will have minimal impact on concentration in any market, and numerous robust competitors will remain. Furthermore, as detailed below, in only one banking market (Metro New York City) will the percentage of total insured deposits be greater than the percentage held by M&T or People’s Bank individually pre-merger. The Transaction does not threaten to substantially lessen competition or tend to create a monopoly in any market.

1. Traditional Screens Indicate No Need for Further Review³¹

As noted, M&T offers a wide variety of retail and commercial banking services through two wholly owned subsidiaries: M&T Bank, M&T’s largest depository institution subsidiary, and WTNA, M&T’s depository institution subsidiary that specializes in trust and wealth management. People’s United principally offers commercial banking, retail banking and

²⁹ 12 U.S.C. § 1842(c)(1)(A).

³⁰ 12 U.S.C. § 1842(c)(1)(B).

³¹ Unless otherwise noted, the Herfindahl-Hirschman Index (“HHI”) market screens presented in this discussion reflect the parties’ deposits reported in the FDIC’s 2020 Summary of Deposits because the CASSIDI website maintained by the Federal Reserve Bank of St. Louis, <https://cassidi.stlouisfed.org/index> (“CASSIDI”), currently uses 2020 deposit data. The Board and the U.S. Department of Justice (the “DOJ”) generally analyze the competitive impact of a bank merger by calculating the HHI for each relevant geographic market based on reported in-market deposits, with market analysis typically based on geographic banking markets. The Board and the DOJ have adopted a “safe harbor” for bank mergers where a merger is presumed not to have a significantly adverse competitive impact in a market as long as either the post-merger HHI in the relevant market(s) does not exceed 1800 or the HHI increase resulting from the merger does not exceed 200. This 200/1800 test is more restrictive than the test for all other companies where a merger is generally presumed not to create significant competitive concerns when the post-merger market HHI is 2500 or higher.

wealth management services to individual, corporate and municipal customers through People’s United Bank’s retail branch network.

M&T and People’s United have a complementary branch presence and service offering, with an overlapping depository presence in only one banking market, as defined by the Federal Reserve (the “Overlap Markets”): Metro New York City, NY-NJ-CT-PA. This single Overlap Market is clearly not a competitive issue. A traditional merger screen (using “weighted” shares, which include bank deposits plus 50% of thrift deposits) confirms that the Transaction will not substantially lessen competition in the Overlap Market, as the resulting HHI increase of 2 points is *de minimis*, the post-merger HHI is only 1,411—well below the 1,800 safe harbor threshold—and M&T will have a post-merger deposit share of less than 2% of total deposits.³² The market structure of the sole Overlap Market will remain competitive post-merger, as required by the criteria set forth in the Board’s Rules Regarding Delegation of Authority, 12 C.F.R. § 265.11(c)(11)(v). Additionally, M&T will not control over 35 percent of total deposits in any Overlap Market.

Federal Reserve Banking Market	HHI Increase	Resulting HHI	Resulting Deposit Share	Remaining Banks & Thrifts
Metro New York City, NY-NJ-CT-PA	2	1,411	1.8%	213

M&T also has non-depository offices in three other banking markets in which People’s United has a branch presence, as defined by the Federal Reserve: New Haven, CT; Burlington, VT; and Boston, MA. In each of the New Haven, CT and Burlington, VT markets, M&T’s sole location is a WTNA trust office at which deposits may not be taken. In the Boston, MA market, M&T has a single branch of M&T Bank—opened for the limited purpose of serving commercial and wealth management customers and does not take deposits—and a single WTNA trust office. The Transaction will not have any competitive impact in these three markets. Further, post-merger, both these three markets in which M&T has non-depository offices and the Overlap Market will continue to experience robust competition from a multitude of banks with a local branch presence and numerous local, regional, and nationwide bank and non-bank financial service providers.

B. Financial and Managerial Resources

M&T, People’s United, M&T Bank, and People’s United Bank are strongly capitalized, the resulting M&T and M&T Bank would remain so upon consummation of this Transaction and will have enhanced capital-generating capabilities. The asset quality, earnings, and liquidity of M&T, People’s United, M&T Bank, and People’s United Bank are consistent with approval of these Applications, and following the Transaction, M&T will have adequate resources to absorb the costs of the Transaction. M&T, People’s United, M&T Bank, and People’s United Bank also have strong managerial resources and enterprise risk management systems to consummate successfully the Transaction and integrate the organizations. The Transaction brings

³² For a more detailed breakdown, see Section V.E.

together institutions with complementary, community-focused banking models and superior long-term credit performance, as well as experienced, complementary management teams with a shared culture of integrity and compliance. Both M&T and People's United have a proven track record of successful conversion and integration, and M&T's 140 most-senior employees have participated in an average of 10 acquisitions and are well positioned to integrate seamlessly.

The Transaction is designed to combine the existing strong financial and managerial resources of M&T, People's United, M&T Bank, and People's United Bank to create an even stronger and more diversified financial services company that is greater than the sum of its parts. Complementary geographies will provide entry into adjacent and familiar markets at scale. With a wider product range, diversified loan portfolio funded by an attractive core deposit base, and diversified revenue streams following the Transaction, M&T will be better able to serve its customers and to compete for additional business. Moreover, M&T and M&T Bank will benefit from enhanced scale provided by the Transaction to support even greater resources for risk management, compliance, cyber-security and technological development.

Upon completion of the Transaction, M&T and M&T Bank will also continue to benefit from the extension of M&T's robust and scalable risk management infrastructure. With a more diversified balance sheet, M&T will be more resilient with reduced risk and will have enhanced earnings- and capital-generating capacity. Each of M&T and People's United currently has effective liquidity risk management practices, and M&T also brings a dedicated second line of defense providing independent oversight over liquidity risk

1. Capital Adequacy

As the Board has noted, "the Board considers capital adequacy to be especially important" in its evaluation of the financial factors.³³ Each of M&T, M&T Bank, People's United, and People's United Bank currently maintains capital ratios significantly exceeding the well-capitalized standard.

On a pro forma basis, as of December 31, 2020, M&T and M&T Bank would maintain robust capital ratios significantly exceeding the well-capitalized standard. For additional discussion of capital adequacy considerations, see Confidential Exhibit 4.

The Transaction was structured in multiple ways to ensure both that the pro forma capital ratio would be strong and that capital generation capabilities would be substantial. The entire consideration is paid in stock, the options are rolled instead of cashed out and the purchase accounting adjustments are limited by People's United's strong asset quality.

Further information on capital and other financial ratios for M&T, M&T Bank, People's United, and People's United Bank on a historical basis, and for M&T and M&T Bank on a pro forma basis, is attached as Confidential Exhibit 5.

³³ Board Order Approving the Merger of Bank Holding Companies, BB&T Corporation (November 19, 2019) (the "BB&T Order") at 25; Board Order Approving the Acquisition of a Bank Holding Company, Chemical Financial Corporation (July 16, 2019) (the "Chemical Financial Order") at 7.

2. Earnings

Each of M&T, M&T Bank, People's United, and People's United Bank currently has sound earnings. For the year ended December 31, 2020, M&T and M&T Bank had net income of approximately \$1.4 billion and \$1.3 billion, respectively, and each had returns on average assets ("ROA") of 1.0%. During the same period, People's United and People's United Bank had net income of approximately \$219.6 million and \$241.2 million, respectively, and each held an ROA of 0.4%³⁴

The Transaction is expected to enhance M&T's and M&T Bank's earnings potential by, among other things, creating efficiencies, expanding M&T's and M&T Bank's footprint in attractive, high-growth markets, and creating an institution with a well-diversified revenue mix from unique lending capabilities and distinct fee income businesses. The increased earnings, in turn, create meaningful additional capital-raising capability. The complementary nature of M&T's, M&T Bank's, People's United's and People's United Bank's businesses will enable M&T and M&T Bank to provide expanded product offerings and invest in advanced technologies and innovation to deliver an enhanced client experience.

The Transaction is projected to deliver approximately 10 to 12% EPS accretion to M&T beginning in 2023.³⁵ The Transaction is projected to deliver approximately \$330 million in pre-tax cost synergies, primarily resulting from real estate consolidations and optimization, courier optimization, printing and supplies savings, and staffing optimization.³⁶ These accretion expectations do not include revenue synergies, which M&T believe could be substantial.

3. Asset Quality

Each of M&T and People's United has strong asset quality and credit underwriting administration practices that are consistent with the Board's approval of these Applications. As shown in Confidential Exhibit 5, the credit losses of both M&T and People's United have been consistently below peers through all economic cycles. Although problem credits have inevitably increased as a consequence of the impact of the COVID-19 pandemic on the small- and mid-sized businesses and consumers that M&T and People's United serve, credit losses have been modest. In addition, both banks have created substantial additional reserves to cover future losses. As of

³⁴ People's United's net income for the year ended December 31, 2020 includes a goodwill impairment charge. People's United performed a quantitative assessment of goodwill impairment as of October 1, 2020 (its annual measurement date). In doing so, the income-based discounted cash flow approach was more heavily weighted (75%) than the market-based approach (25%) due to significant volatility in the market since the COVID-19 pandemic was declared a National Emergency on March 13, 2020. Based on this assessment, People's United recognized a non-cash goodwill impairment charge totaling \$353.0 million (representing 12% of total goodwill) associated with the Retail Banking reporting unit, while the fair values of the Commercial Banking and Wealth Management reporting units continued to exceed the respective carrying values by 4% and 103%, respectively.

³⁵ Press Release, M&T Bank Corporation Announces Agreement to Acquire People's United Financial, Inc. (Feb. 22, 2021), *available at* <https://newsroom.mtb.com/2021-02-22-M-T-Bank-Corporation-Announces-Agreement-to-Acquire-Peoples-United-Financial-Inc>.

³⁶ *Id.*

December 31, 2020, M&T had ratios of (a) allowance for credit losses to total loans and leases, net of unearned discount, of 1.8%, (b) non-performing assets related to the loan portfolio to total loans plus Other Real Estate Owned (“OREO”) and other assets of 2.0%, and (c) annualized net charge-offs as a percentage of average loans and leases, net of unearned discount, of 0.3%. For the same period, People’s United had ratios of (a) allowance for credit losses to total loans and leases of 1.0%, (b) non-performing assets to total loans, real estate owned, and repossessed assets of 0.8%, and (c) net charge-offs to average loans and leases, on an annualized basis, of 0.1%. Please see Confidential Exhibit 5 for the pro forma asset quality information.

4. Management

M&T and M&T Bank have an experienced senior management team with a strong history of leading a regional bank and successfully executing and integrating transactions. Following the Transaction, each of M&T and M&T Bank will continue to be led by a Board of Directors and senior management team with diverse banking expertise.

- Boards of Directors

M&T and People’s United have agreed that five directors of People’s United immediately prior to the Effective Time will be added to the Board of Directors of M&T. Of these five, one will be the Chief Executive Officer of People’s United, one will be the Senior Executive Vice President, Corporate Development and Strategic Planning of People’s United, and the remaining three have not been identified but will be current directors of People’s United as mutually agreed to by People’s United and M&T and will be independent of M&T in accordance with applicable stock exchange standards.

Upon consummation of the Transaction, Mr. Jones, the current Chairman of the Board and Chief Executive Officer of M&T and M&T Bank, will continue to serve in these roles. Mr. Gold, the current President and Chief Operating Officer of M&T Bank, will continue to serve in these roles. Mr. Barnes, the current Chairman and Chief Executive Officer of People’s United and People’s United Bank, will serve as a director of M&T. Mr. Walters, the current Senior Executive Vice President for Corporate Development and Strategic Planning and a Director of People’s United and People’s United Bank, will also serve as a director of M&T.

On the Closing Date, M&T will invite all directors of People’s United immediately prior to the effective time other than the People’s United Designated Directors to become members of M&T’s Transition Advisory Board, and will cause all such individuals who accept such invitation to be elected or appointed for a two-year term as members of the Transition Advisory Board. Such members of the Transition Advisory Board will serve on such board until the second anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive annual compensation of \$40,000. The current directors of M&T and M&T Bank are set forth below:

Directors of M&T and M&T Bank	
Name	Principal Occupation
René F. Jones	Chairman of the Board and Chief Executive Officer – M&T

Robert T. Brady	Vice Chairman of the Board – M&T
C. Angela Bontempo	Former President and Chief Executive Officer – Saint Vincent Health System
Calvin G. Butler, Jr.	Chief Executive Officer – Exelon Utilities
T. Jefferson Cunningham III	Former Chairman of the Board and Chief Executive Officer – Premier National Bancorp, Inc.
Gary N. Geisel	Former Chairman of the Board and Chief Executive Officer – Provident Bankshares Corp.
Leslie V. Godridge	Retired Vice Chair and Co-Head of Corporate and Commercial Banking – US Bancorp
Richard S. Gold	President and Chief Operating Officer – M&T
Richard A. Grossi	Former Senior Vice President and Chief Financial Officer – Johns Hopkins Medicine
John D. Hawke, Jr.	Retired Partner – Arnold & Porter
Richard H. Ledgett, Jr.	Former Deputy Director and Chief Operating Officer – National Security Agency
Newton P.S. Merrill	Former Senior Executive Vice President – The Bank of New York
Kevin Pearson	Vice Chairman – M&T
Melinda R. Rich	Vice Chairman – Rich Products Corporation, President – Rich Entertainment Group
Robert E. Sadler, Jr.	Former President and Chief Executive Officer – M&T
Denis J. Salamone	Former Chairman and Chief Executive Officer – Hudson City Bancorp, Inc.
John R. Scannell	Chairman of the Board and Chief Executive Officer – Moog Inc.
David S. Scharfstein	Professor – Harvard Business School
Rudina Seseri	Founder and Managing Partner – Glasswing Ventures
Herbert L. Washington	President – H.L.W. Fast Track, Inc.

The current directors of People’s United and People’s United Bank are set forth below:

Directors of People’s United and People’s United Bank	
Name	Principal Occupation
John P. Barnes	Chairman of the Board and Chief Executive Officer – People’s United
Collin P. Baron	Member – Pullman & Comley
George P. Carter	Former President – Connecticut Foods, Inc.
Jane Chwick	Former Partner – Goldman Sachs
William F. Cruger	Former Vice Chairman of Investment Banking – JP Morgan and Co.
John K. Dwight	Former Chairman – Dwight Asset Management Company
Jerry Franklin	Former President and Chief Executive Officer – Connecticut Public Broadcasting, Inc.
Janet M. Hansen	Former Executive Vice President – Aquarion Company
Nancy McAllister	Former Americas Co-Head, Financial Institutions Group, Investment Banking – Credit Suisse Securities (USA) LLC

Mark Richards	President – The Richards Group
Kirk W. Walters	Senior Executive Vice President, Corporate Development and Strategic Planning – People’s United Bank

- *Officers*

At this point, there are no anticipated changes to the M&T and M&T Bank management committee as a result of the Transaction.

- *Integration Planning and Experience*

M&T, People’s United, M&T Bank, and People’s United Bank are keenly aware of the importance of an effective integration and will make every effort to ensure that the integration of the two companies and their subsidiary banks will be well planned and effectively managed and implemented. In all events, effectiveness will take priority over speed. An extensive Merger Integration Office with management and personnel across all business lines and support units has been established and will have appropriate involvement from key members of People’s United management and business teams. This Integration Planning Office is led by two senior managers at M&T Bank, Thomas Hayes (Senior Vice President) and Tammy Hyzy (Group Vice President, Enterprise Transformation Execution Office). The Integration Planning Office operates under the guidance of an executive transition and senior integration team, which is chaired by Michele Trolli (Executive Vice President, Chief Operations Officer). These core integration committees are advised by Rich Gold (President and Chief Operating Officer) and Mike Keegan (Executive Vice President, Head of Community Markets), who are responsible to support line of business alignment on market strategy, regional operating model, government affairs, on-the-ground customer/employee transitions, and community engagement.

The management teams of M&T and M&T Bank, as well as of People’s United and People’s United Bank, have extensive experience in integrating strategic acquisitions. For instance, in 2015 M&T and M&T Bank completed acquisition of Hudson City Bancorp, Inc., and in 2019 People’s United and People’s United Bank managed the acquisition and integration of United Financial Bancorp, Inc. M&T’s 140 most-senior employees have participated in an average of 10 acquisitions and are well positioned to integrate the organizations seamlessly. Accordingly, M&T and M&T Bank believe that they have the necessary skill and experience to integrate and operate M&T and M&T Bank in a safe and sound manner post-Transaction. The experienced management and employees of M&T, People’s United, M&T Bank, and People’s United Bank will work together to execute a seamless integration process. A recent presentation outlining the integration planning governance structure and anticipating timing is included as Confidential Exhibit 6.

To assist in the integration planning process, M&T has conducted extensive initial due diligence. A description of the due diligence process followed by M&T is attached as Confidential Exhibit 7. M&T plans to retain its existing comprehensive governance, controls, change management, systems, and risk management practices, and, through the integration planning process, will evaluate and identify any such practices at People’s United that may enhance M&T’s existing practices. M&T and People’s United have developed an integration framework for the Transaction, and they will carefully plan and control the integration process to

ensure a successful integration of business operations, risk management, and systems conversions. The systems conversion process will prioritize a seamless experience for customers, with final systems conversion anticipated for February 21, 2022. Integration processes include training activities and a “Branch Buddies” program for business teams, as well as testing and mock conversion activities for technical teams. M&T, M&T Bank, People’s United, and People’s United Bank also have experienced leaders and project managers that will apply prudent change management practices to the integration planning and implementation.

M&T, M&T Bank, People’s United, and People’s United Bank will also take steps to ensure that, following the Closing, M&T and M&T Bank will continue to have appropriate leadership and staffing to continue providing a high level of service to all customers, operating in a safe and sound manner, and maintaining the effectiveness of their business activities and operations. Prior to the Effective Time, People’s United will establish a cash retention pool, for retention or success bonuses and other incentive payments to key employees to be granted in part by People’s United and in part by M&T. Additionally, prior to the Effective Time, M&T will use reasonable best efforts to provide People’s United employees who have in place individual change in control agreements with a comparable revised arrangement using commercially reasonable terms.³⁷ These programs are intended to retain key senior leaders and critical contributors following the Transaction to ensure an effective integration and the success of M&T following the Closing.

M&T has agreed to make reasonable best efforts to prioritize former People’s United employees in the selection process to fill job openings related to their experience.

In connection with the Merger Agreement, People’s United entered into Non-Competition and Non-Solicitation Agreements with each of Mr. Barnes and Mr. Walters (each, an “Executive” and each such agreement, a “Restrictive Covenant Agreement”), to be effective from and after the Closing Date and for the benefit of M&T. Each Restrictive Covenant Agreement is time-limited and limited in geographic scope.³⁸

5. Risk Management

- *Enterprise-wide risk management*

M&T has enterprise-wide risk management policies, procedures, and systems in place, including for capital, liquidity, credit, market, operational, technology, compliance, reputation, and strategic risks. The enterprise risk management program of M&T is supported by an effective committee governance structure, which allows for proper oversight by the board of directors and executive management.

³⁷ For additional information, see People’s United’s Form 8-K dated February 21, 2021, available at <https://www.sec.gov/Archives/edgar/data/0001378946/000119312521057229/d109088d425.htm>.

³⁸ For additional information, see People’s United’s Form 8-K dated February 21, 2021, available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001378946/000119312521057178/d109088d8k.htm>.

M&T plans to apply its existing enterprise-wide risk management post-Transaction. The existing risk management programs of M&T complies with the regulatory and supervisory expectations for organizations with the total post-Transaction asset sizes of M&T and M&T Bank, as outlined in the Board's SR 95-51 (SUP). Following the closing, M&T and M&T Bank will continue to have the governance and controls in place to satisfy the Board's SR 19-3 through effective oversight by the Boards of Directors of M&T and M&T Bank, an independent risk management framework, and a comprehensive control function, including internal audit. M&T's and M&T Bank's Risk Management and Regulatory Affairs Division will be led by M&T Chief Risk Officer Michael Todaro.

The Chief Risk Officer of M&T and M&T Bank will continue to report directly to the Chief Executive Officer of M&T and M&T Bank. Upon consummation of the Transaction, M&T will have a well-balanced risk profile and a robust risk management and risk governance framework that aligns risk culture and strategic execution with the established risk appetite, consistent with M&T's current practices. Risk coverage and oversight will continue to be maintained through the robust committee structure currently in place with respect to M&T. In addition to oversight of risk management through a Board-level risk committee, M&T and M&T Bank will maintain a strong network of management-level risk committees to monitor and manage risk across business units and risk categories, maintaining the three lines of defense model to ensure an effective internal control environment, as M&T does currently.

One of the reasons that M&T regarded People's United as an ideal merger partner was the low level of its credit and other risk (and the overall quality of its risk management). Moreover, the risks at People's United were generally similar to those at M&T, and therefore M&T had experience in managing those risks.

- *Compliance risk management*

M&T has robust compliance risk management programs that facilitate a strong compliance culture and adherence to all applicable laws, regulations, and supervisory guidance. Greg Imm will continue to serve as the Chief Compliance Officer of M&T, a senior management position reporting directly to the Chief Risk Officer. The Chief Compliance Officer will continue to ensure appropriate Board- and executive management-level oversight of compliance risks through regular reporting and escalation through the established risk committee structure to the Board's Compliance Risk Management Committee. In addition to robust Board- and management-level oversight, the compliance management program for M&T will maintain key components of the existing compliance risk management programs of M&T, including regulatory policies, compliance risk assessments, regulatory change management, compliance management, compliance training, and independent testing of internal controls to ensure compliance with applicable laws and regulations.

M&T and M&T Bank's current compliance risk management program, which M&T plans to maintain post-Transaction, meets the requirements of the Board's SR 08-8: (1) firm-wide compliance risk management; (2) independence of compliance staff; (3) compliance monitoring and testing; and (4) Board- and executive management-level oversight. As part of the larger enterprise-wide risk management framework, the compliance risk management program of M&T and M&T Bank will maintain the three lines of defense model currently employed by M&T,

where the lines of business serve as a first line of defense, risk and compliance serves as a second line of defense, and internal audit serves as a third line of defense. M&T and M&T Bank will continue to be subject to M&T's compliance-risk related policy, although legacy controls may exist until systems conversion is complete. Post-Transaction, M&T and M&T Bank's compliance function will utilize M&T's sophisticated compliance testing and compliance risk assessment capabilities.

- *Information security risk management*

M&T and M&T Bank both maintain cyber risk identification, monitoring, and control strategies for the information security program. M&T will continue to operate under M&T's and M&T Bank's existing information security and Disaster Recovery & Business Continuity program. Post-Transaction, M&T and M&T Bank will continue to benefit from the scale and sophistication of M&T's cybersecurity and fraud-risk oversight capabilities. Ongoing training and testing exercises, appropriate updates to management and Board committees, and rigorous internal and external audits will be critical components of M&T's and M&T Bank's information security program, as they are for M&T's current program. Furthermore, M&T has substantial familiarity and prior conversion experience with People's United's core banking systems service provider, which will ensure a smooth data conversion process. Prioritizing these measures will further strengthen M&T's, and M&T Bank's ability to secure and protect customer, client, employee, and company information.

- *Internal audit*

M&T has a rigorous corporate internal audit function ("Internal Audit"), supported by a board-approved charter, effective policies and procedures, and qualified employees, and the function is led by qualified and tenured banking professionals. The internal audit function at M&T is designed to provide independent, risk-based, objective, and proactive assurance services to improve continually the operations of the organization. M&T's internal audit department will continue to be led by M&T's Chief Auditor, Julianne Urban.

The Chief Audit Executive's reporting lines will remain fully independent as the Chief Audit Executive will report directly to the Audit Committee of M&T's Board of Directors, with an administrative reporting line to the Chief Executive Officer. The Chief Audit Executive will have full access to all executive-level committee meetings, company meetings, records, property, technologies, and personnel of M&T. Upon consummation of the Transaction, Internal Audit will serve as a third line of defense function under M&T's Chief Audit Executive, providing executive management and M&T's Board of Directors with independent, objective, and timely assessments of the management of risks to achieve organizational objectives.

- *Credit Risk Review*

The credit risk review function, termed "Credit Risk Oversight" at M&T, is designed to provide an independent perspective on the bank's credit risk appetite, credit quality and credit administration practices. M&T's credit risk review function will continue to be led by M&T's Senior Director of Credit Risk Oversight, Douglas Stevens, reporting to the Chief Risk Officer, Michael Todaro.

M&T and People's United have robust and effective credit risk review functions utilizing a "three lines of defense" control structure that provides reliable assurance of the quality of the respective company's credit portfolio and credit-related services. M&T's Credit Risk Oversight group serves as part of the second line of defense function under the responsibility and supervision of the Chief Risk Officer. M&T will continue current credit risk management practices. Upon consummation of the Transaction, Credit Risk Oversight will continue to provide credit risk review for M&T and will continue to serve as a second line of defense function under M&T's Chief Risk Officer, providing executive management and M&T's Board of Directors with independent, objective, and timely assessments of portfolio quality and credit risk management processes.

C. Anti-Money Laundering Compliance

Under Section 3(c)(6) of the BHC Act and Section 18(c)(11) of the FDI Act, the Board must consider in every application under Section 3 of the BHC Act and the Bank Merger Act, respectively, the effectiveness of the company or companies, or, in the case of the Bank Merger Act, of any insured depository institution involved in the proposed merger transaction, in combating money laundering activities.³⁹ Each of M&T/M&T Bank and People's United/People's United Bank has a written Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") and Office of Foreign Assets Control ("OFAC") compliance program designed to comply with all applicable laws and regulations and to meet the five pillars of an effective BSA/AML/OFAC compliance program. Each of M&T's/M&T Bank's and People's United's/People's United Bank's BSA/AML policy and program documents has been approved by its Board of Directors.

Upon consummation of the Transaction and prior to the integrations of customer databases and related systems, M&T, People's United, M&T Bank, and People's United Bank will continue to operate their BSA/AML/OFAC programs, such as customer risk rating and automated transaction monitoring, on their respective legacy systems. Customer relationships and other affected activities will be assessed under the consolidated compliance program with discrete controls during a transition period. Upon completion of the transition, M&T and M&T Bank will continue to operate under M&T's existing BSA/AML/OFAC compliance program. Systems, processes, staffing, and controls will be assessed and plans will be created to account for any necessary adjustments to the existing program. Post-Transaction, M&T and M&T Bank will continue to benefit from M&T's adverse media screening capabilities and record of proactive law enforcement engagement. M&T and M&T Bank's enterprise standards will continue to apply after the Transaction, to include the enterprise BSA/AML Policy, and BSA/AML/OFAC risk assessment methodologies, customer risk rating methodologies, a Know Your Customer program, customer transaction monitoring and screening, Currency Transaction Report filing, Suspicious Activity Report filing, BSA/AML training, BSA/AML record retention program, and an enhanced due diligence program and procedures.

Just as the M&T program does today, the BSA/AML/OFAC compliance program will continue to have oversight from the Boards of Directors and executive management of M&T and M&T Bank. M&T and M&T Bank will continue to maintain a multi-layered BSA/AML

³⁹ 12 U.S.C. § 1842(c)(6); 12 U.S.C. § 1828(c)(11).

governance structure which will include a BSA/AML Steering Committee reporting to an executive Management Risk Committee and, ultimately, to the Board of Directors. In addition, the designated BSA Compliance Officer will lead a critical function in the Chief Risk Officer's and the Chief Compliance Officer's reporting structure. Reporting on the status of BSA/AML/OFAC compliance activities will be regularly provided and escalated up through M&T's and M&T Bank's established committee governance structure.

D. Financial Stability

Pursuant to Section 3(c)(7) of the BHC Act and Section 18(c)(5) of FDI Act, the Board must take into consideration the extent to which the Transaction would result in greater or more concentrated risks to the stability of the U.S. banking or financial system (the "Financial Stability Factor").⁴⁰

The Board's approval orders⁴¹ under Section 3 of the BHC Act and the Bank Merger Act have delineated five factors through which the Board evaluated financial stability considerations: (1) the size of the resulting firm; (2) availability of substitute providers for any critical products and services offered by the resulting firm; (3) interconnectedness of the resulting firm with the banking or financial system; (4) the extent to which the resulting firm contributes to the complexity of the financial system; and (5) the extent of the cross-border activities of the resulting firm. In addition to these largely quantitative measures, the Board has considered qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. The Board has stated that it reviews the foregoing factors individually and in combination.

The following analysis of the Board's five systemic risk factors demonstrates that the Transaction would not result in greater or more concentrated risks to the stability of the U.S. banking or financial system.

⁴⁰ 12 U.S.C. § 1842(c)(7); 12 U.S.C. § 1828(c)(5).

⁴¹ *See, e.g.*, Board Order Approving the Acquisition of a Bank Holding Company, Bangor Bancorp, MHC (Oct. 22, 2020); Board Order Approving the Acquisition of a Bank Holding Company, First Illinois Bancorp, Inc. (Aug. 26, 2020); Board Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches, First Horizon National Corporation (June 15, 2020); Board Order Approving the Merger of Bank Holding Companies, BB&T Corporation (November 19, 2019); Board Order Approving the Merger of Bank Holding Companies, People's United Financial, Inc. (March 16, 2017); Board Order Approving the Merger of Bank Holding Companies and the Acquisition of a Bank, KeyCorp (July 12, 2016) (the "Keycorp Order"); Board Order Approving the Formation of a Bank Holding Company, the Acquisition of a Bank Holding Company, and Determination on a Financial Holding Company Election, Royal Bank of Canada (October 7, 2015); Each of these Section 3 orders cite to the Board's Order approving Capital One Financial Corporation's acquisition of ING Direct fsb (February 14, 2012). *See also* Board Order Approving Acquisition of a State Member Bank, PNC Bancorp, Inc. (December 23, 2011).

1. Size

As the Board has noted, the size of the resulting organization “is one important indicator of the risk that the organization may pose to the U.S. banking or financial system.”⁴² Based on multiple metrics, neither the size of M&T nor M&T Bank post-Transaction could raise concerns under the Financial Stability Factor.

Upon consummation of the Transaction, M&T will have approximately \$206 billion in total consolidated assets.⁴³ Following the Closing, the total assets of M&T Bank would represent approximately 0.9% of total assets of all insured depository institutions in the United States as of December 31, 2020,⁴⁴ and a smaller share of the total assets of the U.S. financial system. The total deposits of M&T Bank would account for approximately 1.0% of total deposits of all insured depository institutions in the United States as of December 31, 2020, and the Transaction is therefore not precluded under the BHC Act, which has a 10% national deposit cap.⁴⁵ In addition, M&T would hold approximately 0.9% of the aggregate consolidated liabilities of all financial companies, and the Transaction is therefore not precluded under Section 622 of the Dodd-Frank Act and the Board’s Regulation XX promulgated thereunder, which has a 10% liability cap.⁴⁶ The Transaction is far below these size metrics and comparable to, with respect to all these size metrics, those noted in the KeyCorp Order, where, after a comprehensive review of the Financial Stability Factor’s size factor, the Board approved the transaction.

2. Substitutability

The products and services provided by M&T, M&T Bank, People’s United, and People’s United Bank are offered in a highly competitive environment with numerous banks and other financial institutions that provide, and therefore are a substitute for, the same products and services nationally, regionally, and in the relevant local banking markets. M&T, M&T Bank, People’s United, and People’s United Bank do not engage in any activities that are critical to the functioning of the U.S. financial system or provide services that are available from only a small number of providers. Indeed, to the contrary, both organizations primarily offer traditional banking products and services for which there are numerous providers of each of their products and services that could continue to provide such products and services should the combined organization be unable to do so as a result of severe financial distress.

⁴² BB&T Order at 55.

⁴³ Based on financial information as of December 31, 2020.

⁴⁴ Total assets data is derived from the FDIC’s statistics on depository institutions report as of December 31, 2020.

⁴⁵ 12 U.S.C. § 1842(d)(2)(A).

⁴⁶ M&T and People’s United had consolidated liabilities of \$126.4 billion and \$55.5 billion, respectively, as of December 31, 2020. Assuming national liabilities of \$19.7 trillion, following the Transaction, M&T would hold approximately 0.9% of total liabilities on consummation of the Transaction. This percentage is estimated using the method of calculation in the Board’s Regulation XX, 12 CFR part 251.

The states where both M&T and People's United, through their respective subsidiary banks, maintain branches are Connecticut, Massachusetts, and New York. With regard to each of Massachusetts and New York, it is expected that M&T would hold less than 3% of total insured deposits reported in each state. With regard to Connecticut, it is expected that M&T would hold less than 16% of total insured deposits reported in the state. The percentage of total statewide deposits held by M&T in all other states where M&T or People's United operates will not change upon completion of the Transaction. Following the consummation of the Transaction, M&T's market share of any activity would not be substantial enough to cause significant disruption in the activity if M&T were to experience distress, due to the availability of substitute providers that could assume its business. Accordingly, the Transaction would not raise financial stability risk concerns under the substitutability factor.

3. Interconnectedness

The Transaction would not materially increase the interconnectedness of the U.S. banking or financial system. Similar to the Board's analysis in the KeyCorp Order, and as demonstrated throughout this Application, M&T and M&T Bank would not constitute a critical services provider or be so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.⁴⁷ None of M&T, M&T Bank, People's United, nor People's United Bank is dependent on uncommitted short-term or wholesale funding from other financial institutions. Core deposits, which include checking accounts, small-denomination time deposits, and other retail deposits that are typically insured, are the principal source of funds for use in lending and other business purposes for M&T, M&T Bank, People's United, and People's United Bank. Furthermore, the parties' use of derivatives is predominantly related to risk management and would not pose a material financial stability risk.

Accordingly, based on M&T's and People's United's limited use of wholesale funding and limited intra-financial system assets and liabilities, securities outstanding and notional derivatives, the Transaction would not increase the interconnectedness of the combined organization to any meaningful degree.

4. Complexity and Resolution

The Transaction would not contribute to the overall complexity of the U.S. banking or financial system. Neither M&T nor People's United has complex assets or liabilities that would hinder the timely and efficient resolution of M&T in the event that M&T were to experience financial distress. Neither M&T, People's United, M&T Bank, nor People's United Bank engages in complex activities, such as acting as a core clearing and settlement organization for critical financial markets, that might complicate the resolution process by increasing the complexity, costs, or time frames involved in a resolution. In addition, the parties' involvement in capital markets, derivatives, or trading activity is limited and predominantly related to risk management and would not pose a material financial stability risk.

The majority of M&T's and M&T Bank's revenue after the merger is expected to be derived from net interest income, and the majority of M&T's and M&T Bank's assets will be

⁴⁷ See KeyCorp Order at 29.

made up of loans to consumers and businesses and commercial leases. Of M&T's \$206 billion in total assets, post-Transaction, \$140.3 billion are made up of loans. M&T and People's United each maintains a limited number of securities available for sale and/or held to maturity. M&T's pro forma limited securities portfolio post-Transaction would be made up of diversified, liquid securities such as U.S. Treasuries, municipal securities, and mortgage-backed securities. Resolving M&T would not involve a level of cost, time, or difficulty such that it would cause a significant increase in risk to the stability of the U.S. banking or financial system. Moreover, because M&T's business model focuses on straightforward products and services, M&T would not be so complicated or so opaque as to hinder resolvability.

5. Cross-Border Activity

The Board has previously considered whether an applicant's cross-border activities would create difficulties in coordinating any resolution and, thereby, significantly increase the risk to the stability of the U.S. banking or financial system. Neither M&T nor People's United has significant locations or operations, activities, assets, or liabilities outside the United States. Assets and revenues associated with international activities represent less than 1% of M&T's consolidated assets and revenues. M&T Bank maintains a branch office in Ontario, Canada, and an office in George Town, Cayman Islands. Deposits at M&T Bank's Cayman Islands office were \$652 million at December 31, 2020. Deposits at M&T Bank's office in Ontario, Canada were \$32 million at December 31, 2020. Liabilities of M&T's European subsidiaries were \$23 million. Revenues from providing international trust-related services were approximately \$36 million in 2020. People's United also maintains one wholly owned subsidiary engaged in equipment reinsurance in Turks and Caicos. Therefore, the Transaction would add only a small amount of cross-border operations or activities to M&T. Similar to the Board's analysis in the KeyCorp Order, M&T and M&T Bank "would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress."⁴⁸ Accordingly, the Transaction will not result in any increased risks to the stability of the U.S. banking or financial systems due to M&T's cross-border activity.

6. Financial Stability Factors in Combination

An assessment of the foregoing factors in combination results in the conclusion that the Transaction would not exacerbate the very low level of risk to the U.S. banking or financial system demonstrated by analyzing the factors individually. Moreover, the stabilizing effects of a stronger balance sheet and enhanced earnings capacity should also mitigate any potential concerns regarding risks posed by M&T or M&T Bank to the stability of the U.S. banking or financial system.

Thus, based on an analysis of the foregoing factors, the Transaction will not result in "greater or more concentrated risks" to the stability of the U.S. banking or financial system. To the contrary, the Transaction will have the opposite effect by decreasing such risks based on the

⁴⁸ *Id.*

creation of a more diversified and financially stronger institution. Please see Confidential Exhibit 8 for additional information relevant to this inquiry.

E. Interstate Banking

Section 3(d) of the BHC Act provides that the Board may authorize a bank holding company that is “well capitalized and well managed” to acquire control of a bank “located” in a state other than the home state of such bank holding company, notwithstanding contrary state law.⁴⁹ Section 44 of the FDI Act authorizes mergers between insured banks of different home states, subject to the requirements set forth below.⁵⁰ For purposes of these provisions, the home state of both M&T and M&T Bank is New York and the home state of both People’s United and People’s United Bank is Connecticut.⁵¹ The Board considers a bank to be “located” in the states in which the bank is chartered or headquartered or operates a branch.⁵²

M&T’s and People’s United’s respective risk-adjusted capital ratios and leverage capital ratios materially exceed applicable regulatory standards for being “well capitalized,” as defined in 12 C.F.R. § 225.2(r). M&T and M&T Bank will continue to be “well capitalized” following completion of the Transaction. Please see Confidential Exhibit 5 for current and pro forma regulatory capital information. Furthermore, M&T believes it has a strong management team, the quality and competence of which is directly reflected in M&T’s strong capital ratios and overall sound financial condition, and that this team will continue to successfully lead the organization after the Transaction.

As set forth below, the Transaction also meets the other requirements of Section 3(d) of the BHC Act and Section 44 of the FDI Act relating to the age of the target bank, deposit concentration limits, and community reinvestment compliance.

1. The Age of the Target Bank

Under Section 3(d) of the BHC Act and Section 44 of the FDI Act, the Board may not approve a proposed interstate acquisition if the effect of the acquisition would be to permit an out-of-state bank holding company “to acquire a bank in a host State that has not been in existence

⁴⁹ 12 U.S.C. § 1842(d)(1)(A).

⁵⁰ 12 U.S.C. § 1831u.

⁵¹ For purposes of Section 3(d) of the BHC Act, a bank holding company’s home state is the state in which, as of the later of July 1, 1966, and the date it became a bank holding company, the total deposits of its banking subsidiaries were largest. *See* 12 C.F.R. § 208.7(b)(3)(iii). For purposes of Section 44 of the FDI Act, a state-chartered bank’s home state is the state by which the bank is chartered. *See* 12 U.S.C. § 1831u(g)(4).

⁵² *See, e.g.*, Board Order Approving the Formation of a Bank Holding Company, the Acquisition of a Bank Holding Company, and Determination on a Financial Holding Company Election, Royal Bank of Canada, (October 7, 2015); Board Order Approving the Merger of Bank Holding Companies, BB&T Corporation, (July 7, 2015).

for the minimum period of time, if any, specified in the statutory law of the host State.”⁵³ Notwithstanding the preceding sentence, the Board is authorized under Section 3(d)(1)(B)(ii) of the BHC Act and Section 44(a)(5) of the FDI Act to approve an acquisition of a bank that has been in existence for at least five years without regard to any longer minimum period of time specified in the statutory law of the host state. People’s United Bank has been in existence for more than five years.

2. Concentration Limits⁵⁴

Under Section 3(d) of the BHC Act and Section 44 of the FDI Act, there are both nationwide and statewide concentration limits for interstate acquisitions. In addition, Section 3(d) of the BHC Act and Section 44 of the FDI Act require compliance with state law deposit concentration limits.⁵⁵ The Transaction fits within all applicable concentration limits.

- *Nationwide Concentration Limit*

Section 3(d) of the BHC Act, the Bank Merger Act, and Section 44 of the FDI Act provide that the Board may not approve an application if the applicant controls, or upon consummation of the acquisition for which such application is filed would control, “more than 10 percent of the total amount of deposits of insured depository institutions in the United States.”⁵⁶ M&T Bank holds approximately 0.7% of total insured depository institution deposits nationwide as of December 31, 2020. Upon consummation of the Transaction, M&T Bank will hold approximately 1.0% of total insured depository institution deposits nationwide. Thus, the Transaction will comply with the 10% nationwide concentration limit.

- *Statewide Concentration Limit*

Section 3(d) of the BHC Act and Section 44 of the FDI Act provide that the Board may not approve an application if (i) immediately before consummation of the acquisition for which such application is filed, the applicant (including any insured depository institution affiliate of the applicant) controls any insured depository institution or any branch of an insured depository institution in the home state of any bank to be acquired or in any host state in which any such bank maintains a branch; and (ii) the applicant (including all insured depository institutions which are affiliates of the applicant), upon consummation of the acquisition, would control 30% or more of the total amount of deposits of insured depository institutions in any such state.⁵⁷ The states where both M&T and People’s United, through their respective subsidiary banks, maintain branches are

⁵³ 12 U.S.C. § 1842(d)(1)(B)(i); 12 U.S.C. § 1831u(a)(5)(A). M&T Bank is “located” in New York and People’s United Bank is “located” in Connecticut.

⁵⁴ Unless otherwise indicated, all deposit data is based on the FDIC Summary of Deposits data as of June 30, 2019.

⁵⁵ 12 U.S.C. § 1842(d)(2); 12 U.S.C. § 1831u(b)(2).

⁵⁶ 12 U.S.C. § 1842(d)(2)(A); 12 U.S.C. § 1828(c)(13)(A); 12 U.S.C. § 1831u(b)(2)(A).

⁵⁷ 12 U.S.C. § 1842(d)(2)(B); 12 U.S.C. § 1831u(b)(2)(B).

Connecticut, Massachusetts, and New York. With regard to each of Massachusetts and New York, M&T will hold less than 3% of total insured deposits reported in each state. With regard to Connecticut, M&T will hold approximately 17% of total insured deposits reported in the state. Accordingly, the Transaction will comply with the 30% statewide concentration limit.

- *State Law Deposit Limits*

Section 3(d) of the BHC Act and Section 44 of the FDI Act provide that a state law that limits the percentage of the total amount of deposits that a banking organization may hold in such state remains unaffected by the concentration limits specified in Section 3(d) of the BHC Act and Section 44 of the FDI Act to the extent that the state law deposit limit does not discriminate against out-of-state organizations.⁵⁸ The state law deposit limits in each state where M&T will report deposits (other than those states in which People’s United Bank reports no deposits today) are described below, and, in each case, M&T will comply with the limits.⁵⁹

- Connecticut. Connecticut state law imposes a 30% state deposit limit.⁶⁰ As of June 30, 2020, M&T through M&T Bank, reports approximately 0.18% of Connecticut deposits. As of June 30, 2020, People’s United, through People’s United Bank, reports approximately 16.9% of Connecticut deposits. Upon consummation of the Transaction, it is expected that M&T Bank will report approximately 17.1% of Connecticut deposits.
- Massachusetts. Massachusetts state law imposes a 30% state deposit limit.⁶¹ M&T reports no Massachusetts deposits. As of June 30, 2020, People’s United, through People’s United Bank, reports approximately 1.9% of Massachusetts deposits. Upon consummation of the Transaction, it is expected that M&T Bank will report approximately 1.9% of Massachusetts deposits.

3. Record of Community Reinvestment

Section 3(d) of the BHC Act and Section 44 of the FDI Act require the Board to consider an applicant’s record under the CRA and take into account the applicant’s record of compliance under state community reinvestment laws.⁶² As discussed below in Section V.F, M&T Bank and People’s United Bank both have strong CRA performance records.

⁵⁸ 12 U.S.C. § 1842(d)(2)(C); 12 U.S.C. § 1831u(b)(2)(C).

⁵⁹ Additionally, Maine, New Hampshire, and Vermont each impose a 30% state deposit limit. *See* Conn. Gen. Stat. § 36a-411 (2020); Me. Rev. Stat. tit. 9-B §§ 241(10), 375 (2020); Mass. Gen. Laws ch. 167A, § 2 (2020); N.H. Rev. Stat. § 383-B:9-906 (2020); Vt. Stat. tit. 8 § 14108(a) (2020). M&T does not have a depository presence in these states. New York does not impose a deposit limit.

⁶⁰ Conn. Gen. Stat. § 36a-411 (2020).

⁶¹ Mass. Gen. Laws ch. 167A, § 2 (2020).

⁶² *See* 12 U.S.C. § 1842(d)(3); 12 U.S.C. § 1831u(b)(3).

M&T Bank and People’s United Bank are also in compliance with all applicable state community reinvestment laws. Connecticut, New York, Maryland, and Vermont are the only jurisdictions that have an applicable community reinvestment law where either M&T Bank or People’s United Bank maintains a branch.

- Connecticut law requires the banking commissioner to assess each bank’s record of meeting its obligation to satisfy the credit needs of its local communities, including low- and moderate-income neighborhoods.⁶³ Banks must also provide public notice in the lobby of their main office and each Connecticut branch detailing the CRA requirements and other information.⁶⁴
- Maryland law requires that a national banking association or an out-of-state bank that maintains a branch in the state submit a copy of the public portion of its most recent CRA performance evaluation.⁶⁵
- New York law provides that when evaluating certain applications, the Superintendent of Financial Services must assess regulated financial institutions’ efforts to meet the credit needs of their communities, including low and moderate-income neighborhoods and minority- and women-owned businesses, consistent with safe and sound operation of the banking institution.⁶⁶ In addition, the Superintendent of Financial Services must also evaluate the CRA performance of New York-regulated financial institutions in the normal course of business, as discussed further below.⁶⁷
- Vermont law requires that every non-Vermont financial institution subject to the CRA provide a copy of the sections of the federal CRA report that relate to the institution’s business within the state.⁶⁸

M&T Bank and People’s United Bank, as applicable, comply with each of these requirements. For further information regarding M&T Bank and People’s United Bank’s CRA compliance efforts, please see Section V.F below.

⁶³ Conn. Gen. Stat. § 36a-30 (2020). For the purposes of this section, “bank” is defined as “any bank or out-of-state bank that maintains in this state a branch as defined in section 36a-410.”

⁶⁴ *Id.* § 36a-31.

⁶⁵ Md. Code, Fin. Inst. § 5-206.1 (2020).

⁶⁶ N.Y. Banking Law §28-b (Consol. 2020).

⁶⁷ N.Y. Comp. Codes R. & Regs. tit. 3, § 76 (2020).

⁶⁸ Vt. Stat. tit 8, § 10301 (2020).

4. Adequate Capital and Management

Section 44 of the FDI Act requires that each bank involved in the merger be “adequately capitalized” as of the date the merger application is filed and that the resultant bank be “well capitalized” and “well managed” upon consummation of the merger.⁶⁹ Each of M&T Bank and People’s United Bank qualifies as “well capitalized,” and M&T Bank will continue to be “well capitalized” and to have strong management after consummation of the Bank Merger. Please see Confidential Exhibit 5 for pro forma capital information for M&T Bank.

F. Compliance with the CRA; Convenience and Needs of the Community; Public Benefits

M&T and People’s United are banking organizations that are both built on the communities they serve; both M&T and People’s United have focused on consumer and small and medium-sized businesses, largely in smaller urban and rural areas that are not served, or less-well served, by the largest nationwide banks. Both companies have been long recognized for their community commitments and longstanding support of civic organizations. Over the past decade, M&T, through The M&T Charitable Foundation, has donated \$263.7 million to over 2,800 nonprofit organizations across nine states and the District of Columbia. M&T Bank has been awarded the highest possible Community Reinvestment Act rating, “Outstanding,” on every examination since 1982 from the Federal Reserve Bank of New York. People’s United also meets the credit needs of its communities, having earned a “Satisfactory” rating from the OCC in its most recent CRA assessment.

Post-Transaction, M&T will continue M&T’s, People’s United’s, M&T Bank’s, and People’s United Bank’s strong commitment to serving their customers and to satisfying their obligations to meet the needs of LMI communities. The Merger Agreement provides that it is the intention of M&T to retain as many employees of People’s United and its subsidiaries as feasible in Connecticut and Vermont, and to remain one of the leading employers in Bridgeport, Connecticut. In addition, M&T will provide additional funds dedicated to supporting community development and reinvestment, and civic and charitable activities in People’s United footprint.

Each of M&T, M&T Bank, People’s United, and People’s United Bank is committed to meeting the needs of the communities it serves and its obligations under the CRA, as demonstrated by M&T Bank’s and People’s United Bank’s respective records under the CRA. As a result of the Transaction, M&T will be able to leverage its enhanced financial and managerial resources to compete more effectively with larger financial institutions. Because M&T will be a more effective competitor following the Transaction, M&T anticipates there will be greater competition for pricing, service quality, and new product development, which will benefit current and potential new customers in all the markets, including LMI communities, served by M&T and People’s United.

⁶⁹ 12 U.S.C. § 1831u(b)(4).

1. M&T Bank CRA Performance Record

• M&T Bank 2018 NYDFS CRA Evaluation

Due to the coronavirus pandemic, the Board postponed the CRA exam of M&T Bank originally scheduled to take place in 2020; thus, M&T Bank's most recent Board CRA evaluation covers a period ending August 31, 2014, at which it received an overall "Outstanding" rating. Given the amount of time that has elapsed since the evaluation, our discussion focuses on M&T Bank's most recent NYDFS CRA evaluation (the "M&T Bank NY CRA Evaluation"), dated as of September 30, 2018, which evaluated M&T Bank for compliance with New York State's CRA statute, which contains similar factors as the federal CRA factors. The M&T Bank NY CRA Evaluation covered the calendar years 2014, 2015, 2016, and 2017 for HMDA-reportable and small business loans and September 1, 2014 through September 30, 2018 for community development activities.⁷⁰ In this evaluation, M&T Bank's performance rating for each of the lending, investment, and service tests was "Outstanding," and its overall CRA performance rating was "Outstanding." The M&T Bank NY CRA Evaluation evaluated M&T Bank's CRA activities in each of its New York assessment areas ("AAs"), which included 44 of the 62 counties in New York State across various regions within New York State such as the Western New York Region, Finger Lakes Region, Central New York Region, North Country Region, Mohawk Valley Region, Southern Tier Region, Capital Region, Long Island Region, and New York City and Hudson Valley Regions.

With respect to the lending test, the NYDFS assigned M&T Bank an "Outstanding" overall rating, noting that M&T Bank's HMDA-reportable and small business lending activities were "excellent in light of the Bank's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area." NYDFS noted that M&T Bank's average LTD ratio was 90%, "well above its peer group's average LTD ratio of 74.9% and that M&T Bank's LTD ratios outperformed its peers despite its business practice of selling mortgage loans in the secondary market, which reduces the volume of loans remaining in its portfolio and thus lowers its LTD ratio. With respect to area concentration, NYDFS noted that M&T Bank originated 97.2% by number and 97.9% by dollar value of its total HMDA-reportable and small business loans within its assessment area, which NYDFS found to reflect "an excellent concentration of lending." Although NYDFS assigned M&T Bank a "High Satisfactory" rating for the geographic distribution of loans, NYDFS nonetheless found that M&T Bank's origination of loans in census tracts of varying income levels "demonstrated a more than reasonable distribution of lending." NYDFS noted that M&T Bank's lending demonstrated an "excellent distribution" of loans among individuals of different income levels and businesses of different revenue sizes. NYDFS acknowledged that M&T Bank "continued to be a top SBA lender" and that in 2015, M&T Bank implemented a strategy to diversify its SBA lending activities. M&T Bank's community development lending activities reflected a "good mix by community development purpose of the loans as well as the types of loans" which ranged from smaller loans to community-based nonprofits to multi-million-dollar

⁷⁰ NYDFS, Community Reinvestment Act Performance Evaluation: Manufactures & Traders Trust Company (Sept. 30, 2018), available at <https://www.dfs.ny.gov/system/files/documents/2020/06/cr18mtbank.pdf>.

loans supporting major regional development initiatives. As a result, NYDFS noted that M&T Bank’s lending demonstrated an “excellent level of community development lending.”

With respect to lending practice innovation and flexibility, NYDFS highlighted that M&T Bank offers a range of innovative residential mortgage loan programs sponsored by the New York state and federal government and partners with nonprofit organizations to assist first-time homebuyers and LMI homeowners with affordable home financing options. NYDFS recognized that State of New York Mortgage Agency (“SONYMA”) is a public-benefit corporation created to provide affordable mortgage financing to first-time homebuyers and that M&T Bank has been the leading SONYMA mortgage lender in New York State for the five consecutive years through 2018. Furthermore, M&T Bank offers a range of loan programs to aid the credit needs of small businesses and support economic development with flexible terms and innovative underwriting processes. Examples of these products include the (1) QuickApp Underwriting Process, to streamline underwriting process for small business loans up to \$100,000 and allow M&T Bank to shorten the application timeline and provide faster funding; (2) Business Access Line of Credit, which offers interest-only payments, lowering the monthly cash flow burden on a business; and (3) SBA 504 Loan Program, which offers low-down payment options and below-market interest rate to qualifying small businesses.

With respect to the investment test, NYDFS assigned M&T Bank an “Outstanding” overall rating, noting that M&T Bank’s community development investments “were excellent considering the assessment area’s credit needs.” During the evaluation period, M&T Bank made \$789.4 million in new community development investments and had \$65.3 million outstanding from prior evaluation periods. In addition, M&T made \$21.1 million in community development grants. This demonstrated an “excellent level of community development investments and grants over the course of the evaluation period.” NYDFS noted that M&T Bank “made significant use of innovative and/or complex qualified investments to support community development.” Furthermore, M&T Bank invested in a variety of tax-exempt or taxable bonds for projects that revitalized and/or stabilized LMI communities within its assessment areas, which NYDFS called “an innovative approach to project financing compared to conventional financing.” M&T Bank’s qualified investments exhibited “more than reasonable responsiveness” to the assessment area’s credit and community development needs. In addition, M&T Bank made 1,842 grants totaling \$22.7 million to various community organizations supporting community development.

With respect to the service test, NYDFS assigned M&T Bank an “Outstanding” overall rating, noting that M&T Bank has “an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.” NYDFS noted that M&T Bank’s opening and closing of branches did not adversely affect the accessibility of its delivery systems to LMI geographies and/or LMI individuals, and that its delivery systems are “readily accessible to significant portions of the assessment area, including LMI geographies and individuals.” In addition, NYDFS noted that, with a selection of retail products and services designed to benefit LMI individuals and small businesses, M&T Bank’s services meet the convenience and accessibility needs of its assessment area, including LMI geographies and individuals. With respect to community development services, NYDFS called M&T Bank “a leader in providing excellent levels of community development services.” NYDFS noted that members of M&T Bank’s board of directors and management participated in community development services by providing financial and technical expertise as members of

boards and/or committees of organizations that provide community development services. For example, two of M&T Bank's directors are on the board of an organization that operates four schools and provides free education to children in underserved communities in Buffalo, New York and provides one-on-one coaching for the parents on financial stability, career success and family well-being. Additionally, NYDFS noted that M&T Bank employees provided technical expertise to organizations by participating in seminars that included topics such as applying for a mortgage, financial literacy and small business financing. Among the community development services highlighted by NYDFS was M&T Bank's sponsorship and participation in 427 workshops and seminars with approximately 15,000 attendees focused on educating first-time homebuyers.

Although the M&T Bank NY CRA Evaluation only covered CRA activities in New York State, in which M&T Bank reports approximately 41% of its total deposits, it conducts similar activities throughout its geographic reach and is committed to serving the needs of every community in which it operates.

A copy of M&T Bank federal CRA data for the calendar year 2020 is attached as Confidential Exhibit 9, and a copy of M&T Bank HMDA data for the calendar year 2020 is attached as Confidential Exhibit 10.

- *M&T Bank's CRA Activities Since the M&T Bank NY CRA Evaluation*

Since the M&T Bank NY CRA Evaluation, M&T Bank has continued its commitment to meeting the needs of the communities in its AAs, including the needs of LMI neighborhoods and consumers, consistent with safe and sound operations. In particular, M&T Bank originated approximately \$1.6 billion in community development loans in 2020. These loans support integral development activities in M&T Bank's respective markets, including the construction of affordable housing, the creation of facilities to provide much needed services in LMI communities, economic development activities, the revitalization and stabilization of LMI communities and support for small businesses.

In addition, M&T Bank provides each employee with forty hours of paid time each year for volunteer activity. This is a critical part of M&T Bank's CRA program because it facilitates the development of relationships with key non-profit and neighborhood partners across our footprint.

The following are examples of M&T Bank's continuing commitment to its community since the M&T Bank NY CRA Evaluation:

Community Lending. M&T Bank is committed to meeting the credit needs of its communities to promote growth and sustainability. M&T Bank endeavors to listen to its customers and provide financial solutions designed to best meet their needs. A prime example of this is the development of M&T Bank's secured credit card. The process started by gathering feedback from a series of community listening sessions and focus groups in LMI communities on Buffalo's East Side. During this process, community members repeatedly articulated a desire for a "credit builder" type product that they could use to help build and improve personal credit scores. Given this feedback, in the second quarter of 2019 M&T Bank piloted a Secured Credit Card product

offering in these specific communities and used the pilot to gain additional feedback. The community response was so overwhelmingly positive that M&T Bank expanded the pilot project to its entire footprint in the fourth quarter of 2019. The credit line, which starts at \$250, secured by a deposit balance equal to the credit line limit. Other product features include access to online and mobile banking and the ability to link this account to a traditional checking account to provide overdraft protection. At the end of 2020, the portfolio totaled \$4 million in credit lines.

Helping address the needs of small businesses, M&T ranked fifth in the nation for Small Business Administration (“SBA”) loans originated during the SBA’s 2020 fiscal year. During this time, it provided 1,110 SBA 7(a) loans for a total value of \$157 million.⁷¹ M&T has been one of the top 10 most active SBA 7(a) lenders in the U.S. for the past 12 years. This is funding outside of M&T’s efforts through the Paycheck Protection Program (“PPP”), where M&T has helped more than 35,000 small businesses acquire more than \$7 billion in critical funding. In order to complete the processing necessary for these loans, M&T grew its SBA team from 20 to more than 2,000 colleagues and leveraged top talent from other areas.

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, which is ideal 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 approximately \$290 million in credit lines.

M&T Bank also offers a wide array of affordable mortgage programs designed to help remove barriers to home ownership for LMI customers. Between 2018 and 2020, M&T Bank originated approximately \$789 million in mortgages leveraging affordable mortgage products, including:

- 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 Bank’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 down payment and a bi-weekly payment option to build equity faster. M&T Bank 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 and low down-payments, and can be paired with local non-

⁷¹ See Nat’l Assoc. of Gov’t Guaranteed Lenders, SBA (7)a Lenders, Fiscal Year 202: Top 30 – Loan Volume, *available at* https://cdn.ymaws.com/www.naggl.org/resource/resmgr/top_7a_lenders/top_30_fy2020.pdf.

profit or municipal closing cost assistance programs. The USDA product allows for 100% financing in rural areas.

- Federal Home Loan Bank (“FHLB”) Assistance Programs. M&T Bank has been a leading provider of home buyer assistance via the FHLB’s Home Buyer Dream and First Home Club Programs.

Community Investment. M&T Bank has demonstrated its commitment to community investment within its AAs. Notable examples of M&T Bank’s investment activities since the M&T Bank NY CRA Evaluation include:

- The Neighborhood Impact Investment Fund (“NIIF”). NIIF is a 501(c)(3) Community Development Financial Institution fund, established and funded in 2019 through a \$14 million loan to NIIF. NIIF is designed to deliver capital to historically disinvested neighborhoods of Baltimore, enhancing community development and broader neighborhood revitalization. Originally developed through a working group comprised of members from the Office of the Mayor, Baltimore Development Corporation and the Baltimore Department of Housing and Community Development, NIIF fills the market need for flexible capital to neighborhoods in order to stabilize and strengthen communities that have been traditionally underserved. Investments will focus on predevelopment financing, bridge financing, construction financing, subordinate financing and equity investments. In addition to the real estate investments, NIIF intends to invest a portion in small business and job growth. In fiscal year 2020, NIIF completed 10 transactions totaling \$13.3 million, leveraging \$64.6 million in total investments.
- PUSH Buffalo. PUSH Buffalo’s mission is to mobilize residents to create strong neighborhoods with quality, affordable housing, expand local hiring opportunities and to advance economic justice in Buffalo. Over the last ten years, PUSH Buffalo has worked with Buffalo’s West Side residents to transform a 25 square-block district known as the Green Development Zone. M&T Bank has been a long-time supporter of PUSH and has provided PUSH with loans to rehabilitate the former Buffalo Public School 77 on Buffalo’s West Side from its current vacant state into a solar-powered, eco-landscape community hub offering housing for lower-income seniors along with recreational opportunities and much more. Over the last five years, M&T Bank has provided grant funding supporting PUSH’s workforce training programs and a financial wellness center dedicated to increasing the economic empowerment of neighborhood residents.
- Healthy Neighborhoods, Inc. (“HNI”). HNI is a non-profit corporation formed to help strong, but undervalued, neighborhoods increase home values, market their communities, create high standards of property improvement, and forge strong connections among neighbors within Baltimore City. M&T Bank supports HNI by providing a line of credit to fund working capital needs for the Empower Clean Energy Communities LMI grant, which provides funding for energy efficiency initiatives in LMI communities as well certain operating grants. M&T Bank also

manages and is the lead investor in a loan pool which provides purchase mortgages in support of the HNI purchase/rehab lending program.

In 2020, M&T Bank's community development loan portfolio, which totaled approximately \$1.6 billion in originations, also included support for loan pools designed to address the impact of the COVID-19 pandemic on small business, with a specific focus on women- and minority-owned businesses. Examples include M&T Bank's involvement in the New York Forward Loan Program, which was created to address the capital needs of historically disenfranchised communities as they attempt to re-open and recover from the unprecedented COVID-19 health and economic crisis.

Similar to M&T Bank's community development lending portfolio, M&T Bank's community development investment portfolio reflects the unique needs of the communities in which the bank does business. At the end of December 2020, M&T Bank's community development investment portfolio was slightly over \$1.2 billion. These investments are largely comprised of Low Income Housing Tax Credit⁷² investments or commitments and new markets tax credits. State-level community investment tax credits are another investment vehicle that M&T Bank utilizes to facilitate equity investments in smaller scale projects, which allows the bank to support a wide variety of grassroots organizations and community development efforts. M&T Bank is a very active user of these credits in Pennsylvania and New Jersey, including in the period since the M&T Bank NY CRA Evaluation, and anticipates expanding its involvement and support for these programs as a result of the Transaction.

Community Service. M&T Bank's community support is evidenced by its strong commitment to volunteerism. As noted above, each M&T Bank employee receives 40 paid hours annually to engage in volunteer work. Recent examples of M&T's community development service activity include:

- Lendistry. M&T Bank supports the PPP lending efforts of Lendistry, a national minority- and women-led community development financial institution ("CDFI"), by serving as its Correspondent Bank and Federal Reserve Respondent provider. Lendistry ranks second nationwide in SBA Community Advantage lending, a pilot program spearheaded in 2011 to increase SBA-guaranteed loans to small businesses in underserved areas. With both CDFI and CDE certifications, Lendistry lends through a variety of federal programs, like Community Advantage, to deliver affordable, responsible funds to businesses in underserved and low-income areas. Lendistry also offers business coaching, financial education and technical assistance through its nonprofit partner organization, The Center.
- Latino Economic Development Center ("LEDC"). M&T Bank is also establishing a similar relationship with the LEDC to support their PPP lending efforts. LEDC equips the Latino and other underserved communities with the skills and financial

⁷² 26 U.S.C. § 42; 26 C.F.R. § 1.42.

tools to create a better future for their families and communities. This effort will support small businesses in the region of Washington, D.C., Maryland and Virginia.

- FHLB of New York, Affordable Housing Program. M&T Bank continues to be one of the most active users of FHLB of New York's Affordable Housing Program, which provides grants to support affordable housing development. Since 2000, M&T Bank has provided technical assistance to over 730 different projects, helping secure over \$156 million, creating or stabilizing 16,216 units and leveraging almost \$3 billion in total development costs. In 2019-2020 M&T Bank submitted 67 applications helping secure \$23.3 million, supporting the creation of 1,615 units of affordable housing and leveraging \$510 million in total development costs.
- Next Job. M&T Bank has partnered with Next Job to give mortgage borrowers the opportunity to leverage a job training and coaching program as part of the bank's broader effort to reduce mortgage defaults. The Next Job initiative targets M&T Bank's unemployed/underemployed customers and helps them regain financial stability by increasing employment opportunities through the job coaching and training efforts. M&T Bank has a dedicated resource working on various aspects of the program including customer support and managing referrals to Next Job. Since the program launched in April 2018, 438 mortgage customers have volunteered to enter the Next Job program. Of these, 281 completed the program, of which 103 confirmed they have been hired, 75 received modifications, and 60 brought their loans current. An additional 253 customers are in an approved loss-mitigation option. The program has seen significant growth over the past two years, with climbing engagement rates and actual job placements. For the years 2019 and 2020 alone, 341 customers engaged in the program, 236 completed the program, and 84 reported back they have been hired. Furthermore, 59 loan modifications were made and 46 loans were brought current as a result of this program.

M&T Bank has focused heavily on digital delivery of community service in two areas: bank-sponsored homebuyer education and consumer-focused financial education. In addition to supporting the on-line financial education promoted by the bank's non-profit community partners, M&T Bank piloted an online package for offering homebuyer education that included working with local non-profit partners, using direct marketing and social media with follow-up calls from M&T Bank's customer contact center. Six sessions were held in total, three of which were in Spanish. A total of 564 individuals reserved a spot at one of the sessions and 193 individuals ultimately attended. This program was such a success in the pilot markets of Essex and Passaic counties—which include the cities of Newark and Patterson, New Jersey—that it is being rolled out to other markets in 2021. During 2020, M&T Bank also launched its online financial education program called Money Mentor. Powered by Everfi, Money Mentor provides digital access to a wide variety of educational material. Many of these sessions can be offered in conjunction with a non-profit partner as part of the organization's own financial education program. M&T Bank will focus on building out that functionality in 2021.

2. People's United Bank CRA Performance Record

- People's United Bank 2019 CRA Evaluation

People's United Bank received an overall CRA performance rating of "Satisfactory" in its most recent performance evaluation by the OCC, dated as of August 26, 2019, which covered the period from January 1, 2016 through December 31, 2018 (the "People's United Bank CRA Evaluation").⁷³ People's United Bank's overall performance level for each of the lending, investment, and service tests was rated "High Satisfactory." A copy of People's United Bank's 2020 CRA data is attached as Confidential Exhibit 11 and a copy of People's United Bank's HMDA data is attached as Confidential Exhibit 12. The People's United Bank CRA Evaluation evaluated People's United Bank's CRA activities in 10 AAs across five states (Connecticut, Maine, Massachusetts, New Hampshire, and Vermont) and two Multistate Metropolitan Statistical Areas ("MMSA") (Boston CSA and New York CSA).

With respect to the lending test, the Board assigned People's United Bank a rating of "High Satisfactory." The OCC found People's United Bank's geographic lending distribution of home mortgage loans and small loans to businesses in Vermont to be "excellent," with a "good distribution of loans among individuals of different income levels and businesses of different sizes." In the New York CSA, People's United Bank's lending levels "reflect good responsiveness to AA credit needs" and a "good geographic distribution" of loans. Between 2017 and 2018, the proportion of loans in the New York CSA in low-income geographies was near to the proportion of owner-occupied housing and below the aggregate distribution of loans. Although People's United Bank's performance under the lending test in Connecticut was "Low Satisfactory," the OCC noted that the overall borrower distribution, as measured by the income level of the borrower, of People's United Bank's lending was good. In the Boston CSA, the OCC found that People's United Bank demonstrated an adequate distribution of loans among individuals of different income levels and businesses of different size; however, the OCC did note that the proportion of loans to low-income borrowers was significantly below the proportion of low-income families and below the aggregate distribution of loans from 2017 to 2018. In addition, the proportion of loans to moderate-income borrowers was well below both the proportion of moderate-income families and the aggregate distribution of loans. People's United recently expanded its presence in the Boston CSA through the 2018 acquisition of BSB Bancorp, Inc. and M&T expects to leverage its successful CRA program to improve upon performance in this area in its next CRA assessment.

The OCC also highlighted People's United Bank's offering of several bank-wide flexible affordable mortgage and small business products during the evaluation period. In particular, the OCC noted some of the major flexible products offered in all AAs, including: (1) U.S. Small Business Administration 7(a) Program, which is a loan guaranty program available to assist qualified small businesses to obtain financing when they might not be eligible for business loans through normal lending channels; (2) Federal Housing Administration (FHA), which is a mortgage insurance program helping homebuyers achieve sustainable, affordable homeownership,

⁷³ OCC, Community Reinvestment Act Performance Evaluation: People's United Bank, National Association (Aug. 26, 2019), available at <https://www.occ.gov/static/cra/craeval/May20/25103.pdf>.

and (3) People's Affordable Mortgage, which is a bank-specific program that encourages homeownership opportunities for LMI persons.

With respect to the investment test, the OCC assigned People's United Bank a "High Satisfactory" overall rating, noting that People's United Bank makes "a significant level of qualified community development investments and grants" in response to assessment area community development needs. The OCC noted that the investment test rating is based primarily on the Outstanding ratings in the states of Vermont and Connecticut, the High Satisfactory rating in the Boston CSA, and the low Satisfactory rating in the New York CSA. In Vermont, People's United Bank makes "significant use of innovative and/or complex investments" to support community development initiatives and exhibits "excellent responsiveness to credit and community economic development needs." For example, during the evaluation period in Vermont, qualified investments totaled approximately \$53 million. In Connecticut, People's United Bank exhibited "good responsiveness to credit and community economic development needs" and made "current period qualified investments totaling \$2.4 million and prior period investments totaling \$1.8 million in the statewide area that had a purpose, mandate, or function (P/M/F) to serve one or more of the bank's AAs in the state." The OCC noted that these investments had a "positive impact" on the performance in the rating area. With respect to responsiveness to credit and community economic development needs, the OCC found that People's United Bank exhibited "good responsiveness" in the Boston CSA and New York CSA. In the New York CSA, examiners found that People's United Bank provided a significant level of qualified community investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

With respect to the service test, the OCC assigned People's United Bank a "High Satisfactory" overall rating, noting that the service test rating is based primarily on the Outstanding ratings in the Boston CSA and state of Vermont, the High Satisfactory rating in the state of Connecticut, and the Low Satisfactory rating in the New York CSA. With respect to retail banking services in particular, the OCC noted that People's United Bank offers services delivery systems that are "readily accessible to geographies and individuals of different income levels" in the Boston CSA and the state of Vermont. In the Boston CSA, People's United Bank has 63 branches with seven branches in low-income and 16 branches in moderate-income geographies. The OCC noted that the percentages of the bank's branches in LMI geographies exceeds the percentages of population living in those geographies in the Boston CSA. In the Vermont CSA, the OCC noted that People's United Bank's branches are readily accessible to geographies and individuals of different income levels. In the New York CSA, the OCC found that People's United Bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the bank's assessment areas.

With respect to community development services, the OCC noted that People's United Bank employees from various lines of business provided technical assistance to 113 different community development organizations totaling 1,233 hours during the evaluation period in the Boston CSA. Included in these services are 599 hours where bank employees served in leadership roles. In Connecticut, bank employees provided technical assistance to 72 different community development organizations totaling 965 hours during the evaluation period. For example, two employees provided 35 hours of service including 23 hours of board service to a

nonprofit organization dedicated to providing services that strengthen LMI families, promote health, and prevent child abuse and neglect.

- *People's United Bank's CRA Activities Since the People's United Bank CRA Evaluation*

Since the People's United Bank CRA Evaluation, People's United Bank has demonstrated its continued commitment to its communities.

People's United Bank has advised M&T Bank that notable CRA activities since the 2019 People's United Bank CRA Evaluation include:

Community Lending. People's United Bank has continued to exhibit excellent responsiveness to community development needs and to provide a high level of community development lending. For example, the People's Affordable Mortgage product had a balance sheet value at December 31, 2020 of \$110 million, with People's United Bank continuing to approve additional funding for this product each year in order to ensure sufficient capacity to book new mortgages. People's United Bank has maintained active mortgage education and education seminars and has continued outreach virtually during the pandemic. People's United Bank hosted 273 mortgage-specific trainings in 2019 and 2020, with over 5,400 attendees at these sessions. This focus on responsive community mortgage lending was reflected in People's United Bank's 2020 HMDA filing results, including 1,480 originations to LMI borrowers and 716 originations to borrowers in LMI census tracts.

In addition, People's United Bank made 61 reportable community development loans with a total value of \$144,984,302 in 2020, and 56 community development loans totaling \$113,028,000 in 2019. Many People's United Bank credit extensions are in direct support of affordable housing or are to CDFIs that provide credit to entities that benefit from concessionary underwriting approaches. People's United Bank has also provided significant community support through its active participation in the PPP, having originated an aggregate of \$2,686,507,000 in PPP loans. During 2020, People's United Bank also established a new program to provide credit to companies and fund sponsors in the "small business investment company" ("SBIC") segment. People's United Bank's SBIC investment commitment is now \$17 million, and People's United Bank has made \$34 million in loans or lines of credit available to eligible companies or sponsors.

Community Investment. People's United Bank has continued to demonstrate its commitment to community investment within its AAs. As of February 28, 2021, total approved CRA-related investments aggregated \$654 million, with distribution across multiple asset classes including affordable housing tax credits, new markets, state and historic tax credits, community development financial institution notes and equity equivalent instruments, small business investment funds and capital investments in loan pools, agency instruments and similar asset classes. People's United Bank has developed a reputation for creativity, responsiveness, frequency and impact because of its expertise and capacity in this area. People's United Bank is proud of its array of successful investments, many of which would not have been successful but for the capital delivery and leadership of the bank.

- People's United Bank made a direct LIHTC investment of \$12.4 million to support

a 52-unit, \$20 million project for new affordable housing and provided a \$10.7 million construction loan in this transformative transaction in the Greater Hartford, Connecticut area.

- People's United Bank is a lead investor in two syndicated affordable housing funds supporting Maine, Vermont and New Hampshire. People's United Bank's total commitment for both funds is \$24.6 million.
- People's United Bank's made a \$6 million investment in support of a new senior housing with a total of 94 units in Wyandanch, New York.
- People's United Bank is a direct investor in 4% tax credits which will create 50 new and 54 renovated units of affordable housing in southern Connecticut. The complex transaction utilized numerous funding sources including privately placed tax exempt debt and housing trust tax funds to completely rebuild an old and disused housing community.
- People's United Bank made an investment of \$10.8 million, supplemented by a \$9.2 million People's United Bank construction loan, in support of new senior housing in Burlington, Vermont with 70 units, having a total development cost of \$19 million in an innovative transaction combining 4% and 9% tax credits.
- People's United Bank served as a leader in a critical new urban housing development project in southern Connecticut, with total development costs approaching \$70 million.
- People's United Bank committed \$1.3 million to an investment fund which focusses on small and emerging businesses in New England.

People's United Bank is a Federal Home Loan Bank of Boston ("FHLBB") shareholder and has been an active participant in the Affordable Housing program ("AHP") since 1990. People's United Bank and its legacy banks have successfully partnered with local housing organizations to finance the purchase, construction, or rehabilitation of approximately 123 affordable rental housing projects through the FHLBB's AHP. As of March 16, 2021, People's United Bank's active AHP portfolio includes \$18,276,370 of direct subsidy (grants) and \$23,803,464 of subsidized advances (permanent mortgages).

Community Service. People's United Bank continues to achieve its service-related goals. Examples of People's United Bank's community service activities since the 2019 People's United Bank CRA Evaluation include:

- People's United Bank made \$5.4 million in 2019, and \$3.74 million in 2020, in charitable contributions, sponsorships, and volunteer impact.
- People's United Bank employees recorded more than 32,000 volunteer hours in 2019, and more than 21,000 volunteer hours in 2020, valued at over \$950,000 and \$651,000, respectively.

- People’s United Bank facilitated nearly 750 financial education lessons in 2019, and over 375 financial education workshops in 2020, promoting financial literacy through community outreach and reaching over 25,000 individuals combined.

3. CRA Compliance Following the Merger

M&T Bank and People’s United Bank have commenced community outreach efforts, with the objective of identifying and better understanding the range of lending, investment, and service opportunities in the communities to be served by M&T Bank post-Transaction.

Following Closing, M&T Bank will continue its existing CRA commitments, along with those of People’s United Bank in their respective existing AAs. M&T Bank will continue its successful processes, policies, procedures, and technology platforms to maintain a strong, comprehensive, and sustainable CRA program for the bank going forward. After the Transaction, M&T Bank will continue to strive for excellence in being responsive to community development needs in the communities it serves.

For example, M&T Bank’s entrance into People’s United Bank’s New England markets will enhance access to small business credit through M&T Bank’s SBA lending expertise. M&T Bank is designated a Preferred SBA lender, which means it can act on behalf of the SBA in approving qualified 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, D.C. M&T Bank is the number two SBA lender in New York City and New Jersey. M&T Bank has a team of SBA lending specialists, the manager of whom is based in Hartford and who will help lead M&T’s New England expansion efforts. M&T Bank looks forward to bringing its small business lending experience, infrastructure and expertise to new markets.

M&T Bank’s lending opportunities, investments, and services will be provided to each of M&T Bank’s AAs, which will include all current AAs of both M&T Bank and People’s United Bank. Please see Public Exhibit 6 for the changes to M&T Bank’s CRA AAs at Closing, as a result of the Transaction.

Following the merger, M&T will continue its strong commitment to serving its customers and to meeting the needs of LMI communities. The Transaction is expected to provide additional benefits to the public, as the communities and customers that are currently served by M&T, People’s United, M&T Bank, and People’s United Bank will be even better served as a result of the Transaction.

4. Fair Lending

M&T maintains a robust fair lending program, which it plans to retain after consummating the Transaction and implement across the combined organization. This fair lending program will retain the current M&T program’s risk framework to identify, prevent, detect, and

respond to fair lending issues and regulatory changes in ways that ensure full compliance with applicable laws including The Fair Housing Act and the Equal Credit Opportunity Act, and will continue to include a comprehensive fair lending risk assessment, policies and procedures, training (including business line-specific training), quantitatively driven self-evaluation, complaint management, corrective action, and independent review.

5. *Convenience and Needs*

The Transaction will combine two complementary franchises and will enable M&T to invest in advanced technologies and innovation to deliver an enhanced client experience that better serves the convenience and needs of the communities in which it operates. Both M&T and People's United prioritize customer service, community reinvestment, and active community involvement, as demonstrated in Section V.F above. As noted in Section V.F above, M&T Bank will continue the excellent level of community reinvestment by both M&T Bank and People's United Bank, including home mortgage lending, small business lending, and community development lending, investment and services, taking into account the increased size and footprint of M&T Bank post-Transaction. Through its foundations, M&T will continue to support charitable activities in the communities currently served by People's United. M&T will provide additional funds dedicated to supporting community development and reinvestment, and civic and charitable activities in People's United footprint.

- *Credit Availability*

Following the merger, M&T would have a strong base of stable core deposit funding, with additional deposit growth opportunities supported by its expanded footprint and limited reliance on higher-cost wholesale funding. The increased size of the balance sheet of M&T will enable M&T to offer larger amounts of credit to individual customers while maintaining risk-appropriate levels of concentrations. Overall portfolio limits will also be able to be increased, providing the flexibility to offer credit to more customers given the enhanced diversification M&T's balance sheet.

- *Products and Services*

The current suite of products and services offered by M&T and People's United will continue to be available following the Closing. Through the integration planning process, there will be an evaluation of specific product offerings, and in some cases, customers will be mapped to a substantially similar product on the go-forward platform. M&T and M&T Bank customers will gain access to People's United's and People's United Bank's experience and capabilities in mortgage warehouse lending and associated deposit and cash management services, which M&T and M&T Bank do not offer today. In addition, People's United's and People's United Bank's experience and capabilities in equipment financing, municipal banking and certain specialized financial services, including personal, institutional and employee benefit trust, will complement M&T's and M&T Bank's experience and capabilities in a wide range of commercial banking, trust and wealth management, and investment services. Furthermore, as noted above, the increased size of M&T's balance sheet will facilitate increased lending to customers following completion of the Transaction.

Both M&T and People’s United are individually strong companies dedicated to serving their customers’ evolving needs through technological innovation, and the Transaction will enable M&T to deliver more transformational digital innovation to customers. The enhanced scale will provide resources to strengthen online and mobile platforms and transform products and services through advanced technology and innovation to provide an even better customer experience. In addition, M&T will be in a position to make more efficient investments in future technology enhancements by eliminating duplicative investments and enabling M&T to broaden the scope of its technological investment. Further, the integration of the respective technology platforms for M&T will result in an enhanced platform for its customers. The increased technological investment will also enable M&T to enhance its back office infrastructure, risk management, cyber protections, and information technology resiliency.

- *Environmental, Social, and Governance Efforts*

M&T is committed to prioritizing integration of environmental, social, and governance (“ESG”) considerations into its business model. Building on the \$169 million that M&T has invested in renewable energy, M&T is currently in the process of publishing its first ever ESG report aligned to industry ESG frameworks and standards. M&T is dedicated to increasing transparency about its impact on and how it monitors and mitigate the changing risks to our customers, communities, and environments. To this end, M&T has committed to publishing its first Corporate Responsibility & Sustainability Report in 2021 and is creating a sustainable organization and governance structure to advance its focus on corporate responsibility and sustainability aligned to industry ESG best practices.⁷⁴

- *Consumer Complaint Management*

M&T maintains an enterprise-wide complaint management program that provides a common framework and guidelines to enable it to effectively record, retain, categorize, analyze and escalate consumer complaints. M&T’s and M&T Bank’s complaint management program will maintain and enhance M&T’s current consumer complaint practices and will be centrally owned and managed within the first line of defense of M&T Bank. This complaint management program will include processes and procedures for investigating and responding to consumer complaints in a timely manner, comprehensive enterprise-wide and business line-specific training and monitoring of consumer complaints to identify customer experience opportunities and drive adjustments to products and business practices as appropriate. This complaint management program will also include ongoing compliance oversight and monitoring for potential regulatory risk issues, including risks of potential consumer harm, by the compliance department that sits in the second line of defense.

- *Branching*

The Transaction will benefit the legacy customers of People’s United and M&T by providing them with more extensive branch and ATM branch networks. M&T Bank has bank

⁷⁴ See M&T’s most recent Proxy Statement, filed with the SEC on March 8, 2021, available at https://www.sec.gov/Archives/edgar/data/0000036270/000156459021011350/mtb-def14a_20210421.htm.

branches in multiple states in which People's United Bank currently does not operate. People's United Bank has bank branches in the states of Maine, New Hampshire, and Vermont, in which M&T Bank does not operate. In addition, in the states in which both operate, there will be more available branches to the customers of each. M&T Bank and People's United Bank believe that customers will be well served by the resulting branch network upon consummation of the Transaction. Please see Public Exhibit 3 for a list of the current main office, branch offices and Automated Teller Machines ("ATMs") of People's United Bank that would become branches or ATMs of M&T Bank.

The expanded branch footprint is one of the primary advantages of the Transaction, given the minimal overlap between M&T Bank and People's United Bank locations. M&T is reviewing the post-Transaction branch footprint of M&T Bank to determine whether there would be any redundancies, and the review is ongoing. In considering post-Transaction branch locations, M&T Bank will take into account the impact of any changes on LMI communities and minimize any such impact. M&T Bank does not expect any branch changes to reduce access to banking for the communities it serves.

Prior to, separate from, and unrelated to the Transaction, People's United Bank announced its intention to close a majority of its Stop & Shop in-store branch locations in Connecticut and New York. These closures are anticipated to begin in the third quarter of 2021, prior to the Effective Time, and to continue beyond the Effective Time. People's United Bank will be exiting all 56 Stop & Shop locations in New York, including seven locations in LMI areas. These seven locations are on average 1.2 miles away from the next closest traditional branch, and the closures are therefore not expected to significantly impact the communities in these areas. People's United Bank currently intends to retain 25 of the 84 Stop & Shop locations in Connecticut, with decisions on specific locations to be based on distance to nearest remaining branch, the customer volumes of the branch, and impacts, if any, on LMI communities. M&T is examining these planned closures and will supplement this Application if needed. For additional information on People's United Bank's Stop & Shop locations, please see Confidential Exhibit 13.

- *Competition*

The Transaction will result in a combined institution with a broader customer base, which will be able to develop or enhance products and services and compete more effectively with other financial institutions. To the extent that M&T will be a more effective competitor, there will be greater competition for pricing, available services, service quality, and new product development. As a result, all levels and types of consumers of financial products and services will benefit.

G. Establishment and Retention of People's United Bank Branches

Under Section 9 of the Federal Reserve Act, a state member bank may, with the approval of the Board, establish and operate branches on the same terms and conditions as are

applicable to the establishment of branches by national banks.⁷⁵ Under 12 U.S.C. § 36(d) and Section 44 of the FDI Act,⁷⁶ a national bank resulting from an interstate merger transaction may retain and operate, as a main office or a branch, any office that any bank involved in the merger was operating as a main office or branch immediately before the merger transaction.⁷⁷ As described in Section V.E, the Bank Merger satisfies the requirements of Section 44 of the FDI Act. Accordingly, M&T Bank is permitted to retain and operate the branches of People’s United Bank in accordance with Section 44 of the FDI Act. Upon consummation of the Transaction, the establishment and operation of legacy People’s United Bank branches by M&T Bank would be permissible under applicable state law.⁷⁸

Approval by the Board of the establishment and retention of the legacy People’s United Bank branches is also consistent with the factors that the Board must consider in acting on an application pursuant to Section 9 of the Federal Reserve Act, as described below.⁷⁹

1. *Financial Condition and Management*

Please see Section V.B for a discussion of the financial condition of M&T Bank and the general character of its management.

2. *Capital*

Please see Section V.B and Confidential Exhibit 5 for information regarding M&T Bank’s strong capital position and future earnings prospects.

3. *Convenience and Needs*

Please see Section V.F for a discussion of the convenience and needs of the community to be served by the branches acquired in the Transaction.

⁷⁵ 12 U.S.C. § 321; Board Order Approving the Merger of Banks and the Establishment of Branches, First Interstate Bank (March 22, 2019) at 19; Board Order Approving the Acquisition of a Bank Holding Company, the Merger of Banks, and the Establishment of Branches, Arvest Bank Group, Inc., Arvest Holdings, Inc. and Arvest Bank (April 2, 2018) at 22.

⁷⁶ 12 U.S.C. § 1831u(d)(1).

⁷⁷ See OCC CRA Decision No. 125 (December 31, 2004), n.10 (“Section 36(d) makes it clear that section 1831u(d)(1) is an express and complete grant of office-retention authority for transactions effected under section 1831u……”).

⁷⁸ See Conn. Gen. Stat. § 36a-412(a)(1) (2020); Mass. Gen. Laws ch. 167C § 6 (2020); Me. Rev. Stat. Ann. tit. 9-B §371–78; N.Y. Banking Law § 225 (Consol. 2020); N.H. Rev. Stat. § 383-B:7-702 (2020); Vt. Stat. tit. 8 § 15301(c) (2020).

⁷⁹ See 12 U.S.C. § 322; 12 C.F.R. § 208.6.

4. CRA Performance

Please see Section V.F for a discussion of M&T Bank's performance under the CRA.

5. Investment in Bank Premises

M&T Bank is "well capitalized" and otherwise meets the requirements for an investment in bank premises under 12 C.F.R. § 208.21. Upon consummation of the Transaction, M&T Bank's total premises and fixed assets (which includes investment in bank premises) following the consummation of the Transaction is projected to equal approximately \$1.4 billion based on data as of December 31, 2020, which is substantially less than M&T Bank's perpetual preferred stock and related surplus plus common stock plus surplus.⁸⁰ Thus, the Transaction will not result in an aggregate investment in bank premises by M&T Bank that would be inconsistent with Regulation H.

VI. PUBLICATION CRITERIA

Notice under the BHC Act and Regulation Y and the Bank Merger Act⁸¹ required in connection with these Applications will be published in the following newspapers:

The Buffalo News serving M&T's and M&T Bank's main office

The Connecticut Post serving People's United's and People's United Bank's main office

A copy of the form of notice to be published is attached as Public Exhibit 7. Affidavits of publication for each of the above notices will be submitted once they are received from each of the newspapers.

VII. CONCLUSION

M&T believes that the foregoing discussion, together with the information contained in these Applications and the attached Exhibits, amply demonstrates that the Transaction satisfies all applicable statutory standards and would produce substantial benefits for the two banking organizations and their employees, customers, and communities. Therefore, M&T submits that Board has the authority to approve these Applications and respectfully requests the Board to do so at the earliest opportunity.

⁸⁰ See Confidential Exhibit 5 for the pro forma balance sheet M&T Bank following the Transaction.

⁸¹ 12 U.S.C. § 1828(c)(3); 12 C.F.R. Part 262.3(b)(3).

Board of Governors of the Federal Reserve System



Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company—FR Y-3

M&T Bank Corporation

Corporate Title of Applicant

One M&T Plaza

Street Address

Buffalo

NY

14203

City

State

Zip Code

Corporation

(Type of organization, such as corporation, partnership, business trust, association, or trust)

Hereby applies to the Board pursuant to:

- (1) Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended, ("BHC Act"—12 U.S.C. §1842), under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y;
- (2) Section 3(a)(3) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y; or
- (3) Section 3(a)(5) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y.

for prior approval of the acquisition of direct or indirect ownership, control, or power to vote at least _____ (100 %) of a class of voting shares or otherwise to control: _____
Number Percent

People's United Financial, Inc.

Corporate Title of Bank or Bank Holding Company

850 Main Street

Street Address

Bridgeport

CT

06604

City

State

Zip Code

Does applicant request confidential treatment for any portion of this submission?

- Yes
- As required by the General Instructions, a letter justifying the request for confidential treatment is included.
- The information for which confidential treatment is being sought is separately bound and labeled "Confidential."
- No

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this application may be directed:

Name

Title

Street Address

City State Zip Code

Area Code / Phone Number

Area Code / FAX Number

Name

Title

Street Address

City State Zip Code

Area Code / Phone Number

Area Code / FAX Number

Certification

I certify that the information contained in this application has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §1001 and §1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this application, that the applicant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information. I certify that the applicant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding

Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

I acknowledge that approval of this application is in the discretion of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.

Signed this _____ day of _____, _____ Year.

Signature of Chief Executive Officer or Designee

Darren King Chief Financial Officer
Print or Type Name Title

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this application may be directed:

H. Rodgin Cohen, Sullivan & Cromwell LLP
 Name
Senior Chairman
 Title
125 Broad Street
 Street Address
New York NY 10004
 City State Zip Code
212-558-3534
 Area Code / Phone Number
212-291-9028
 Area Code / FAX Number

Mark Menting, Sullivan & Cromwell LLP
 Name
Partner
 Title
125 Broad Street
 Street Address
New York NY 10004
 City State Zip Code
212-558-4859
 Area Code / Phone Number
212-291-9099
 Area Code / FAX Number

Certification


I certify that the information contained in this application has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §1001 and §1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this application, that the applicant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information. I certify that the applicant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding

Signed this 19 day of March, 2021
 Day Month Year

Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

I acknowledge that approval of this application is in the discretion of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.


 Signature of Chief Executive Officer or Designee

Darren King **Chief Financial Officer**
 Print or Type Name Title

APPLICATION ON FORM FR Y-3

I. **Proposed Transaction**

1 Describe the transaction's purpose. Identify any changes to the business plan of the Bank/Bank Holding Company to be acquired or the Resultant Institution. Identify any new business lines.

- a) *Transaction Purpose.* The purpose of the Transaction is to create a leading regional financial services company that can better serve the clients and communities of People's United and M&T. Through the Transaction, M&T seeks to expand its presence in attractive markets including Massachusetts, Maine, New Hampshire, Vermont, and certain counties in Connecticut. M&T intends to serve existing People's United and M&T customers through a more expansive branch network and a broader and more comprehensive suite of products and services.
- b) *Business Plans.* The business plans of M&T and M&T Bank following the merger will not differ materially from the current business plans of M&T and M&T Bank, respectively.
- c) *Business Lines.* M&T currently does not anticipate initiating new products, business lines, or operations as part of the Transaction that either M&T or People's United does not engage in at present. Legacy M&T and M&T Bank customers will gain access to People's United's and People's United Bank's experience and capabilities in mortgage warehouse lending and associated deposit and cash management services, which M&T and M&T Bank do not offer today. In addition, People's United's and People's United Bank's experience and capabilities in equipment financing, municipal banking and certain specialized financial services, including personal, institutional and employee benefit trust, will complement M&T's and M&T Bank's experience and capabilities in a wide range of commercial banking, trust and wealth management, and investment services.

Please see Section III of the Preliminary Statement for additional responsive information.

2 Provide the following with respect to the Bank/Bank Holding Company to be acquired:

a. Total number of shares of each class of stock outstanding;

As of February 19, 2021, there were: (i) 425,524,923 shares of People's United Common Stock issued and outstanding, including (x) 1,372,962 shares of People's United Common Stock granted in respect of outstanding People's United Restricted Shares, (y) 176,160 shares of People's United Common Stock credited to People's United Stock Accounts (as defined in the Chittenden Corporation Deferred Compensation Plan, as amended by

(A) that Amendment No. 1 to the Chittenden Corporation Deferred Compensation Plan, dated as of December 29, 2008, (B) that Amendment No. 2 to the Chittenden Corporation Deferred Compensation Plan, dated as of August 8, 2011 and (C) that Amendment No. 3 to the Chittenden Corporation Deferred Compensation Plan, dated as of December 2011), and (z) 5,546,202 shares of People's United Common Stock held by the ESOP; (ii) 108,806,563 shares of People's United Common Stock held in treasury; (iii) 19,971,474 shares of People's United Common Stock reserved for issuance upon the exercise of outstanding People's United Options; (iv) 2,549,920 shares of People's United Common Stock reserved for issuance upon the settlement of outstanding People's United Performance Shares (assuming performance goals are satisfied at the target level) or 3,824,880 shares of People's United Common Stock reserved for issuance upon the settlement of outstanding People's United Performance Shares (assuming performance goals are satisfied at the maximum level); (v) 1,199 shares of People's United Common Stock reserved for issuance upon the settlement of outstanding restricted share units under the People's United Stock Plans; (vi) 10,000,000 shares of People's United Preferred Stock issued and outstanding; and (vii) 14,274,792 shares of People's United Common Stock reserved for issuance pursuant to future grants under the People's United Stock Plans (assuming performance goals of outstanding People's United Performance Shares are satisfied at the maximum level).

b. Number of shares of each class now owned or under option by the applicant, by subsidiaries of the applicant, by principals of the applicant, by trustees for the benefit of the applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by the applicant;

To the best of M&T's knowledge, none of M&T, its subsidiaries or principals, nor any trustee for the benefit of any of the foregoing or employees of M&T or its subsidiaries (as a class), owns or holds an option to acquire any shares of People's United (other than shares M&T or its subsidiaries holds in a trust or fiduciary capacity for the benefit of unaffiliated third parties).

c. Number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total; and the source of funds to be applied to the purchase;

Not applicable. As discussed in Section II of the Preliminary Statement, the Transaction is structured as a share exchange. The only cash payment will be paid to holders of People's United Common Stock in lieu of any fractional shares.

d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of Applicant's shares to be exchanged; and

As discussed in Section II of the Preliminary Statement, each outstanding share of People's United Common Stock, including each Director Restricted Share, except for certain shares held by People's United and M&T, will be converted into the right to receive 0.118 of a share of M&T Common Stock.

Each outstanding share of People's United Preferred Stock will be converted into the right to receive one share of a newly created series of M&T Preferred Stock having terms that are substantially as set forth in Exhibit A to the Merger Agreement.

At the Effective Time, each outstanding People's United Restricted Share will, automatically and without any required action on the part of the holder thereof, cease to represent a restricted share of People's United Common Stock and be converted into an M&T Restricted Share equal to the Exchange Ratio (rounded up or down to the nearest whole number, with 0.5 rounding up).

At the Effective Time, each outstanding People's United Performance Share, whether vested or unvested, will, automatically and without any required action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of People's United Common Stock and be converted into an M&T Stock-Based RSU, with the number of M&T Common Stock subject to each such M&T Stock-Based RSU equal to the product (rounded up or down to the nearest whole number, with 0.5 rounding up) of (i) the number of shares of People's United Common Stock subject to such People's United Performance Shares immediately prior to the Effective Time (including any applicable dividend equivalents) based on the higher of target performance and actual performance through the Effective Time, as reasonably determined by the compensation committee of the People's United board of directors in its reasonable judgement and in consultation with M&T, multiplied by (ii) the Exchange Ratio.

At the Effective Time, each outstanding People's United Option, whether vested or unvested, will, automatically and without any required action on the part of the holder thereof, cease to represent an option to purchase shares of People's United Common Stock and be converted into an M&T Option (together with the M&T Restricted Shares and M&T Stock-Based RSUs, the M&T Converted Equity Awards) equal to the product (rounded down to the nearest whole number) of (i) the number of shares of People's United Common Stock subject to such People's United Option immediately prior to the Effective Time and (ii) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (x) the exercise price

per share of People's United Common Stock of such option immediately prior to the Effective Time divided by (y) the Exchange Ratio; provided, however, that the exercise price and the number of shares of M&T Common Stock purchasable pursuant to the People's United Options will be determined in a manner consistent with the requirements of Section 409A of the Code; provided, further, that in the case of any People's United Option to which Section 422 of the Code applies, the exercise price and the number of shares of People's United Common Stock purchasable pursuant to such option shall be determined in accordance with the foregoing, subject to such adjustments as are necessary in order to satisfy the requirements of Section 424(a) of the Code.

Except as specifically provided in the Merger Agreement, at and following the Effective Time, each M&T Converted Equity Award will generally continue to be governed by the same terms and conditions as were applicable to each such award immediately prior to the Effective Time.

Notwithstanding the foregoing, in the event of a Change in Control (as defined in the M&T Equity Plan) following the closing of the merger, any then-outstanding M&T Converted Equity Award, to the extent not then vested, will be treated in accordance with Section 10.1 of the M&T Equity Plan.

Immediately prior to the Effective Time, each Director Restricted Share will be converted into the right to receive a number of M&T Common Stock equal to the Exchange Ratio.

Upon consummation of the Merger, M&T will issue (i) approximately 50 million shares of M&T Common Stock to People's United shareholders (not including shares of M&T Common Stock reserved for issuance in respect of converted M&T equity awards described above) and (ii) 10 million shares of New M&T Preferred Stock, based on information as of February 19, 2021. The aggregate value of the Transaction is approximately \$7.6 billion.⁸²

- e. **A copy of the purchase, operating, share- holder, trust or other agreements associated with the proposed transaction. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application and a brief description of any unusual contractual terms, especially those terms not disclosed elsewhere in the application. Note any other circumstances that might affect timing of the proposal.**

⁸² This amount is based on a closing price of \$149.97 per share of M&T Common Stock on February 19, 2021.

A copy of the Merger Agreement is attached as Public Exhibit 1.⁸³ A copy of the Bank Merger Agreement is attached as Confidential Exhibit 3. Certified copies of the unanimous written consents of M&T's and M&T Bank's Boards of Directors approving the Merger, and of M&T Bank's Board of Directors approving the Bank Merger, are attached as Confidential Exhibit 1, and certified copies of the resolutions of People's United's and People's United Bank's Boards of Directors approving the Merger, and of People's United Bank's Board of Directors approving the Bank Merger, are attached as Confidential Exhibit 2. For a summary of the principal terms of the Merger Agreement, please see Section II of the Preliminary Statement. There are no unusual contractual terms. The Termination Date is February 21, 2022.

- 3 If the proposed transaction is an acquisition of assets and assumption of liabilities, indicate the total price and the source of funds that Applicant intends to use for the proposed purchase, and discuss the effect of the transaction on the operations of Applicant.**

Not applicable.

- 4 If the proposed transaction involves the acquisition of an unaffiliated banking operation or otherwise represents a change in ownership of established banking operations, describe briefly the due diligence review conducted on the target operations by the applicant. Indicate the scope of and resources committed to the review, explain any significant adverse findings, and describe the corrective action(s) to be taken to address those weaknesses.**

Please see Confidential Exhibit 7 for the response to this item.

- 5 Provide a list of all regulatory approvals and filings required for the proposed transaction and the status of each filing.**

Please see Section II.E of the Preliminary Statement for the response to this item.

- 6 Provide a copy of any findings, orders, approvals, denials or other documentation regarding the proposed transaction issued by any regulatory authority.**

There is no such documentation regarding the Transaction issued by any regulatory authority.

⁸³ M&T has filed with the SEC a Form 8-K dated February 21, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/36270/000119312521049843/d121321d8k.htm>, and People's United has filed with the SEC a Form 8-K dated February 21, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/1378946/000119312521057178/d109088d8k.htm>, in each case in connection with its entry into the Merger Agreement.

- 7 For applications filed pursuant to section 3(a)(1) of the BHC Act, if the proposed transaction would result in an organization other than a shell one-bank holding company, submit a pro forma organization chart showing the applicant's percentage of ownership of all banks and companies, both domestic and foreign, in which it directly or indirectly will own or control more than 5 percent of the outstanding voting shares.

Not applicable. This Application is filed pursuant to sections 3(a)(3) and 3(a)(5) of the BHC Act.

II. Financial and Managerial Information

8

- a. For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction, provide a parent company balance sheet as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheet. The pro forma balance sheet should reflect the adjustments required under business combination and fair value accounting standards;

Not applicable.

- b. For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction provide parent company and consolidated balance sheets as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheets; and

The financial information provided should be prepared in accordance with GAAP, and be in sufficient detail to reflect any:

- Common equity and preferred stock;
- Other qualifying capital;
- Long- and short-term debt;
- Goodwill and all other types of intangible assets;
- Material changes between the date of the balance sheet and the date of the application (explained by footnotes).

Please see Confidential Exhibit 5 for the response to this item.

- c. **Provide a broad discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets. Also discuss the application of fair value and any election to apply push-down accounting adjustments, as appropriate.**

As announced, the purchase price valued People's United at \$17.70 per share, or \$7.6 billion, which is equivalent to 13.7 times People's United's 2022 analyst earnings estimates and 1.64 times tangible book value. That price point is in line with the three-year average price to tangible book value multiple from the KBW Bank Index of 1.65. In addition, it falls within the pricing range of recent precedent transactions, and was deemed fair by both the investment bankers advising M&T (Lazard Frères & Co. LLC) and People's United (Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC).

Upon completion of the transaction, M&T plans to record two identifiable intangible assets other than goodwill. First, M&T will record a core deposit intangible, preliminarily valued at \$280 million, indicative of the intrinsic value that the lower cost core deposits have relative to other funding sources. The second is a trust intangible, preliminarily valued at \$12 million, associated with the valuation of the customer list from People's United's existing wealth business. The core deposit intangible and trust intangible will be amortized using an accelerated amortization methodology over seven years and five years, respectively. As required under GAAP, M&T's acquisition analysis included the fair value estimation of People's United's assets, liabilities and preferred equity, resulting in credit, interest rate and write-off adjustments to their book values. See Confidential Exhibit 5 for further discussion of these values. Goodwill is calculated as the excess of the purchase price over the fair value of the net assets acquired. As of February 21, 2021, M&T estimated that this amount would be \$2.5 billion.

People's United Bank and its subsidiaries will be merged into M&T Bank, and People's United will not continue as a stand-alone entity after the completion of the Transaction. Therefore, People's United Bank will not have separate financial statements subsequent to the Transaction for which pushdown accounting could be applied. Thus, the option to apply pushdown accounting is not relevant.

- 9 **For an applicant that is or would be subject to consolidated capital requirements under Regulation Q (12 CFR part 217) following consummation of the proposed transaction, provide a breakdown of the organization's existing and pro forma risk-weighted assets as of the end of the most recent quarter, showing each principal group of on and off-balance sheet assets and the relevant risk-weight. Also, identify the existing and pro forma components of common equity tier 1, additional tier 1 and tier 2 capital pursuant to the capital adequacy regulations as of the end of the most recent quarter, and**

provide calculations of applicant's existing and pro forma common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital adequacy regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the capital adequacy regulations.

Please see Confidential Exhibit 5 for the response to this item.

10 Provide for Applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal:

- a. A description of any plans (in connection with the proposed transaction, or otherwise) to issue, incur, or assume additional common equity, preferred stock, other qualifying capital, and/or debt. Specify the amount, purpose, name and location of the issuer and/or lender; provide a copy of any loan agreement, loan commitment letter from the lender, or other underlying agreement which provides the interest rate, maturity, collateral, and proposed amortization schedule; and discuss what resources would be used to service any debt or capital instruments arising from the proposed transaction; and**

Please see Section II of the Preliminary Statement for a description of the M&T Common Stock and the New M&T Preferred Stock that M&T expects to issue as the Merger Consideration in connection with the Transaction.

M&T expects to assume People's United's outstanding debt listed below:

- \$500 million in 3.65% Senior Notes Due 2022 under the Senior Indenture, dated December 6, 2012, between People's United and The Bank of New York Mellon, as Trustee;
- \$75 million in 5.75% Subordinated Notes Due 2024 under the Indenture, dated September 23, 2014, between People's United, as successor in interest by merger to United Financial Bancorp, Inc., and WTNA, as Trustee, as supplemented by the First Supplemental Indenture, dated September 23, 2014 and the Second Supplemental Indenture, dated as of November 1, 2019; and

M&T Bank expects to assume People's United Bank's outstanding debt listed below:

- \$400 million in 4.00% Subordinated Bank Notes Due 2024 under the Issuing and Paying Agent Agreement, dated June 26, 2014, between People's United Bank and The Bank of New York Mellon, as Issuing and Paying Agent and Note Registrar.

- b. Cash flow projections under the following limited circumstances;**

- (i) For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt in the proposal such that parent company long-term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. If an applicant projects that dividends or other payments from subsidiary banks will be used to service parent company debt and/or other obligations, provide projections of subsidiary bank(s) assets, earnings, and dividends, as well as common equity tier 1, additional tier 1, total capital, and leverage ratios (including the supplementary leverage ratio, if applicable) pursuant to the capital adequacy regulations. If the combined assets of the subsidiary banks exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement, subsidiary bank data may be shown on an aggregate basis.

Not applicable.

- (ii) For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or other obligations in the proposal such that parent company debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disbursement. These projections must clearly demonstrate the ability of the parent company to reduce the debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s) assets, earnings, dividends, and other payments to affiliates, as well as common equity tier 1 capital, tier 1 capital, total capital and leverage ratios. Explain the methods and assumptions utilized in the projections, and support all assumptions that deviate from historical performance.

Not applicable.

- c. If the proposed transaction results in a change in ownership of the company (e.g., due to an exchange of stock), provide a current and pro forma shareholders list.

Please see Section IV.E of the Preliminary Statement for the response to this item.

- d. If the subject transaction will be funded in whole, or in part, through the issuance of additional stock instruments, describe the current status of the

stock raising efforts. Provide copies of the prospectus, private placement memorandum, and other documents associated with the capital raise. In addition, provide copies of any stock commitments, subscription agreements, or escrow account statements evidencing capital raised. Before submitting a final application, please contact the appropriate Reserve Bank to discuss the timing considerations of the capital raising efforts with regard to submission of the application.

M&T will supplement this Application with a copy of the S-4 registration statement that M&T will file with the SEC in connection with the issuance of M&T Common Stock and New M&T Preferred Stock in exchange for People's United Common Stock and People's United Preferred Stock.

- 11 For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for the applicant and the Bank a list of principals (including changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:**
- a. Name and address (City and State/Country). If the principal's country of citizenship is different from his or her country of residence, then state the country of citizenship;**
 - b. Title or positions with the applicant and Bank;**
 - c. Number and percentage of each class of shares of the applicant and the Bank owned, controlled, or held with power to vote by this individual;**
 - d. Principal occupation if other than with the applicant or the Bank; and**
 - e. Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository institution or depository institution holding company. Give the name and location of such other depository institution or depository institution holding company. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect.)**
 - f. Interagency Biographical and Financial Reports (IBFRs) are required for certain individuals. Consult with the appropriate Reserve Bank for guidance on who should provide an IBFR. See SR 15-8 Name Check Process for Domestic and International Applications for more details; and**
 - g. If the principal is a corporation or partnership, provide financial statements (balance sheets and income statements) for the two most recent fiscal years and the most recent quarter end. Discuss any negative trends in the financial statements.**

Not applicable. This Application is being filed under sections 3(a)(3) and 3(a)(5) of the BHC Act.

12 For applications filed pursuant to sections 3(a)(3) or 3(a)(5) of the BHC Act, list any changes in management or other principal relationships for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal. For any existing or proposed principal of the applicant or Bank/Bank Holding Company that is also a principal of any other depository institution or depository institution holding company, provide the following information:

- a. Name, address, and title or position with Applicant, Bank/Bank Holding Company, and the other depository institution or depository institution holding company (give the name and location of the other depository institution or depository institution holding company);**
- b. Number and percentage of each class of shares of the applicant and the Bank/Bank Holding Company owned, controlled, or held with power to vote by this individual;**
- c. Principal occupation if other than with the applicant or the Bank/Bank Holding Company;**
- d. Percentage of direct or indirect ownership held in the other depository institution or depository institution holding company if such ownership represents 10 percent or more of any class of shares. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect); and**
- e. For any new (to applicant) principal shareholders, directors, or senior executive officer, provide an IBFR including completion of all required financial information.**

Please see Section II.D and Section V.B.4 of the Preliminary Statement for information on the pro forma directors and senior executive officers of M&T and M&T Bank upon consummation of the Transaction. As discussed therein, M&T and People's United have agreed that five directors of People's United immediately prior to the Effective Time will be added to the Board of Directors of M&T. Of these five, one will be the Chief Executive Officer of People's United, one will be the Senior Executive Vice President, Corporate Development and Strategic Planning of People's United, and the remaining three have not been identified but will be current directors of People's United as mutually agreed to by People's United and M&T and will be independent of M&T in accordance with applicable stock exchange standards.

On the Closing Date, M&T will invite all directors of People's United immediately prior to the effective time other than the People's United Designated Directors to become members of M&T's Transition Advisory Board, and will cause all such individuals who accept such invitation to be elected or appointed for a two-year term as members of the Transition Advisory Board. Such members of the Transition Advisory Board will serve on such board until the second anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive annual compensation of \$40,000.

No principal of M&T, M&T Bank, People's United, or People's United Bank is a principal of any another insured depository institution or insured depository institution holding company.

- 13 If the consolidated assets of the resulting organization are less than the asset threshold of the Board's Small Bank Holding Company Policy Statement for each principal of the applicant who either would retain personal indebtedness or act as guarantor for any debt that was incurred in the acquisition of shares of the applicant or the Bank/Bank Holding Company, provide the following:**
- a. Name of borrower and title, position, or other designation that makes the borrower a principal of the applicant;**
 - b. Amount of personal indebtedness to be retained;**
 - c. A description of the terms of the borrowing, the name and location of the lender, and a copy of any related loan agreement or loan commitment letter from the lender;**
 - d. Statement of net worth as of a date within three months of the applicant's final filing of the application. The statement of net worth should be in sufficient detail to indicate each principal group of assets and liabilities of the reporting principal, and the basis for the valuation of assets (provide supporting documentation, as appropriate). In addition to debts and liabilities, the reporting principal should state on a separate schedule, any endorsed, guaranteed, or otherwise indirect or contingent liability for the obligation of others; and**
 - e. Statement of most current year's income. In addition to indicating each principal source of annual income, the reporting principal should list annual fixed obligations arising from amortization and other debt servicing. (If the most current year's statement is not representative of the future, the reporting principal should submit a pro forma income statement and discuss the significant changes and the basis for those changes.)**

Not applicable. The total banking assets of the resulting organization will exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement.

- 14 Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.**

Please see Public Exhibit 8 and Confidential Exhibit 14 for the response to this item with respect to M&T and M&T Bank. People's United and People's United Bank will be submitting information in response to this item directly to the Board under separate cover.

III. Competition

If the subject transaction is a bank holding company formation involving only one bank or an application filed pursuant to section 3(a)(3) or 3(a)(5) of the BHC Act to acquire a de novo bank, a response to items 15 and 16 is not required. Otherwise, the applicant should contact the appropriate Reserve Bank to determine whether a response to items 15 and 16 will be necessary. If a response is required, the applicant should obtain a preliminary definition of the relevant banking markets from the appropriate Reserve Bank. If the applicant disagrees with the Reserve Bank's preliminary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Reserve Bank's definition of the banking market(s), include its own definition of the banking market(s), with supportive data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, the applicant will be so informed.

- 15 Discuss the effects of the proposed transaction on competition considering the structural criteria specified in the Board's Rules Regarding Delegation of Authority (section 265.11c(11)(v)). The applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or nonbanking company constitutes part of this proposal, discuss in detail the specifics and timing of such divestiture.**

Please see Section V.A of the Preliminary Statement for the response to this item.

- 16 If the proposal involves the acquisition of non-bank operations under sections 4(c)(8) and 4(j) of the Bank Holding Company Act, a Form FR Y-4 should be submitted in connection with FR Y-3 filing. At a minimum, the information related to the nonbank operations should include the following:**

- a. A description of the proposed activity(ies);**

- b. **The name and location of the applicant’s and the Bank’s direct or indirect subsidiaries that engage in the proposed activity(ies);**
- c. **Identification of the geographic and product markets in which competition would be affected by the proposal;**
- d. **A description of the effect of the proposal on competition in the relevant markets; and**
- e. **A list of major competitors in each affected market.**

Not applicable. M&T intends to acquire the nonbank operations of People’s United under sections 4(c)(1) and 4(k) of the BHC Act and the Board’s implementing regulations.

In addition, the applicant should identify any other nonbank operations to be acquired, with brief descriptions of the activities provided.

Please see Section II.D and Section IV.C of the Preliminary Statement for the response to this item. In addition, a pro forma organization chart of M&T and M&T Bank is attached as Public Exhibit 4 and a list of People’s United subsidiaries is attached as Public Exhibit 2.

- 17 In an application in which any principal of the applicant or the Bank/Bank Holding Company is also a principal of any other insured depository institution or depository institution holding company, give the name and location of each office of such other institution that is located within the relevant banking market of the Bank/Bank Holding Company, and give the approximate road miles by the most accessible and traveled route between those offices and each of the offices of Bank/Bank Holding Company.**

Not applicable.

IV. Convenience and Needs

- 18 Describe how the proposal would assist in meeting the convenience and needs of the community(ies) to be served, including but not limited to the following:**
- a. **Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.**
 - b. **For the combining institutions, list any significant anticipated changes in services or products offered by the depository subsidiary (ies) of the applicant or target that would result from the consummation of the transaction.**

- c. **To the extent that any products or services of the depository subsidiary (ies) of the applicant or target would be offered in replacement of any products or services to be discontinued, indicate what these are and how they would assist in meeting the convenience and needs of the communities affected by the transaction.**
- d. **Discuss any enhancements in products or services expected to result from the transaction.**

Please see Section V.F.5 of the Preliminary Statement for a response to this item.

19 Describe how the applicant and resultant institution, including its depository subsidiary (ies) would assist in meeting the existing and anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low- and moderate- income geographies and individuals. This discussion should include, but not necessarily be limited to, a description of the following:

- a. **The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the depository subsidiary (ies) of the applicant and the resultant institution.**

Please see Section V.F of the Preliminary Statement for information on the CRA performance records of M&T Bank and People's United Bank, including the products and programs that are designed to meet the needs of LMI communities and individuals.

- b. **The anticipated CRA assessment areas of the depository subsidiary(ies) of the combined institution. If assessment areas of the depository subsidiary(ies) of the resultant institution would not include any portion of the current assessment area of that subsidiary, describe the excluded areas.**

Please see Public Exhibit 6 for the changes to M&T Bank's CRA AAs at Closing, as a result of the Transaction.

- c. **The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction.**

Please see Section V.F.3 of the Preliminary Statement for a discussion of the plans for administering M&T's CRA program upon consummation of the Transaction.

- d. **The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction. For a subsidiary of the applicant or target that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-**

wide or, where applicable, in a state or multi-state Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.

Please see Section V.F of the Preliminary Statement for the response to this item. Neither M&T nor People's United received a CRA composite rating of "needs to improve" or "substantial noncompliance" either on an institution-wide basis or with regard to a state or MSA in its most recent CRA evaluation.

- 20 List all offices of the depository subsidiary (ies) of the applicant or target that (a) will be established or retained as branches, including the main office, of the target's depository subsidiary (ies), (b) are approved but unopened branch(es) of the target's depository subsidiary (ies), including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available) and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low- and moderate-income geographies.**

Please see Section V.F.5 of the Preliminary Statement for the response to this item. In addition, please see Public Exhibit 3 for a list of the current main office, branch offices and ATMs of People's United Bank that would become branches or ATMs of M&T Bank. For additional information on People's United Bank's Stop & Shop branch locations, please see Confidential Exhibit 13.

V. Interstate Banking

- 21 If the transaction involves the acquisition of a bank located in a State other than the home State of the applicant, please provide the following information, as applicable:**
- a. Identify any host state(s) involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with this age requirement.**
 - b. Discuss compliance with nationwide and statewide deposit concentration limits to the transaction.**
 - c. Discuss compliance with state-imposed deposit caps.**
 - d. Discuss compliance with community reinvestment laws.**

- e. **Discuss any other restrictions that the host state(s) seek to apply (including state antitrust restrictions).**

Please see Section V.E of the Preliminary Statement for the response to this item.

VI. Financial Stability

If either the acquirer or the target's total assets exceeds \$10 billion as of the most recent quarter for which data is available, address the following questions:

- 22 If either the acquirer or the target conducts any cross-border activities, please describe the nature of these activities and the amounts of cross-border assets and liabilities as of the most recent quarter for which data is available.**

Please see Section V.D.5 of the Preliminary Statement for the response to this item. As of December 31, 2020, M&T Bank's Canadian branch had assets of \$239 million and liabilities of \$33 million, including deposits of \$32 million. M&T Bank's Cayman Islands branch had liabilities of \$562 million, all of which were deposits. M&T's other cross-border assets totaled \$195 million and liabilities totaled \$23 million.

People's United has no material operations outside the United States and its foreign country exposure (exposure maintained with financial institutions, companies or individuals in a given country outside of the United States) is minimal and indirect.

- 23 For each financial service below, if the dollar volume related to the service provided either by the acquirer or the target exceeds \$1 billion, please report the annual volume over the past 12 months (otherwise, do not report).**

Please see Confidential Exhibit 15 for the response to this item.

INTERAGENCY BANK MERGER ACT APPLICATION

Check all that apply:

<u>Type of Filing</u>	<u>Form of Transaction</u>	<u>Filed Pursuant To</u>
<input type="checkbox"/> Affiliate/Corporate Reorganization	<input checked="" type="checkbox"/> Merger	<input checked="" type="checkbox"/> 12 U.S.C. 1828(c)
<input type="checkbox"/> Combination with Interim Depository Institution	<input type="checkbox"/> Consolidation	<input type="checkbox"/> 12 U.S.C. 215, 215a
<input checked="" type="checkbox"/> Nonaffiliate Combination	<input type="checkbox"/> Purchase and Assumption	<input type="checkbox"/> 12 U.S.C. 1815(a)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Branch Purchase and Assumption	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Other _____	

Applicant Depository Institution:

Manufacturers & Traders Trust Company (M&T Bank)	588
_____ Name	_____ Certificate Number

One M&T Plaza	_____ Street
---------------	-----------------

Buffalo	NY	14230
_____ City	_____ State	_____ Zip Code

Target Institution:

People's United Bank, National Association	25103
_____ Name	_____ Charter Number

850 Main Street	_____ Street
-----------------	-----------------

Bridgeport	CT	06604
_____ City	_____ State	_____ Zip Code

Resulting Institution (if different than Applicant):

Same as Applicant.

Contact Persons:

H. Rodgin Cohen
 Mark J. Menting
 Andrea R. Tokheim
 Sullivan & Cromwell LLP
 125 Broad Street

New York, NY 10004
Telephone: (212) 558-4000
Facsimile: (212) 558-3588
Email: cohenhr@sullcrom.com,
mentingm@sullcrom.com, and
tokheima@sullcrom.com

INTERAGENCY BANK MERGER ACT APPLICATION QUESTIONS

- 1. Describe the transaction's purpose, structure, significant terms, conditions, and termination dates of related contracts or agreements, and financing arrangements, including any plan to raise additional equity or incur debt.**

The purpose of the Transaction is to create a leading regional financial services company that can better serve the clients and communities of People's United and M&T. Through the Merger, M&T seeks to expand its presence in attractive markets including Massachusetts, Maine, New Hampshire, Vermont, and certain counties in Connecticut (as well as additional areas in which it does not operate prior to the Transaction). M&T intends to serve existing People's United and M&T customers through a more expansive branch network and a broader and more comprehensive suite of products and services.

Please see Section II and Section III of the Preliminary Statement for additional responsive information about the structure, significant terms and conditions, and sources of funding for the Transaction.

- 2. Indicate any other filings related to this transaction with other state and federal regulators.**

Please see Section II.E of the Preliminary Statement for the response to this item.

- 3. Discuss whether and how the resultant institution's business strategy and operations will remain the same or change from that of the applicant. Identify new business lines. Provide a copy of the business plan, if available. Discuss the plan for integrating any new businesses into the resultant institution.**

- a) Business Plans.** The business plans of M&T and M&T Bank following the merger will not differ materially from the current business plans of M&T and M&T Bank, respectively.
- b) Business Lines.** M&T and People's United currently do not anticipate initiating new products, business lines, or operations as part of the Transaction that either of them does not engage in at present. Legacy M&T and M&T Bank customers will gain access to People's United's and People's United Bank's experience and capabilities in mortgage warehouse lending and associated deposit and cash management services, which M&T and M&T Bank do not offer today. In addition, People's United's and People's United Bank's experience and capabilities in equipment financing, municipal banking and certain specialized financial services, including personal, institutional and employee benefit trust, will complement M&T's and M&T Bank's experience and capabilities in a

wide range of commercial banking, trust and wealth management, and investment services.

Please see Section III of the Preliminary Statement for additional responsive information.

4. Provide a copy of (a) the executed merger or transaction agreement, including any amendments, (b) any board of directors' resolutions related to the transaction, and (c) interim charter, names of organizers, and any other related documents.

- a) A copy of the Merger Agreement is attached hereto as Public Exhibit 1. A copy of the Bank Merger Agreement is attached hereto as Confidential Exhibit 3.
- b) Certified copies of the unanimous written consent of M&T's and M&T Bank's Boards of Directors approving the Merger, and of M&T Bank's Board of Directors approving the Bank Merger, are attached as Confidential Exhibit 1, and certified copies of the resolutions of People's United's and People's United Bank's Boards of Directors approving the Merger, and of People's United Bank's Board of Directors approving the Bank Merger, are attached as Confidential Exhibit 2. For a summary of the principal terms of the Merger Agreement, please see Section II of the Preliminary Statement. The Termination Date is February 21, 2022.
- c) Not applicable.

5. Describe any issues regarding the permissibility of the proposal with regard to applicable state or federal laws or regulations (for example, nonbank activities, branching, or qualified thrift lender test).

Please see Section II.E of the Preliminary Statement for the response to this item.

6. Describe any nonconforming or impermissible assets or activities that the applicant or resultant institution may not be permitted to retain under relevant law or regulation, including the method of and anticipated time period for divestiture or disposal.

Not applicable.

7. Provide the following financial information:

- **Pro forma balance sheet, as of the end of the most recent quarter. Indicate separately for the applicant and target institution each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by footnotes) reflecting the proposed acquisition; and the resulting pro forma combined balance sheet.**

- Projected balance sheets and corresponding income statements as of the end of the first three years of operation following consummation. Describe the assumptions used to prepare the projected statements.
- Provide a discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets.
- Pro forma and Projected Regulatory Capital Schedule, as of the end of the most recent quarter and each of the first three years of operation, indicating:
 - Each component item for common equity tier 1 capital, additional tier 1 capital and tier 2 capital pursuant to the currently applicable capital requirements.
 - Total risk-weighted assets.
 - Common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the current capital adequacy regulations.

Please see Confidential Exhibit 5 for the response to this item.

- 8. List the directors and senior executive officers of the resultant institution and provide the name, address, position with and shares held in the resultant institution or holding company, and principal occupation (if a director). Indicate any changes to the applicant's current directors and senior executive officers that would occur at the resultant institution. Applicants should consult with the responsible regulatory agency regarding whether any biographical or financial information should be submitted with respect to any new principal shareholders, directors, and senior executive officers.**

Please see Section II.D and Section V.B.4 of the Preliminary Statement for information on the pro forma directors and senior executive officers of M&T and M&T Bank upon consummation of the Transaction. As discussed therein, M&T and People's United have agreed that five directors of People's United immediately prior to the Effective Time will be added to the Board of Directors of M&T. Of these five, one will be the Chief Executive Officer of People's United, one will be the Senior Executive Vice President, Corporate Development and Strategic Planning of People's United, and the remaining three have not been identified but will be directors of People's United as mutually agreed to by People's United and M&T and will be independent of M&T in accordance with applicable stock exchange standards.

On the Closing Date, M&T will invite all directors of People's United immediately prior to the effective time other than the People's United Designated Directors to become members of M&T's Transition Advisory Board, and will cause all such individuals who accept such invitation to be elected or appointed for a two-year term as members of the Transition Advisory Board. Such members of the Transition Advisory Board will

serve on such board until the second anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive annual compensation of \$40,000.

9. Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.

Please see Public Exhibit 8 and Confidential Exhibit 14 for the response to this item with respect to M&T and M&T Bank. People's United and People's United Bank will be submitting information in response to this item directly to the Board under separate cover.

10. Describe how the proposal will assist in meeting the convenience and needs of the community to be served, including, but not limited to, the following:

- a) **Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.**
- b) **For the combining institutions, list any significant anticipated changes in services or products that will result from the consummation of the transaction.**
- c) **To the extent that any products or services would be offered in replacement of any products or services to be discontinued, indicate what these are and how they would assist in meeting the convenience and needs of the communities affected by the transaction.**
- d) **Discuss any enhancements in products or services expected to result from the transaction.**

Please see Section V.F of the Preliminary Statement for a response to this item.

11. Describe how the applicant and resultant institution will assist in meeting the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low- and moderate-income geographies and individuals. This discussion should include, but not necessarily be limited to, a description of the following:

- a) **The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the applicant and the resultant institution.**
- b) **The anticipated CRA assessment areas of the resultant institution. If the resultant institution's CRA assessment area would not include any portion of the current assessment area of the target or the applicant, describe the excluded areas.**
- c) **The plans for administering the CRA program for the resultant institution following the transaction.**

- d) For an applicant or target institution that has received a CRA composite rating of “needs to improve” or “substantial noncompliance” institution-wide or, where applicable, in a state or a multistate Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution’s CRA performance record since the rating.

Please see Section V.F of the Preliminary Statement for information on the CRA performance records of M&T Bank and People’s United Bank, including the products and programs that are designed to meet the needs of LMI communities and individuals. Neither M&T nor People’s United has received a CRA composite rating of “needs to improve” or “substantial noncompliance” either on an institution-wide basis or with regard to a state or MSA in its most recent CRA evaluation.

Financial Stability

12. The Dodd-Frank Wall Street Reform and Consumer Protection Act requires regulators to consider the risk to the stability of the United States banking and financial systems when reviewing a merger transaction between financial institutions. Discuss any effect(s) that the proposed transaction may have on the stability of the United States banking and financial systems.

Please see Section V.D of the Preliminary Statement for a response to this item.

13. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. § 1831u) (R-N) imposes additional considerations for certain interstate mergers between insured banks. Savings associations are not subject to R-N. If subject to these provisions, please provide the following information:

- a) Identify any host states involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with the R-N age requirement (12 U.S.C. § 1831u(a)(5)).
- b) Indicate that (1) the applicant has complied or will comply with the applicable filing requirements of any host state(s) that will result from the transaction and (2) the applicant has sent a copy of the merger application to the state bank supervisor of the resultant host state(s).
- c) Indicate applicability of R-N nationwide and statewide deposit concentration limits to the transaction. If applicable, discuss compliance.
- d) Indicate applicability of state-imposed deposit caps, if any. If applicable, discuss compliance.
- e) Address whether:

- 1) Each bank involved in the transaction is adequately capitalized on the date of filing.
 - 2) The resultant institution will be well capitalized and well managed upon consummation of the transaction.
- f) Discuss compliance with the CRA requirement of R-N.
 - g) Discuss permissibility of retention of the target's main office and branches.
 - h) Discuss any other restrictions that the host states seek to apply (including state antitrust restrictions).

Please see Section V.E, Section V.F and Section V.G of the Preliminary Statement for a response to this item.

- 14. List all offices of the applicant or target that: (a) will be established or retained as branches, including the main office, of the target institution, (b) are approved but unopened branch(es) of the target institution, including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information) is available and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and ZIP code, specifying any that are in low- and moderate-income geographies.**

Please see Section V.F.5 of the Preliminary Statement for the response to this item. In addition, please see Public Exhibit 3 for a list of the main office, current branch offices, and ATMs of People's United Bank that would become branches or ATMs of M&T Bank. For additional information on People's United Bank's Stop & Shop branch locations, please see Confidential Exhibit 13.

- 15. As a result of this transaction, if the applicant will be or will become affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator, provide:**
- a) The name of company.
 - b) A description of the insurance activity that the company is engaged in and has plans to conduct.
 - c) A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.

People's Securities, Inc., which provides retail securities brokerage services and also acts as a broker for life insurance, long-term care insurance, and annuity products for retail customers. People's Securities, Inc. is licensed to sell insurance in the following jurisdictions: Arizona, Colorado, Connecticut, District of Columbia, Florida, Illinois, Kansas, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon,

Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia and Wisconsin.

If this is a nonaffiliate transaction, the applicant also must reply to items 16 through 18.

- 16. Discuss the effects of the proposed transaction on existing competition in the relevant geographic market(s) where the applicant and the target institution operate. The applicant should contact the responsible regulatory agency for specific instructions to complete the competitive analysis.**

Please see Section V.A of the Preliminary Statement for the response to this item.

- 17. If the proposed transaction involves a branch sale or any other divestiture of all or any portion of the bank, savings association or nonbank company (in the case of a merger transaction under 12 U.S.C. § 1828(c)(1)) to mitigate competitive effects, discuss the timing, purchaser, and other specific information.**

Not applicable.

- 18. Describe any management interlocking relationships (12 U.S.C. §§ 3201-3208) that currently exist or would exist following consummation. Include a discussion of the permissibility of the interlock with regard to relevant laws and regulations.**

There are currently no, and upon consummation of the Bank Merger, there will be no, management interlocking relationships between a “management official” of either M&T Bank or People’s United Bank and another unaffiliated “depository institution” as defined in the statute.

In addition, all FRB applications should provide the following supplemental information with their application:

- 21. Indicate whether the applicant’s investment in bank premises in establishing or retaining the branches following consummation of the transaction is consistent with Section 208.21 of the Board’s Regulation H.**

Please see Section V.G.5 of the Preliminary Statement for a response to this item.

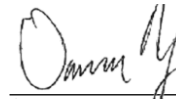
CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the responsible regulatory agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the responsible regulatory agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the responsible regulatory agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 19 day of March, 2021.
Day Month Year

Manufacturers & Traders Trust Company (M&T Bank) by
Applicant



Signature of Authorized Officer ²

Darren King

Print or Type Name

Chief Financial Officer

Title

_____ by
Target Institution

Signature of Authorized Officer ²

Print or Type Name

Title

² In multiple-step combinations, applicants should ensure that authorized officers of the combining institutions sign.

CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the responsible regulatory agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the responsible regulatory agency. Actions or communications whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the responsible regulatory agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 22 day of March, 2021.

Manufacturers and Traders Trust Company by
(Applicant)

(Signature of Authorized Officer)

(Typed Name)

(Title)

People’s United Bank, National Association by
(Target Institution)

Kristy Berner
(Signature of Authorized Officer)

Kristy Berner
(Typed Name)

General Counsel & Corporate Secretary
(Title)