

People's United Financial, Inc.  
Form 10-Q  
May 10, 2016

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended March 31, 2016**  
**Commission File Number 001-33326**

**PEOPLE S UNITED FINANCIAL, INC.**  
**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**20-8447891**  
**(I.R.S. Employer**  
**Identification No.)**

**850 Main Street, Bridgeport, Connecticut**  
**(Address of principal executive offices)**

**06604**  
**(Zip Code)**

**(203) 338-7171**

**(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 30, 2016, there were 310,860,988 shares of the registrant's common stock outstanding.

**People's United Financial Inc.**

**Form 10-Q**

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## Part 1 - Financial Information

## Item 1 - Financial Statements

People's United Financial, Inc.

Consolidated Statements of Condition - (Unaudited)

| (in millions)  | March 31,<br>2016 | December 31,<br>2015 |
|--|-------------------|----------------------|
| <b>Assets</b>  |                   |                      |
| Cash and due from banks  | \$ 302.7          | \$ 334.8             |
| Short-term investments (note 2)  | 251.0             | 380.5                |
| Total cash and cash equivalents  | 553.7             | 715.3                |
| Securities (note 2):   |                   |                      |
| Trading account securities, at fair value  | 6.8               | 6.7                  |
| Securities available for sale, at fair value   | 4,746.1           | 4,527.7              |
| Securities held to maturity, at amortized cost (fair value of \$1.75 billion and \$1.66 billion) | 1,678.8           | 1,609.6              |
| Federal Home Loan Bank and Federal Reserve Bank stock, at cost                                   | 299.9             | 305.4                |
| Total securities   | 6,731.6           | 6,449.4              |
| Loans held for sale  | 31.5              | 34.5                 |
| Loans (note 3):  |                   |                      |
| Commercial real estate   | 10,046.4          | 10,028.8             |
| Commercial and industrial  | 7,707.1           | 7,748.7              |
| Equipment financing  | 2,977.8           | 2,973.3              |
| Total Commercial Portfolio   | 20,731.3          | 20,750.8             |
| Residential mortgage   | 5,600.8           | 5,457.0              |
| Consumer   | 2,178.6           | 2,203.1              |
| Total Retail Portfolio   | 7,779.4           | 7,660.1              |
| Total loans  | 28,510.7          | 28,410.9             |
| Less allowance for loan losses   | (215.5)           | (211.0)              |
| Total loans, net   | 28,295.2          | 28,199.9             |
| Goodwill (note 6)  | 1,955.6           | 1,958.7              |
| Bank-owned life insurance  | 346.7             | 346.5                |

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|   |                    |                    |
|---|--------------------|--------------------|
| Premises and equipment, net   | 252.1              | 257.8              |
| Other acquisition-related intangible assets (note 6)  | 123.3              | 129.1              |
| Other assets (notes 1, 3 and 11)  | 974.1              | 855.5              |
| <b>Total assets</b>   | <b>\$ 39,263.8</b> | <b>\$ 38,946.7</b> |
| <b>Liabilities</b>  |                    |                    |
| Deposits:   |                    |                    |
| Non-interest-bearing  | \$ 6,091.4         | \$ 6,178.6         |
| Savings, interest-bearing checking and money market   | 18,134.9           | 17,420.7           |
| Time  | 4,879.2            | 4,818.1            |
| <b>Total deposits</b>   | <b>29,105.5</b>    | <b>28,417.4</b>    |
| Borrowings:   |                    |                    |
| Federal Home Loan Bank advances   | 3,063.1            | 3,463.8            |
| Customer repurchase agreements  | 351.2              | 469.5              |
| Federal funds purchased   | 303.0              | 374.0              |
| <b>Total borrowings</b>   | <b>3,717.3</b>     | <b>4,307.3</b>     |
| Notes and debentures (note 1)   | 1,050.4            | 1,033.1            |
| Other liabilities (notes 1 and 11)  | 599.4              | 457.3              |
| <b>Total liabilities</b>  | <b>34,472.6</b>    | <b>34,215.1</b>    |
| Commitments and contingencies (notes 1 and 8)   |                    |                    |
| <b>Stockholders Equity</b>  |                    |                    |
| Common stock (\$0.01 par value; 1.95 billion shares authorized; 399.5 million shares and 399.2 million shares issued)   | 3.9                | 3.9                |
| Additional paid-in capital  | 5,344.3            | 5,337.7            |
| Retained earnings   | 889.6              | 880.8              |
| Accumulated other comprehensive loss (note 4)   | (134.7)            | (177.2)            |
| Unallocated common stock of Employee Stock Ownership Plan, at cost (7.2 million shares and 7.3 million shares) (note 7) | (150.0)            | (151.8)            |
| Treasury stock, at cost (89.0 million shares and 89.1 million shares) (note 4)  | (1,161.9)          | (1,161.8)          |
| <b>Total stockholders equity</b>  | <b>4,791.2</b>     | <b>4,731.6</b>     |
| <b>Total liabilities and stockholders equity</b>  | <b>\$ 39,263.8</b> | <b>\$ 38,946.7</b> |

See accompanying notes to consolidated financial statements.

People's United Financial, Inc.

Consolidated Statements of Income - (Unaudited)

| (in millions, except per share data)                       | Three Months Ended<br>March 31, |              |
|--|---------------------------------|--------------|
|  | 2016                            | 2015         |
| <b>Interest and dividend income:</b>                       |                                 |              |
| Commercial real estate                                     | \$ 86.8                         | \$ 85.3      |
| Commercial and industrial                                  | 60.3                            | 57.2         |
| Equipment financing  | 33.3                            | 31.7         |
| Residential mortgage                                       | 43.9                            | 40.2         |
| Consumer   | 18.6                            | 18.1         |
| <b>Total interest on loans</b>                             | <b>242.9</b>                    | <b>232.5</b> |
| Securities   | 34.5                            | 27.5         |
| Loans held for sale  | 0.2                             | 0.2          |
| Short-term investments                                     | 0.4                             | 0.1          |
| <b>Total interest and dividend income</b>                  | <b>278.0</b>                    | <b>260.3</b> |
| <b>Interest expense:</b>                                   |                                 |              |
| Deposits   | 25.2                            | 22.2         |
| Borrowings   | 5.0                             | 2.6          |
| Notes and debentures                                       | 7.7                             | 7.4          |
| <b>Total interest expense</b>                              | <b>37.9</b>                     | <b>32.2</b>  |
| <b>Net interest income</b>                                 | <b>240.1</b>                    | <b>228.1</b> |
| Provision for loan losses (note 3)                         | 10.5                            | 9.8          |
| <b>Net interest income after provision for loan losses</b> | <b>229.6</b>                    | <b>218.3</b> |
| <b>Non-interest income:</b>                                |                                 |              |
| Bank service charges                                       | 23.8                            | 24.2         |
| Investment management fees                                 | 11.1                            | 10.8         |
| Operating lease income                                     | 10.4                            | 10.8         |
| Insurance revenue  | 9.3                             | 7.6          |
| Commercial banking lending fees                            | 8.1                             | 13.3         |
| Cash management fees                                       | 6.0                             | 5.9          |
| Brokerage commissions                                      | 3.0                             | 3.2          |
| Net gains on sales of residential mortgage loans           | 0.9                             | 0.7          |
| Other non-interest income                                  | 9.7                             | 12.5         |
| <b>Total non-interest income</b>                           | <b>82.3</b>                     | <b>89.0</b>  |

|  |              |              |
|--|--------------|--------------|
| <b>Non-interest expense:</b>   |              |              |
| Compensation and benefits  | 114.1        | 114.8        |
| Occupancy and equipment  | 37.5         | 38.7         |
| Professional and outside services                                    | 17.4         | 15.8         |
| Operating lease expense  | 9.2          | 9.3          |
| Regulatory assessments   | 8.0          | 9.3          |
| Amortization of other acquisition-related intangible assets (note 6) | 5.8          | 5.9          |
| Other non-interest expense   | 25.3         | 23.8         |
| <b>Total non-interest expense</b>                                    | <b>217.3</b> | <b>217.6</b> |
| Income before income tax expense                                     | 94.6         | 89.7         |
| Income tax expense (note 1)  | 31.7         | 30.5         |
| Net income   | \$ 62.9      | \$ 59.2      |
| <b>Earnings per common share (note 5):</b>                           |              |              |
| Basic  | \$ 0.21      | \$ 0.20      |
| Diluted  | 0.21         | 0.20         |

See accompanying notes to consolidated financial statements.

People's United Financial, Inc.

## Consolidated Statements of Comprehensive Income - (Unaudited)

| (in millions)   | Three Months Ended<br>March 31, |         |
|---|---------------------------------|---------|
|   | 2016                            | 2015    |
| Net income  | \$ 62.9                         | \$ 59.2 |
| <b>Other comprehensive income, net of tax:</b>  |                                 |         |
| Net actuarial loss and prior service credit related to pension and other postretirement plans | 1.0                             | 1.1     |
| Net unrealized gains and losses on securities available for sale                              | 41.0                            | 26.2    |
| Amortization of unrealized losses on securities transferred to held to maturity               | 0.5                             | 0.5     |
| Net unrealized gains and losses on derivatives accounted for as cash flow hedges              |                                 | (0.2)   |
| Total other comprehensive income, net of tax (note 4)   | 42.5                            | 27.6    |
| Total comprehensive income  | \$ 105.4                        | \$ 86.8 |

See accompanying notes to consolidated financial statements.

People's United Financial, Inc.

## Consolidated Statements of Changes in Stockholders' Equity - (Unaudited)

| Three months ended March 31, 2016<br>(in millions, except per share data)    | Accumulated Unallocated |                                  |                      |                                |                         |                   | Total<br>Stockholders<br>Equity |
|--|-------------------------|----------------------------------|----------------------|--------------------------------|-------------------------|-------------------|---------------------------------|
|  | Common<br>Stock         | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Other<br>Comprehensive<br>Loss | ESOP<br>Common<br>Stock | Treasury<br>Stock |                                 |
| Balance at December 31, 2015   | \$ 3.9                  | \$ 5,337.7                       | \$ 880.8             | \$ (177.2)                     | \$ (151.8)              | \$ (1,161.8)      | \$ 4,731.6                      |
| Net income   |                         |                                  | 62.9                 |                                |                         |                   | 62.9                            |
| Total other comprehensive income, net of tax (note 4)                        |                         |                                  |                      | 42.5                           |                         |                   | 42.5                            |
| Cash dividends on common stock (\$0.1675 per share)                          |                         |                                  | (50.7)               |                                |                         |                   | (50.7)                          |
| Restricted stock and performance-based share awards                          |                         | 2.1                              |                      |                                |                         | (0.1)             | 2.0                             |
| Employee Stock Ownership Plan common stock committed to be released (note 7) |                         |                                  | (0.5)                |                                | 1.8                     |                   | 1.3                             |
|  |                         |                                  | (2.9)                |                                |                         |                   | (2.9)                           |



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|  |        |            |          |            |            |              |            |
|--|--------|------------|----------|------------|------------|--------------|------------|
| Common stock repurchased and retired upon vesting of restricted stock awards |        |            |          |            |            |              |            |
| Stock options and related tax benefits                                       |        | 4.5        |          |            |            |              | 4.5        |
| Balance at March 31, 2016  | \$ 3.9 | \$ 5,344.3 | \$ 889.6 | \$ (134.7) | \$ (150.0) | \$ (1,161.9) | \$ 4,791.2 |

| Three months ended March 31, 2015<br>(in millions, except per share data)    | Additional      |                    | Accumulated          |                                | Unallocated             |                   | Total<br>Stockholders<br>Equity |
|--|-----------------|--------------------|----------------------|--------------------------------|-------------------------|-------------------|---------------------------------|
|  | Common<br>Stock | Paid-In<br>Capital | Retained<br>Earnings | Other<br>Comprehensive<br>Loss | ESOP<br>Common<br>Stock | Treasury<br>Stock |                                 |
| Balance at December 31, 2014   | \$ 3.9          | \$ 5,291.2         | \$ 826.7             | \$ (168.2)                     | \$ (159.0)              | \$ (1,161.5)      | \$ 4,633.1                      |
| Net income   |                 |                    | 59.2                 |                                |                         |                   | 59.2                            |
| Total other comprehensive income, net of tax (note 4)                        |                 |                    |                      | 27.6                           |                         |                   | 27.6                            |
| Cash dividends on common stock (\$0.165 per share)                           |                 |                    | (49.5)               |                                |                         |                   | (49.5)                          |
| Restricted stock awards  |                 | 3.5                |                      |                                |                         | (0.1)             | 3.4                             |
| Employee Stock Ownership Plan common stock committed to be released (note 7) |                 |                    | (0.5)                |                                | 1.8                     |                   | 1.3                             |
| Common stock repurchased and retired upon vesting of restricted stock awards |                 |                    | (2.7)                |                                |                         |                   | (2.7)                           |
| Stock options and related tax benefits                                       |                 | 9.5                |                      |                                |                         |                   | 9.5                             |
| Balance at March 31, 2015  | \$ 3.9          | \$ 5,304.2         | \$ 833.2             | \$ (140.6)                     | \$ (157.2)              | \$ (1,161.6)      | \$ 4,681.9                      |

See accompanying notes to consolidated financial statements.

People's United Financial, Inc.

## Consolidated Statements of Cash Flows - (Unaudited)

| (in millions)   | Three Months Ended<br>March 31, |         |
|---|---------------------------------|---------|
|   | 2016                            | 2015    |
| <b>Cash Flows from Operating Activities:</b>  |                                 |         |
| Net income  | \$ 62.9                         | \$ 59.2 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                 |         |
| Provision for loan losses   | 10.5                            | 9.8     |
| Depreciation and amortization of premises and equipment                                     | 9.2                             | 9.7     |
| Expense related to operating leases   | 9.2                             | 9.3     |
| Expense related to restricted stock and performance-based share awards                      | 3.6                             | 5.0     |
| Employee Stock Ownership Plan common stock committed to be released                         | 1.3                             | 1.3     |
| Amortization of other acquisition-related intangible assets                                 | 5.8                             | 5.9     |
| Net security gains  | (0.1)                           |         |
| Net gains on sales of residential mortgage loans  | (0.9)                           | (0.7)   |
| Net gains on sales of acquired loans  |                                 | (1.9)   |
| Originations of loans held-for-sale   | (67.4)                          | (91.3)  |
| Proceeds from sales of loans held-for-sale  | 71.3                            | 76.5    |
| Net changes in other assets and liabilities   | 10.7                            | (86.9)  |
| Net cash provided by (used in) operating activities   | 116.1                           | (4.1)   |
| <b>Cash Flows from Investing Activities:</b>  |                                 |         |
| Net decrease in securities purchased under agreements to resell                             |                                 | 100.0   |
| Proceeds from principal repayments and maturities of securities available for sale          | 178.1                           | 191.5   |
| Proceeds from sales of securities available for sale  | 138.9                           |         |
| Proceeds from principal repayments and maturities of securities held to maturity            | 22.0                            | 1.5     |
| Purchases of securities available for sale  | (471.0)                         | (597.7) |
| Purchases of securities held to maturity  | (90.0)                          | (70.9)  |
| Net redemptions (purchases) of Federal Reserve Bank stock                                   | 0.6                             | (138.5) |
| Net redemptions of Federal Home Loan Bank stock   | 4.9                             |         |
| Proceeds from sales of loans  |                                 | 20.8    |
| Loan disbursements, net of principal collections  | (105.1)                         | (367.5) |
| Purchases of premises and equipment   | (3.5)                           | (5.6)   |
| Purchases of leased equipment   |                                 | (9.7)   |
| Proceeds from sales of real estate owned  | 1.8                             | 3.8     |
| Net cash used in investing activities   | (323.3)                         | (872.3) |
| <b>Cash Flows from Financing Activities:</b>  |                                 |         |
| Net increase in deposits  | 688.1                           | 1,011.7 |
| Net decrease in borrowings with terms of three months or less                               | (589.3)                         | (548.0) |
| Repayments of borrowings with terms of more than three months                               | (0.1)                           | (0.1)   |

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|   |          |          |
|---|----------|----------|
| Cash dividends paid on common stock   | (50.7)   | (49.5)   |
| Common stock repurchases  | (2.9)    | (2.7)    |
| Proceeds from stock options exercised, including excess income tax benefits | 0.5      | 8.1      |
| Net cash provided by financing activities                                   | 45.6     | 419.5    |
| Net decrease in cash and cash equivalents                                   | (161.6)  | (456.9)  |
| Cash and cash equivalents at beginning of period                            | 715.3    | 1,013.7  |
| Cash and cash equivalents at end of period                                  | \$ 553.7 | \$ 556.8 |

**Supplemental Information:**

|  |         |         |
|--|---------|---------|
| Interest payments                              | \$ 37.4 | \$ 32.1 |
| Unsettled purchases of securities              | 6.3     | 1.1     |
| Real estate properties acquired by foreclosure | 3.8     | 6.7     |
| Income tax payments                            | 2.4     | 4.9     |

See accompanying notes to consolidated financial statements.

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**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

**NOTE 1. GENERAL**

In the opinion of management, the accompanying unaudited consolidated financial statements of People's United Financial, Inc. ( People's United or the Company ) have been prepared to reflect all adjustments necessary to present fairly the financial position and results of operations as of the dates and for the periods shown. All significant intercompany transactions and balances are eliminated in consolidation. Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

In preparing the consolidated financial statements, management is required to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from management's current estimates, as a result of changing conditions and future events.

Several accounting estimates are particularly critical and are susceptible to significant near-term change, including the allowance for loan losses and asset impairment judgments, such as the recoverability of goodwill and other intangible assets. These accounting estimates are reviewed with the Audit Committee of the Board of Directors.

The judgments used by management in applying critical accounting policies may be affected by economic conditions, which may result in changes to future financial results. For example, subsequent evaluations of the loan portfolio, in light of the factors then prevailing, may result in significant changes in the allowance for loan losses in future periods, and the inability to collect outstanding principal may result in increased loan losses.

Note 1 to People's United's audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2015, as supplemented by this Quarterly Report for the period ended March 31, 2016, provides disclosure of People's United's significant accounting policies.

People's United holds ownership interests in limited partnerships formed to develop and operate affordable housing units for lower income tenants throughout its franchise area. The underlying partnerships, which are considered variable interest entities ( VIEs ), are not consolidated into the Company's Consolidated Financial Statements. These investments have historically played a role in enabling People's United Bank, N. A. (the Bank ) to meet its Community Reinvestment Act requirements while, at the same time, providing federal income tax credits.

Affordable housing investments, including all legally binding commitments to fund future investments, are included in other assets in the Consolidated Statements of Condition (\$170.3 million and \$158.4 million at March 31, 2016 and December 31, 2015, respectively). Included in other liabilities in the Consolidated Statements of Condition is a liability for all legally binding unfunded commitments to fund future investments (\$82.8 million and \$74.9 million at those dates). The cost of the Company's investments is amortized on a straight-line basis over the period during which the related federal income tax credits are realized (generally ten years). Amortization expense, which is included as a component of income tax expense, totaled \$3.0 million and \$2.8 million for the three months ended March 31, 2016 and 2015, respectively.

As discussed in Note 13, effective January 1, 2016, the Company adopted, with retrospective application, amended standards with respect to the presentation of debt issuance costs by changing the required presentation of such costs from an asset on the statement of condition to a deduction from the related debt liability. The adoption of this new guidance did not impact the Company's results of operations or cash flows. In accordance with the amended standard,

debt issuance costs totaling \$5.6 million at December 31, 2015, previously included in other assets, are now included as a component of notes and debentures in the Consolidated Statement of Condition.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in conformity with U.S. generally accepted accounting principles ( GAAP ) have been omitted or condensed. As a result, the accompanying consolidated financial statements should be read in conjunction with People s United s Annual Report on Form 10-K for the year ended December 31, 2015. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results of operations that may be expected for the entire year or any other interim period.

## People's United Financial, Inc.

## Notes to Consolidated Financial Statements (Unaudited)

## NOTE 2. SECURITIES AND SHORT-TERM INVESTMENTS

The amortized cost, gross unrealized gains and losses, and fair value of People's United's securities available for sale and securities held to maturity are as follows:

| As of March 31, 2016 (in millions)                          | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value     |
|---|-------------------|------------------------------|-------------------------------|-------------------|
| <b>Securities available for sale:</b>                       |                   |                              |                               |                   |
| <b>Debt securities:</b>                                     |                   |                              |                               |                   |
| U.S. Treasury and agency                                    | \$ 313.2          | \$ 2.4                       | \$                            | \$ 315.6          |
| GSE (1) residential mortgage-backed securities and CMOs (2) | 4,395.7           | 45.8                         | (11.2)                        | 4,430.3           |
| <b>Total debt securities</b>                                | <b>4,708.9</b>    | <b>48.2</b>                  | <b>(11.2)</b>                 | <b>4,745.9</b>    |
| Equity securities   | 0.2               |                              |                               | 0.2               |
| <b>Total securities available for sale</b>                  | <b>\$ 4,709.1</b> | <b>\$ 48.2</b>               | <b>\$ (11.2)</b>              | <b>\$ 4,746.1</b> |
| <b>Securities held to maturity:</b>                         |                   |                              |                               |                   |
| <b>Debt securities:</b>                                     |                   |                              |                               |                   |
| State and municipal   | \$ 1,093.7        | \$ 68.4                      | \$ (0.1)                      | \$ 1,162.0        |
| GSE residential mortgage-backed securities                  | 583.6             | 5.6                          |                               | 589.2             |
| Other   | 1.5               |                              |                               | 1.5               |
| <b>Total securities held to maturity</b>                    | <b>\$ 1,678.8</b> | <b>\$ 74.0</b>               | <b>\$ (0.1)</b>               | <b>\$ 1,752.7</b> |

(1) Government sponsored enterprise

(2) Collateralized mortgage obligations

| As of December 31, 2015 (in millions) | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|---------------------------------------|-------------------|------------------------------|-------------------------------|---------------|
| <b>Securities available for sale:</b> |                   |                              |                               |               |
| <b>Debt securities:</b>               |                   |                              |                               |               |
| U.S. Treasury and agency              | \$ 363.7          | \$ 0.2                       | \$ (1.1)                      | \$ 362.8      |
|                                       | 4,191.3           | 22.3                         | (48.9)                        | 4,164.7       |

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GSE residential mortgage-backed securities and CMOs

|                       |         |      |        |         |
|-----------------------|---------|------|--------|---------|
| Total debt securities | 4,555.0 | 22.5 | (50.0) | 4,527.5 |
| Equity securities     | 0.2     |      |        | 0.2     |

|                                     |            |         |           |            |
|-------------------------------------|------------|---------|-----------|------------|
| Total securities available for sale | \$ 4,555.2 | \$ 22.5 | \$ (50.0) | \$ 4,527.7 |
|-------------------------------------|------------|---------|-----------|------------|

Securities held to maturity:

Debt securities:

|  |            |         |          |            |
|--|------------|---------|----------|------------|
| State and municipal                        | \$ 1,019.6 | \$ 55.8 | \$ (0.1) | \$ 1,075.3 |
| GSE residential mortgage-backed securities | 588.5      |         | (2.8)    | 585.7      |
| Other                                      | 1.5        |         |          | 1.5        |

|                                   |            |         |          |            |
|-----------------------------------|------------|---------|----------|------------|
| Total securities held to maturity | \$ 1,609.6 | \$ 55.8 | \$ (2.9) | \$ 1,662.5 |
|-----------------------------------|------------|---------|----------|------------|

Securities available for sale with a fair value of \$1.86 billion and \$1.64 billion at March 31, 2016 and December 31, 2015, respectively, were pledged as collateral for public deposits and for other purposes.

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The following table is a summary of the amortized cost and fair value of debt securities as of March 31, 2016, based on remaining period to contractual maturity. Information for GSE residential mortgage-backed securities and CMOs is based on the final contractual maturity dates without considering repayments and prepayments.

| (in millions)   | Available for Sale<br>Amortized<br>Cost | Fair<br>Value     | Held to Maturity<br>Amortized<br>Cost | Fair<br>Value     |
|---|---|-------------------|---------------------------------------|-------------------|
| <b>U.S. Treasury and agency:</b>                            |   |                   |                                       |                   |
| Within 1 year   | \$ 157.3                                | \$ 157.4          | \$                                    | \$                |
| After 1 but within 5 years                                  | 155.9                                   | 158.2             |                                       |                   |
| <b>Total</b>  | <b>313.2</b>                            | <b>315.6</b>      |                                       |                   |
| <b>GSE residential mortgage-backed securities and CMOs:</b> |   |                   |                                       |                   |
| After 5 but within 10 years                                 | 967.8                                   | 996.6             |                                       |                   |
| After 10 years  | 3,427.9                                 | 3,433.7           | 583.6                                 | 589.2             |
| <b>Total</b>  | <b>4,395.7</b>                          | <b>4,430.3</b>    | <b>583.6</b>                          | <b>589.2</b>      |
| <b>State and municipal:</b>                                 |   |                   |                                       |                   |
| Within 1 year   |   |                   | 4.1                                   | 4.1               |
| After 1 but within 5 years                                  |   |                   | 21.7                                  | 22.1              |
| After 5 but within 10 years                                 |   |                   | 356.9                                 | 384.3             |
| After 10 years  |   |                   | 711.0                                 | 751.5             |
| <b>Total</b>  |   |                   | <b>1,093.7</b>                        | <b>1,162.0</b>    |
| <b>Other:</b>   |   |                   |                                       |                   |
| After 1 but within 5 years                                  |   |                   | 1.5                                   | 1.5               |
| <b>Total</b>  |   |                   | <b>1.5</b>                            | <b>1.5</b>        |
| <b>Total:</b>   |   |                   |                                       |                   |
| Within 1 year   | 157.3                                   | 157.4             | 4.1                                   | 4.1               |
| After 1 but within 5 years                                  | 155.9                                   | 158.2             | 23.2                                  | 23.6              |
| After 5 but within 10 years                                 | 967.8                                   | 996.6             | 356.9                                 | 384.3             |
| After 10 years  | 3,427.9                                 | 3,433.7           | 1,294.6                               | 1,340.7           |
| <b>Total</b>  | <b>\$ 4,708.9</b>                       | <b>\$ 4,745.9</b> | <b>\$ 1,678.8</b>                     | <b>\$ 1,752.7</b> |



Management conducts a periodic review and evaluation of the securities portfolio to determine if the decline in fair value of any security is deemed to be other-than-temporary. Other-than-temporary impairment losses are recognized on debt securities when: (i) People's United has an intention to sell the security; (ii) it is more likely than not that People's United will be required to sell the security prior to recovery; or (iii) People's United does not expect to recover the entire amortized cost basis of the security.

Other-than-temporary impairment losses on debt securities are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. Management has the ability and intent to hold the securities classified as held to maturity until they mature, at which time People's United expects to receive full value for the securities.

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The following tables summarize debt securities with unrealized losses, segregated by the length of time the securities have been in a continuous unrealized loss position at the respective dates. Certain unrealized losses totaled less than \$0.1 million.

|   | Continuous Unrealized Loss Position |                   |                     |                   |                   |                   |
|---|-------------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
|   | Less Than 12 Months                 |                   | 12 Months Or Longer |                   | Total             |                   |
|   | Fair Value                          | Unrealized Losses | Fair Value          | Unrealized Losses | Fair Value        | Unrealized Losses |
| As of March 31, 2016 (in millions)                  |                                     |                   |                     |                   |                   |                   |
| Securities available for sale:                      |                                     |                   |                     |                   |                   |                   |
| GSE residential mortgage-backed securities and CMOs | \$ 196.7                            | \$ (0.2)          | \$ 1,065.9          | \$ (11.0)         | \$ 1,262.6        | \$ (11.2)         |
| U.S. Treasury and agency                            | 76.4                                |                   |                     |                   | 76.4              |                   |
| Securities held to maturity:                        |                                     |                   |                     |                   |                   |                   |
| State and municipal                                 | 20.3                                | (0.1)             |                     |                   | 20.3              | (0.1)             |
| <b>Total</b>  | <b>\$ 293.4</b>                     | <b>\$ (0.3)</b>   | <b>\$ 1,065.9</b>   | <b>\$ (11.0)</b>  | <b>\$ 1,359.3</b> | <b>\$ (11.3)</b>  |

|   | Continuous Unrealized Loss Position |                   |                     |                   |                   |                   |
|---|-------------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
|   | Less Than 12 Months                 |                   | 12 Months Or Longer |                   | Total             |                   |
|   | Fair Value                          | Unrealized Losses | Fair Value          | Unrealized Losses | Fair Value        | Unrealized Losses |
| As of December 31, 2015 (in millions)               |                                     |                   |                     |                   |                   |                   |
| Securities available for sale:                      |                                     |                   |                     |                   |                   |                   |
| GSE residential mortgage-backed securities and CMOs | \$ 2,200.8                          | \$ (20.3)         | \$ 933.9            | \$ (28.6)         | \$ 3,134.7        | \$ (48.9)         |
| U.S. Treasury and agency                            | 346.3                               | (1.1)             |                     |                   | 346.3             | (1.1)             |
| Securities held to maturity:                        |                                     |                   |                     |                   |                   |                   |
| GSE residential mortgage-backed securities          | 585.7                               | (2.8)             |                     |                   | 585.7             | (2.8)             |
| State and municipal                                 | 22.3                                | (0.1)             | 3.7                 |                   | 26.0              | (0.1)             |
| <b>Total</b>  | <b>\$ 3,155.1</b>                   | <b>\$ (24.3)</b>  | <b>\$ 937.6</b>     | <b>\$ (28.6)</b>  | <b>\$ 4,092.7</b> | <b>\$ (52.9)</b>  |

At March 31, 2016, approximately 5% of the 1,407 securities owned by the Company, consisting of 38 securities classified as available for sale and 35 securities classified as held to maturity, had gross unrealized losses totaling \$11.2 million and \$0.1 million, respectively. All of the GSE residential mortgage-backed securities and CMOs had AAA credit ratings and an average maturity of 12 years. The state and municipal securities had an average credit rating of AA and an average maturity of 12 years. The cause of the temporary impairment with respect to all of these securities is directly related to changes in interest rates. Management believes that all gross unrealized losses within the securities portfolio at March 31, 2016 and December 31, 2015 are temporary impairments. Management does not

intend to sell such securities nor is it more likely than not that management will be required to sell such securities prior to recovery. No other-than-temporary impairment losses were recognized in the Consolidated Statements of Income for the three months ended March 31, 2016 and 2015.

Security transactions are recorded on the trade date. Realized gains and losses are determined using the specific identification method and reported in non-interest income.

The Bank, as a member of the Federal Home Loan Bank (the FHLB ) of Boston, is currently required to purchase and hold shares of capital stock in the FHLB of Boston (total cost of \$149.1 million and \$154.0 million at March 31, 2016 and December 31, 2015, respectively) in an amount equal to its membership base investment plus an activity based investment determined according to the Bank's level of outstanding FHLB advances. As a result of the Smithtown Bancorp, Inc. acquisition, the Bank acquired shares of capital stock in the FHLB of New York (total cost of \$11.3 million at both March 31, 2016 and December 31, 2015). Based on the current capital adequacy and liquidity position of both the FHLB of Boston and the FHLB of New York, management believes there is no impairment in the Company's investment at March 31, 2016 and the cost of the investment approximates fair value.

The Bank, as a member of the Federal Reserve Bank system, is currently required to purchase and hold shares of capital stock in the Federal Reserve Bank of New York (the FRB-NY ) (total cost of \$139.5 million and \$140.1 million at March 31, 2016 and December 31, 2015, respectively) in an amount equal to 6% of its capital and surplus. Based on the current capital adequacy and liquidity position of the FRB-NY, management believes there is no impairment in the Company's investment at March 31, 2016 and the cost of the investment approximates fair value.

Included in short-term investments are interest-bearing deposits at the FRB-NY totaling \$126.6 million at March 31, 2016 and \$333.7 million at December 31, 2015. These deposits represent an alternative to overnight federal funds sold and had a yield of 0.50% at both dates.

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

**NOTE 3. LOANS**

For purposes of disclosures related to the credit quality of financing receivables and the allowance for loan losses, People's United has identified two loan portfolio segments, Commercial and Retail, which are comprised of the following loan classes:

*Commercial Portfolio:* commercial real estate; commercial and industrial; and equipment financing.

*Retail Portfolio:* residential mortgage; home equity; and other consumer.

Loans acquired in connection with business combinations are referred to as acquired loans as a result of the manner in which they are accounted for (see further discussion under Acquired Loans). All other loans are referred to as originated loans. Accordingly, selected credit quality disclosures that follow are presented separately for the originated loan portfolio and the acquired loan portfolio.

People's United maintains several significant accounting policies with respect to loans, including:

Establishment of the allowance for loan losses (including the identification of impaired loans and related impairment measurement considerations);

Income recognition (including the classification of a loan as non-accrual and the treatment of loan origination costs); and

Recognition of loan charge-offs.

The Company did not change its policies with respect to loans or its methodology for determining the allowance for loan losses during the three months ended March 31, 2016.

The following table summarizes People's United's loans by loan portfolio segment and class:

| (in millions)             | March 31, 2016 |          |             | December 31, 2015 |          |             |
|---------------------------|----------------|----------|-------------|-------------------|----------|-------------|
|                           | Originated     | Acquired | Total       | Originated        | Acquired | Total       |
| <b>Commercial:</b>        |                |          |             |                   |          |             |
| Commercial real estate    | \$ 9,723.4     | \$ 323.0 | \$ 10,046.4 | \$ 9,696.9        | \$ 331.9 | \$ 10,028.8 |
| Commercial and industrial | 7,493.9        | 213.2    | 7,707.1     | 7,526.4           | 222.3    | 7,748.7     |

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|                                   |                    |                 |                    |                    |                 |                    |
|-----------------------------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|
| Equipment financing               | 2,963.0            | 14.8            | 2,977.8            | 2,957.6            | 15.7            | 2,973.3            |
| <b>Total Commercial Portfolio</b> | <b>20,180.3</b>    | <b>551.0</b>    | <b>20,731.3</b>    | <b>20,180.9</b>    | <b>569.9</b>    | <b>20,750.8</b>    |
| <b>Retail:</b>                    |                    |                 |                    |                    |                 |                    |
| <b>Residential mortgage:</b>      |                    |                 |                    |                    |                 |                    |
| Adjustable-rate                   | 4,876.5            | 111.5           | 4,988.0            | 4,733.3            | 117.9           | 4,851.2            |
| Fixed-rate                        | 546.8              | 66.0            | 612.8              | 536.1              | 69.7            | 605.8              |
| <b>Total residential mortgage</b> | <b>5,423.3</b>     | <b>177.5</b>    | <b>5,600.8</b>     | <b>5,269.4</b>     | <b>187.6</b>    | <b>5,457.0</b>     |
| <b>Consumer:</b>                  |                    |                 |                    |                    |                 |                    |
| Home equity                       | 2,095.1            | 35.1            | 2,130.2            | 2,115.5            | 38.2            | 2,153.7            |
| Other consumer                    | 47.6               | 0.8             | 48.4               | 48.5               | 0.9             | 49.4               |
| <b>Total consumer</b>             | <b>2,142.7</b>     | <b>35.9</b>     | <b>2,178.6</b>     | <b>2,164.0</b>     | <b>39.1</b>     | <b>2,203.1</b>     |
| <b>Total Retail Portfolio</b>     | <b>7,566.0</b>     | <b>213.4</b>    | <b>7,779.4</b>     | <b>7,433.4</b>     | <b>226.7</b>    | <b>7,660.1</b>     |
| <b>Total loans</b>                | <b>\$ 27,746.3</b> | <b>\$ 764.4</b> | <b>\$ 28,510.7</b> | <b>\$ 27,614.3</b> | <b>\$ 796.6</b> | <b>\$ 28,410.9</b> |

Net deferred loan costs, which are included in loans by respective class and accounted for as interest yield adjustments, totaled \$63.0 million at March 31, 2016 and \$59.8 million at December 31, 2015.

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The following table presents a summary, by loan portfolio segment, of activity in the allowance for loan losses. With respect to the originated portfolio, an allocation of a portion of the allowance to one segment does not preclude its availability to absorb losses in another segment.

| Three months ended<br>March 31, 2016 (in millions) | Commercial |          |          | Retail     |          |         | Total    |
|--|------------|----------|----------|------------|----------|---------|----------|
|  | Originated | Acquired | Total    | Originated | Acquired | Total   |          |
| Balance at beginning of period                     | \$ 181.8   | \$ 7.9   | \$ 189.7 | \$ 21.1    | \$ 0.2   | \$ 21.3 | \$ 211.0 |
| Charge-offs  | (4.6)      | (0.3)    | (4.9)    | (2.8)      |          | (2.8)   | (7.7)    |
| Recoveries   | 0.4        |          | 0.4      | 1.3        |          | 1.3     | 1.7      |
| Net loan charge-offs                               | (4.2)      | (0.3)    | (4.5)    | (1.5)      |          | (1.5)   | (6.0)    |
| Provision for loan losses                          | 7.3        | 0.1      | 7.4      | 3.1        |          | 3.1     | 10.5     |
| Balance at end of period                           | \$ 184.9   | \$ 7.7   | \$ 192.6 | \$ 22.7    | \$ 0.2   | \$ 22.9 | \$ 215.5 |

| Three months ended<br>March 31, 2015 (in millions) | Commercial |          |          | Retail     |          |         | Total    |
|--|------------|----------|----------|------------|----------|---------|----------|
|  | Originated | Acquired | Total    | Originated | Acquired | Total   |          |
| Balance at beginning of period                     | \$ 169.6   | \$ 9.8   | \$ 179.4 | \$ 18.5    | \$ 0.4   | \$ 18.9 | \$ 198.3 |
| Charge-offs  | (6.6)      |          | (6.6)    | (1.5)      |          | (1.5)   | (8.1)    |
| Recoveries   | 0.6        |          | 0.6      | 0.3        |          | 0.3     | 0.9      |
| Net loan charge-offs                               | (6.0)      |          | (6.0)    | (1.2)      |          | (1.2)   | (7.2)    |
| Provision for loan losses                          | 9.5        | (0.4)    | 9.1      | 0.7        |          | 0.7     | 9.8      |
| Balance at end of period                           | \$ 173.1   | \$ 9.4   | \$ 182.5 | \$ 18.0    | \$ 0.4   | \$ 18.4 | \$ 200.9 |

The following is a summary, by loan portfolio segment and impairment methodology, of the allowance for loan losses and related portfolio balances:

| As of<br>March 31, 2016<br>(in millions) | Originated Loans<br>Individually<br>Evaluated<br>for Impairment |           | Originated Loans<br>Collectively<br>Evaluated<br>for Impairment |           | Acquired Loans<br>(Discounts<br>Related to<br>Credit Quality) |           | Total       |           |
|--|---|-----------|---|-----------|---|-----------|-------------|-----------|
|  | Portfolio   | Allowance | Portfolio   | Allowance | Portfolio   | Allowance | Portfolio   | Allowance |
| Commercial                               | \$ 168.1  | \$ 6.0    | \$ 20,012.2   | \$ 178.9  | \$ 551.0  | \$ 7.7    | \$ 20,731.3 | \$ 192.6  |
| Retail                                   | 94.7  | 4.0       | 7,471.3   | 18.7      | 213.4   | 0.2       | 7,779.4     | 22.9      |

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|                          |  |                  |  |                  |   |                  |                    |                  |
|--------------------------|--|------------------|--|------------------|---|------------------|--------------------|------------------|
| <b>Total</b>             | <b>\$ 262.8</b>                                | <b>\$ 10.0</b>   | <b>\$ 27,483.5</b>                             | <b>\$ 197.6</b>  | <b>\$ 764.4</b>   | <b>\$ 7.9</b>    | <b>\$ 28,510.7</b> | <b>\$ 215.5</b>  |
| <b>As of</b>             | <b>Originated Loans Individually Evaluated</b> |                  | <b>Originated Loans Collectively Evaluated</b> |                  | <b>Acquired Loans (Discounts Related to Credit Quality)</b> |                  | <b>Total</b>       |                  |
| <b>December 31, 2015</b> | <b>for Impairment</b>                          |                  | <b>for Impairment</b>                          |                  | <b>for Impairment</b>                                       |                  | <b>Total</b>       |                  |
| <b>(in millions)</b>     | <b>Portfolio</b>                               | <b>Allowance</b> | <b>Portfolio</b>                               | <b>Allowance</b> | <b>Portfolio</b>  | <b>Allowance</b> | <b>Portfolio</b>   | <b>Allowance</b> |
| <b>Commercial</b>        | <b>\$ 155.1</b>                                | <b>\$ 5.5</b>    | <b>\$ 20,025.8</b>                             | <b>\$ 176.3</b>  | <b>\$ 569.9</b>   | <b>\$ 7.9</b>    | <b>\$ 20,750.8</b> | <b>\$ 189.7</b>  |
| <b>Retail</b>            | <b>97.0</b>                                    | <b>3.9</b>       | <b>7,336.4</b>                                 | <b>17.2</b>      | <b>226.7</b>  | <b>0.2</b>       | <b>7,660.1</b>     | <b>21.3</b>      |
| <b>Total</b>             | <b>\$ 252.1</b>                                | <b>\$ 9.4</b>    | <b>\$ 27,362.2</b>                             | <b>\$ 193.5</b>  | <b>\$ 796.6</b>   | <b>\$ 8.1</b>    | <b>\$ 28,410.9</b> | <b>\$ 211.0</b>  |

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The recorded investments, by class of loan, of originated non-performing loans are summarized as follows:

| (in millions)             | March 31,<br>2016 | December 31,<br>2015 |
|---------------------------|-------------------|----------------------|
| <b>Commercial:</b>        |                   |                      |
| Commercial and industrial | \$ 41.5           | \$ 44.9              |
| Commercial real estate    | 35.9              | 30.2                 |
| Equipment financing       | 41.1              | 27.5                 |
| <b>Total (1)</b>          | <b>118.5</b>      | <b>102.6</b>         |
| <b>Retail:</b>            |                   |                      |
| Residential mortgage      | 31.1              | 37.2                 |
| Home equity               | 18.9              | 19.5                 |
| Other consumer            |                   | 0.1                  |
| <b>Total (2)</b>          | <b>50.0</b>       | <b>56.8</b>          |
| <b>Total</b>              | <b>\$ 168.5</b>   | <b>\$ 159.4</b>      |

- (1) Reported net of government guarantees totaling \$16.2 million and \$16.9 million at March 31, 2016 and December 31, 2015, respectively. These government guarantees relate, almost entirely, to guarantees provided by the Small Business Administration as well as selected other Federal agencies and represent the carrying value of the loans that are covered by such guarantees, the extent of which (i.e. full or partial) varies by loan. At March 31, 2016, the principal loan classes to which these government guarantees relate are commercial and industrial loans (99%) and commercial real estate loans (1%).
- (2) Includes \$14.3 million and \$19.9 million of loans in the process of foreclosure at March 31, 2016 and December 31, 2015, respectively.

The preceding table excludes acquired loans that are (i) accounted for as purchased credit impaired loans or (ii) covered by a Federal Deposit Insurance Corporation ( FDIC ) loss-share agreement ( LSA ) totaling \$25.1 million and \$2.3 million, respectively, at March 31, 2016 and \$27.7 million and \$2.3 million, respectively, at December 31, 2015. Such loans otherwise meet People's United's definition of a non-performing loan but are excluded because the loans are included in loan pools that are considered performing and/or credit losses are covered by an FDIC LSA. The discounts arising from recording these loans at fair value were due, in part, to credit quality. The acquired loans are generally accounted for on a pool basis and the accretable yield on the pools is being recognized as interest income over the life of the loans based on expected cash flows at the pool level.

A loan is generally considered non-performing when it is placed on non-accrual status. A loan is generally placed on non-accrual status when it becomes 90 days past due as to interest or principal payments. Past due status is based on the contractual payment terms of the loan. A loan may be placed on non-accrual status before it reaches 90 days past



due if such loan has been identified as presenting uncertainty with respect to the collectability of interest and principal. A loan past due 90 days or more may remain on accruing status if such loan is both well secured and in the process of collection. There were no loans past due 90 days or more and still accruing interest at March 31, 2016 or December 31, 2015.

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**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impaired loans also include certain originated loans whose terms have been modified in such a way that they are considered troubled debt restructurings ( TDRs ). Originated loans are considered TDRs if the borrower is experiencing financial difficulty and is afforded a concession by People's United, such as, but not limited to: (i) payment deferral; (ii) a reduction of the stated interest rate for the remaining contractual life of the loan; (iii) an extension of the loan's original contractual term at a stated interest rate lower than the current market rate for a new loan with similar risk; (iv) capitalization of interest; or (v) forgiveness of principal or interest.

TDRs may either be accruing or placed on non-accrual status (and reported as non-performing loans) depending upon the loan's specific circumstances, including the nature and extent of the related modifications. TDRs on non-accrual status remain classified as such until the loan qualifies for return to accrual status. Loans qualify for return to accrual status once they have demonstrated performance with the restructured terms of the loan agreement for a minimum of six months in the case of a commercial loan or, in the case of a retail loan, when the loan is less than 90 days past due. Loans may continue to be reported as TDRs after they are returned to accrual status. In accordance with regulatory guidance, residential mortgage and home equity loans restructured in connection with the borrower's bankruptcy and meeting certain criteria are also required to be classified as TDRs, included in non-performing loans and written down to the estimated collateral value, regardless of delinquency status. Acquired loans that are modified are not considered for TDR classification provided they are evaluated for impairment on a pool basis.

Impairment is evaluated on a collective basis for smaller-balance loans with similar credit risk and on an individual loan basis for other loans. If a loan is deemed to be impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported (net of the allowance) at the present value of expected future cash flows discounted at the loan's original effective interest rate or at the fair value of the collateral less cost to sell if repayment is expected solely from the collateral. Interest payments on impaired non-accrual loans are typically applied to principal unless collectability of the principal amount is reasonably assured, in which case interest is recognized on a cash basis. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

People's United's recorded investment in originated loans classified as TDRs totaled \$193.2 million and \$195.7 million at March 31, 2016 and December 31, 2015, respectively. The related allowance for loan losses at March 31, 2016 and December 31, 2015 was \$7.2 million and \$5.9 million, respectively. Interest income recognized on TDRs totaled \$1.1 million for both the three months ended March 31, 2016 and 2015. Fundings under commitments to lend additional amounts to borrowers with loans classified as TDRs were immaterial for the three months ended March 31, 2016 and 2015. Originated loans that were modified and classified as TDRs during the three months ended March 31, 2016 and 2015 principally involve reduced payment and/or payment deferral, extension of term (generally no more than two years for commercial loans and nine years for retail loans) and/or a temporary reduction of interest rate (generally less than 200 basis points).

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The following tables summarize, by class of loan, the recorded investments in loans modified as TDRs during the three months ended March 31, 2016 and 2015. For purposes of this disclosure, recorded investments represent amounts immediately prior to and subsequent to the restructuring.

| (dollars in millions)         | Number<br>of Contracts | Three Months Ended March 31, 2016                         |  |
|-------------------------------|------------------------|---|--|
|                               |                        | Pre-Modification<br>Outstanding<br>Recorded<br>Investment | Post-Modification<br>Outstanding<br>Recorded<br>Investment |
| <b>Commercial:</b>            |                        |   |  |
| Commercial real estate (1)    | 3                      | \$ 1.1  | \$ 1.1   |
| Commercial and industrial (2) | 13                     | 5.2   | 5.2  |
| Equipment financing (3)       | 10                     | 6.1   | 6.1  |
| <b>Total</b>                  | <b>26</b>              | <b>12.4</b>   | <b>12.4</b>  |
| <b>Retail:</b>                |                        |   |  |
| Residential mortgage (4)      | 19                     | 5.3   | 5.3  |
| Home equity (5)               | 19                     | 1.6   | 1.6  |
| Other consumer                |                        |   |  |
| <b>Total</b>                  | <b>38</b>              | <b>6.9</b>  | <b>6.9</b>   |
| <b>Total</b>                  | <b>64</b>              | <b>\$ 19.3</b>  | <b>\$ 19.3</b>   |

- (1) Represents the following concessions: extension of term (1 contract; recorded investment of \$0.2 million); reduced payment and/or payment deferral (1 contract; recorded investment of \$0.9 million); or a combination of concessions (1 contract; recorded investment of less than \$0.1 million).
- (2) Represents the following concessions: extension of term (7 contracts; recorded investment of \$4.4 million); reduced payment and/or payment deferral (3 contracts; recorded investment of \$0.4 million); or a combination of concessions (3 contracts; recorded investment of \$0.4 million).
- (3) Represents the following concessions: extension of term (2 contracts; recorded investment of \$0.4 million); reduced payment and/or payment deferral (5 contracts; recorded investment of \$4.3 million); or a combination of concessions (3 contracts; recorded investment of \$1.4 million).
- (4) Represents the following concessions: loans restructured through bankruptcy (4 contracts; recorded investment of \$1.5 million); reduced payment and/or payment deferral (5 contracts; recorded investment of \$1.4 million); or a combination of concessions (10 contracts; recorded investment of \$2.4 million).
- (5) Represents the following concessions: loans restructured through bankruptcy (14 contracts; recorded investment of \$1.3 million); reduced payment and/or payment deferral (1 contract; recorded investment of \$0.1 million); or a combination of concessions (4 contracts; recorded investment of \$0.2 million).



## People's United Financial, Inc.

## Notes to Consolidated Financial Statements (Unaudited)

| (dollars in millions)         | Three Months Ended March 31, 2015 |  |   |
|-------------------------------|-----------------------------------|--|---|
|                               | Number of Contracts               | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment |
| <b>Commercial:</b>            |                                   |  |   |
| Commercial real estate (1)    | 8                                 | \$ 4.9   | \$ 4.9  |
| Commercial and industrial (2) | 8                                 | 10.1   | 10.1  |
| Equipment financing (3)       | 5                                 | 7.6  | 7.6   |
| <b>Total</b>                  | <b>21</b>                         | <b>22.6</b>                                      | <b>22.6</b>                                       |
| <b>Retail:</b>                |                                   |  |   |
| Residential mortgage (4)      | 20                                | 5.7  | 5.7   |
| Home equity (5)               | 33                                | 2.0  | 2.0   |
| Other consumer                |                                   |  |   |
| <b>Total</b>                  | <b>53</b>                         | <b>7.7</b>                                       | <b>7.7</b>  |
| <b>Total</b>                  | <b>74</b>                         | <b>\$ 30.3</b>                                   | <b>\$ 30.3</b>                                    |

- (1) Represents the following concessions: extension of term (8 contracts; recorded investment of \$4.9 million).
- (2) Represents the following concessions: extension of term (4 contracts; recorded investment of \$8.7 million); reduced payment and/or payment deferral (3 contracts; recorded investment of \$0.6 million); or a combination of concessions (1 contract; recorded investment of \$0.8 million).
- (3) Represents the following concessions: reduced payment and/or payment deferral (3 contracts; recorded investment of \$5.7 million); or a combination of concessions (2 contracts; recorded investment of \$1.9 million).
- (4) Represents the following concessions: loans restructured through bankruptcy (6 contracts; recorded investment of \$2.4 million); reduced payment and/or payment deferral (4 contracts; recorded investment of \$1.5 million); temporary rate reduction (1 contract; recorded investment of \$0.2 million); or a combination of concessions (9 contracts; recorded investment of \$1.6 million).
- (5) Represents the following concessions: loans restructured through bankruptcy (25 contracts; recorded investment of \$1.0 million); reduced payment and/or payment deferral (2 contracts; recorded investment of \$0.2 million); or a combination of concessions (6 contracts; recorded investment of \$0.8 million).

The following is a summary, by class of loan, of information related to TDRs of originated loans completed within the previous 12 months that subsequently defaulted during the three months ended March 31, 2016 and 2015. For purposes of this disclosure, the previous 12 months is measured from April 1 of the respective prior year and a default represents a previously-modified loan that became past due 30 days or more during the three months ended March 31, 2016 or 2015.

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| (dollars in millions)     | Three Months Ended March 31, |                  |              |                  |
|---------------------------|------------------------------|------------------|--------------|------------------|
|                           | 2016                         |                  | 2015         |                  |
|                           | Number                       | Recorded         | Number       | Recorded         |
|                           | of Contracts                 | Investment as of | of Contracts | Investment as of |
|                           |                              | Period End       |              | Period End       |
| <b>Commercial:</b>        |                              |                  |              |                  |
| Commercial real estate    |                              | \$               |              | \$               |
| Commercial and industrial | 2                            | 0.6              | 2            | 0.1              |
| Equipment financing       | 5                            | 2.5              | 4            | 1.3              |
| <b>Total</b>              | <b>7</b>                     | <b>3.1</b>       | <b>6</b>     | <b>1.4</b>       |
| <b>Retail:</b>            |                              |                  |              |                  |
| Residential mortgage      | 6                            | 1.3              | 17           | 7.4              |
| Home equity               | 7                            | 0.5              | 11           | 1.2              |
| Other consumer            |                              |                  |              |                  |
| <b>Total</b>              | <b>13</b>                    | <b>1.8</b>       | <b>28</b>    | <b>8.6</b>       |
| <b>Total</b>              | <b>20</b>                    | <b>\$ 4.9</b>    | <b>34</b>    | <b>\$ 10.0</b>   |

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

People's United's impaired loans consist of certain originated loans, including all TDRs. The following table summarizes, by class of loan, information related to individually-evaluated impaired loans within the originated portfolio.

| (in millions)                                       | As of March 31, 2016           |                        |  | As of December 31, 2015        |                        |   |
|---|--------------------------------|------------------------|--|--------------------------------|------------------------|---|
|   | Unpaid<br>Principal<br>Balance | Recorded<br>Investment | Related<br>Allowance<br>for Loan<br>Losses | Unpaid<br>Principal<br>Balance | Recorded<br>Investment | Related<br>Allowance<br>for<br>Loan<br>Losses |
| <b>Without a related allowance for loan losses:</b> |                                |                        |  |                                |                        |   |
| <b>Commercial:</b>                                  |                                |                        |  |                                |                        |   |
| Commercial real estate                              | \$ 50.3                        | \$ 49.2                | \$   | \$ 46.5                        | \$ 45.3                | \$  |
| Commercial and industrial                           | 45.2                           | 42.7                   |  | 53.2                           | 50.8                   |   |
| Equipment financing                                 | 38.0                           | 29.8                   |  | 32.6                           | 26.0                   |   |
| <b>Retail:</b>                                      |                                |                        |  |                                |                        |   |
| Residential mortgage                                | 63.0                           | 57.2                   |  | 67.2                           | 60.4                   |   |
| Home equity   | 24.1                           | 20.9                   |  | 23.3                           | 20.5                   |   |
| Other consumer                                      |                                |                        |  |                                |                        |   |
| <b>Total</b>  | <b>\$ 220.6</b>                | <b>\$ 199.8</b>        | <b>\$</b>                                  | <b>\$ 222.8</b>                | <b>\$ 203.0</b>        | <b>\$</b>                                     |
| <b>With a related allowance for loan losses:</b>    |                                |                        |  |                                |                        |   |
| <b>Commercial:</b>                                  |                                |                        |  |                                |                        |   |
| Commercial real estate                              | \$ 17.7                        | \$ 13.4                | \$ 1.4                                     | \$ 18.8                        | \$ 14.7                | \$ 1.9  |
| Commercial and industrial                           | 23.0                           | 20.4                   | 3.0  | 19.2                           | 14.7                   | 3.3   |
| Equipment financing                                 | 12.9                           | 12.6                   | 1.6  | 3.8                            | 3.6                    | 0.3   |
| <b>Retail:</b>                                      |                                |                        |  |                                |                        |   |
| Residential mortgage                                | 14.7                           | 14.6                   | 3.2  | 14.1                           | 14.0                   | 2.9   |
| Home equity   | 2.2                            | 2.0                    | 0.8  | 2.3                            | 2.1                    | 1.0   |
| Other consumer                                      |                                |                        |  |                                |                        |   |
| <b>Total</b>  | <b>\$ 70.5</b>                 | <b>\$ 63.0</b>         | <b>\$ 10.0</b>                             | <b>\$ 58.2</b>                 | <b>\$ 49.1</b>         | <b>\$ 9.4</b>                                 |
| <b>Total impaired loans:</b>                        |                                |                        |  |                                |                        |   |
| <b>Commercial:</b>                                  |                                |                        |  |                                |                        |   |
| Commercial real estate                              | \$ 68.0                        | \$ 62.6                | \$ 1.4                                     | \$ 65.3                        | \$ 60.0                | \$ 1.9  |
| Commercial and industrial                           | 68.2                           | 63.1                   | 3.0  | 72.4                           | 65.5                   | 3.3   |
| Equipment financing                                 | 50.9                           | 42.4                   | 1.6  | 36.4                           | 29.6                   | 0.3   |
| <b>Total</b>  | <b>187.1</b>                   | <b>168.1</b>           | <b>6.0</b>                                 | <b>174.1</b>                   | <b>155.1</b>           | <b>5.5</b>                                    |

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|                      |                 |                 |                |                 |                 |               |
|----------------------|-----------------|-----------------|----------------|-----------------|-----------------|---------------|
| Retail:              |                 |                 |                |                 |                 |               |
| Residential mortgage | 77.7            | 71.8            | 3.2            | 81.3            | 74.4            | 2.9           |
| Home equity          | 26.3            | 22.9            | 0.8            | 25.6            | 22.6            | 1.0           |
| Other consumer       |                 |                 |                |                 |                 |               |
| <b>Total</b>         | <b>104.0</b>    | <b>94.7</b>     | <b>4.0</b>     | <b>106.9</b>    | <b>97.0</b>     | <b>3.9</b>    |
| <b>Total</b>         | <b>\$ 291.1</b> | <b>\$ 262.8</b> | <b>\$ 10.0</b> | <b>\$ 281.0</b> | <b>\$ 252.1</b> | <b>\$ 9.4</b> |



**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The following table summarizes, by class of loan, the average recorded investment and interest income recognized on impaired loans for the periods indicated. The average recorded investment amounts are based on month-end balances.

| (in millions)             | Three Months Ended March 31,      |                                  |                                   |                                  |
|---------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|                           | 2016                              |                                  | 2015                              |                                  |
|                           | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized |
| <b>Commercial:</b>        |                                   |                                  |                                   |                                  |
| Commercial real estate    | \$ 60.2                           | \$ 0.3                           | \$ 78.0                           | \$ 0.3                           |
| Commercial and industrial | 63.0                              | 0.4                              | 59.5                              | 0.4                              |
| Equipment financing       | 33.1                              | 0.1                              | 26.8                              | 0.1                              |
| <b>Total</b>              | <b>156.3</b>                      | <b>0.8</b>                       | <b>164.3</b>                      | <b>0.8</b>                       |
| <b>Retail:</b>            |                                   |                                  |                                   |                                  |
| Residential mortgage      | 72.2                              | 0.4                              | 75.6                              | 0.4                              |
| Home equity               | 22.4                              | 0.1                              | 21.5                              | 0.1                              |
| Other consumer            |                                   |                                  |                                   |                                  |
| <b>Total</b>              | <b>94.6</b>                       | <b>0.5</b>                       | <b>97.1</b>                       | <b>0.5</b>                       |
| <b>Total</b>              | <b>\$ 250.9</b>                   | <b>\$ 1.3</b>                    | <b>\$ 261.4</b>                   | <b>\$ 1.3</b>                    |

The following tables summarize, by class of loan, aging information for originated loans:

| As of March 31, 2016 (in millions) | Current         | 30-89<br>Days | Past Due<br>90 Days<br>or<br>More | Total        | Total<br>Originated |
|------------------------------------|-----------------|---------------|-----------------------------------|--------------|---------------------|
|                                    |                 |               |                                   |              |                     |
| <b>Commercial:</b>                 |                 |               |                                   |              |                     |
| Commercial real estate             | \$ 9,697.2      | \$ 12.3       | \$ 13.9                           | \$ 26.2      | \$ 9,723.4          |
| Commercial and industrial          | 7,436.2         | 14.5          | 43.2                              | 57.7         | 7,493.9             |
| Equipment financing                | 2,864.9         | 84.0          | 14.1                              | 98.1         | 2,963.0             |
| <b>Total</b>                       | <b>19,998.3</b> | <b>110.8</b>  | <b>71.2</b>                       | <b>182.0</b> | <b>20,180.3</b>     |
| <b>Retail:</b>                     |                 |               |                                   |              |                     |
| Residential mortgage               | 5,378.2         | 26.1          | 19.0                              | 45.1         | 5,423.3             |

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|                        |             |          |         |          |             |
|------------------------|-------------|----------|---------|----------|-------------|
| Home equity            | 2,081.2     | 4.6      | 9.3     | 13.9     | 2,095.1     |
| Other consumer         | 47.5        | 0.1      |         | 0.1      | 47.6        |
| Total                  | 7,506.9     | 30.8     | 28.3    | 59.1     | 7,566.0     |
| Total originated loans | \$ 27,505.2 | \$ 141.6 | \$ 99.5 | \$ 241.1 | \$ 27,746.3 |

Included in the Current and 30-89 Days categories above are early non-performing commercial real estate loans, commercial and industrial loans, and equipment financing loans totaling \$22.0 million, \$14.5 million and \$27.0 million, respectively, and \$21.7 million of retail loans in the process of foreclosure or bankruptcy. These loans are less than 90 days past due but have been placed on non-accrual status as a result of having been identified as presenting uncertainty with respect to the collectability of interest and principal.

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

| As of December 31, 2015 (in millions) | Current            | 30-89<br>Days   | Past Due<br>90<br>Days<br>or More | Total           | Total<br>Originated |
|---------------------------------------|--------------------|-----------------|-----------------------------------|-----------------|---------------------|
| <b>Commercial:</b>                    |                    |                 |                                   |                 |                     |
| Commercial real estate                | \$ 9,667.7         | \$ 15.0         | \$ 14.2                           | \$ 29.2         | \$ 9,696.9          |
| Commercial and industrial             | 7,466.5            | 13.1            | 46.8                              | 59.9            | 7,526.4             |
| Equipment financing                   | 2,886.7            | 63.9            | 7.0                               | 70.9            | 2,957.6             |
| <b>Total</b>                          | <b>20,020.9</b>    | <b>92.0</b>     | <b>68.0</b>                       | <b>160.0</b>    | <b>20,180.9</b>     |
| <b>Retail:</b>                        |                    |                 |                                   |                 |                     |
| Residential mortgage                  | 5,212.9            | 31.1            | 25.4                              | 56.5            | 5,269.4             |
| Home equity                           | 2,098.9            | 7.1             | 9.5                               | 16.6            | 2,115.5             |
| Other consumer                        | 48.2               | 0.2             | 0.1                               | 0.3             | 48.5                |
| <b>Total</b>                          | <b>7,360.0</b>     | <b>38.4</b>     | <b>35.0</b>                       | <b>73.4</b>     | <b>7,433.4</b>      |
| <b>Total originated loans</b>         | <b>\$ 27,380.9</b> | <b>\$ 130.4</b> | <b>\$ 103.0</b>                   | <b>\$ 233.4</b> | <b>\$ 27,614.3</b>  |

Included in the Current and 30-89 Days categories above are early non-performing commercial real estate loans, commercial and industrial loans, and equipment financing loans totaling \$16.0 million, \$15.0 million and \$20.5 million, respectively, and \$21.8 million of retail loans in the process of foreclosure or bankruptcy. These loans are less than 90 days past due but have been placed on non-accrual status as a result of having been identified as presenting uncertainty with respect to the collectability of interest and principal.

*Commercial Credit Quality Indicators*

The Company utilizes an internal loan risk rating system as a means of monitoring portfolio credit quality and identifying both problem and potential problem loans. Under the Company's risk rating system, loans not meeting the criteria for problem and potential problem loans as specified below are considered to be Pass-rated loans. Problem and potential problem loans are classified as either Special Mention, Substandard or Doubtful. Loans that do not currently expose the Company to sufficient enough risk of loss to warrant classification as either Substandard or Doubtful, but possess weaknesses that deserve management's close attention, are classified as Special Mention. Substandard loans represent those credits characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Loans classified as Doubtful possess all the weaknesses inherent in those classified Substandard with the added characteristic that collection or liquidation in full, on the basis of existing facts, conditions and values, is highly questionable and/or improbable.

Risk ratings on commercial loans are subject to ongoing monitoring by lending and credit personnel with such ratings updated annually or more frequently, if warranted. The Company's internal Loan Review function is responsible for

independently evaluating the appropriateness of those credit risk ratings in connection with its cyclical reviews, the approach to which is risk-based and determined by reference to underlying portfolio credit quality and the results of prior reviews. Differences in risk ratings noted in conjunction with such periodic portfolio loan reviews, if any, are reported to management each month.

*Retail Credit Quality Indicators*

Pools of smaller-balance, homogeneous loans with similar risk and loss characteristics are also assessed for probable losses. These loan pools include residential mortgage, home equity and other consumer loans that are not assigned individual loan risk ratings. Rather, the assessment of these portfolios is based upon a consideration of recent historical loss experience, broader portfolio indicators, including trends in delinquencies, non-performing loans and portfolio concentrations, and portfolio-specific risk characteristics, the combination of which determines whether a loan is classified as High , Moderate or Low risk.

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**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The portfolio-specific risk characteristics considered include: (i) collateral values/loan-to-value ( LTV ) ratios (above and below 70%); (ii) borrower credit scores under the FICO scoring system (above and below a score of 680); and (iii) other relevant portfolio risk elements such as income verification at the time of underwriting (stated income vs. non-stated income) and the property's intended use (owner occupied, non-owner occupied, second home, etc.). In classifying a loan as either High , Moderate or Low risk, the combination of each of the aforementioned risk characteristics is considered for that loan, resulting, effectively, in a matrix approach to its risk classification. These risk classifications are reviewed quarterly to ensure that they continue to be appropriate in light of changes within the portfolio and/or economic indicators as well as other industry developments.

For example, to the extent LTV ratios exceed 70% (reflecting a weaker collateral position for the Company) or borrower FICO scores are less than 680 (reflecting weaker financial standing and/or credit history of the customer), the loans are considered to have an increased level of inherent loss. As a result, a loan with a combination of these characteristics would generally be classified as High risk. Conversely, as LTV ratios decline (reflecting a stronger collateral position for the Company) or borrower FICO scores exceed 680 (reflecting stronger financial standing and/or credit history of the customer), the loans are considered to have a decreased level of inherent loss. A loan with a combination of these characteristics would generally be classified as Low risk. This analysis also considers (i) the extent of underwriting that occurred at the time of origination (direct income verification provides further support for credit decisions) and (ii) the property's intended use (owner-occupied properties are less likely to default compared to investment-type non-owner occupied properties, second homes, etc.). Loans not otherwise deemed to be High or Low risk are classified as Moderate risk.

LTV ratios and FICO scores are determined at origination and updated periodically throughout the life of the loan. LTV ratios are updated for loans 90 days past due and FICO scores are updated for the entire portfolio quarterly. The portfolio stratification ( High , Moderate and Low risk) and identification of the corresponding credit quality indicators also occurs quarterly

Commercial and Retail loans are also evaluated to determine whether they are impaired loans, which are included in the tabular disclosures of credit quality indicators that follow.

*Acquired Loans Credit Quality Indicators*

Upon acquiring a loan portfolio, the Company's internal Loan Review function undertakes the process of assigning risk ratings to all commercial loans in accordance with the Company's established policy, which may differ in certain respects from the risk rating policy of the predecessor company. The length of time necessary to complete this process varies based on the size of the acquired portfolio, the quality of the documentation maintained in the underlying loan files and the extent to which the predecessor company followed a risk rating approach comparable to People's United's. As a result, while acquired loans are risk rated, there are occasions when such ratings may be deemed preliminary until the Company's re-rating process has been completed.

Acquired loans are initially recorded at fair value, determined based upon an estimate of the amount and timing of both principal and interest cash flows expected to be collected and discounted using a market interest rate. The difference between contractually required principal and interest payments at the acquisition date and the undiscounted cash flows expected to be collected at the acquisition date is referred to as the nonaccretable difference , which includes an estimate of future credit losses expected to be incurred over the life of the portfolio. A decrease in the

expected cash flows in subsequent periods requires the establishment of an allowance for loan losses at that time. At March 31, 2016 and December 31, 2015, the allowance for loan losses on acquired loans was \$7.9 million and \$8.1 million, respectively.

**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

The following is a summary, by class of loan, of credit quality indicators:

| As of March 31, 2016 (in millions) | Commercial<br>Real Estate | Commercial<br>and<br>Industrial | Equipment<br>Financing | Total              |
|------------------------------------|---------------------------|---------------------------------|------------------------|--------------------|
| <b>Commercial:</b>                 |                           |                                 |                        |                    |
| <b>Originated loans:</b>           |                           |                                 |                        |                    |
| Pass                               | \$ 9,454.8                | \$ 7,068.6                      | \$ 2,555.6             | \$ 19,079.0        |
| Special mention                    | 135.0                     | 119.0                           | 117.1                  | 371.1              |
| Substandard                        | 133.6                     | 304.4                           | 290.3                  | 728.3              |
| Doubtful                           |                           | 1.9                             |                        | 1.9                |
| <b>Total originated loans</b>      | <b>9,723.4</b>            | <b>7,493.9</b>                  | <b>2,963.0</b>         | <b>20,180.3</b>    |
| <b>Acquired loans:</b>             |                           |                                 |                        |                    |
| Pass                               | 256.9                     | 169.4                           | 6.9                    | 433.2              |
| Special mention                    | 19.3                      | 5.0                             | 4.8                    | 29.1               |
| Substandard                        | 45.0                      | 38.8                            | 3.1                    | 86.9               |
| Doubtful                           | 1.8                       |                                 |                        | 1.8                |
| <b>Total acquired loans</b>        | <b>323.0</b>              | <b>213.2</b>                    | <b>14.8</b>            | <b>551.0</b>       |
| <b>Total</b>                       | <b>\$ 10,046.4</b>        | <b>\$ 7,707.1</b>               | <b>\$ 2,977.8</b>      | <b>\$ 20,731.3</b> |
| <br>                               |                           |                                 |                        |                    |
| As of March 31, 2016 (in millions) | Residential<br>Mortgage   | Home<br>Equity                  | Other<br>Consumer      | Total              |
| <b>Retail:</b>                     |                           |                                 |                        |                    |
| <b>Originated loans:</b>           |                           |                                 |                        |                    |
| Low risk                           | \$ 2,647.5                | \$ 924.0                        | \$ 26.7                | \$ 3,598.2         |
| Moderate risk                      | 2,253.9                   | 629.3                           | 7.2                    | 2,890.4            |
| High risk                          | 521.9                     | 541.8                           | 13.7                   | 1,077.4            |
| <b>Total originated loans</b>      | <b>5,423.3</b>            | <b>2,095.1</b>                  | <b>47.6</b>            | <b>7,566.0</b>     |
| <b>Acquired loans:</b>             |                           |                                 |                        |                    |
| Low risk                           | 91.4                      |                                 |                        | 91.4               |
| Moderate risk                      | 34.8                      |                                 |                        | 34.8               |
| High risk                          | 51.3                      | 35.1                            | 0.8                    | 87.2               |
| <b>Total acquired loans</b>        | <b>177.5</b>              | <b>35.1</b>                     | <b>0.8</b>             | <b>213.4</b>       |

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|       |            |            |         |            |
|-------|------------|------------|---------|------------|
| Total | \$ 5,600.8 | \$ 2,130.2 | \$ 48.4 | \$ 7,779.4 |
|-------|------------|------------|---------|------------|



**People's United Financial, Inc.**

**Notes to Consolidated Financial Statements (Unaudited)**

| As of December 31, 2015 (in millions) | Commercial<br>Real<br>Estate | Commercial<br>and<br>Industrial | Equipment<br>Financing | Total |
|---------------------------------------|------------------------------|---------------------------------|------------------------|-------|
| Commercial:                           |                              |                                 |                        |       |
| Originated loans:                     |                              |                                 |                        |       |
| Pass                                  | \$                           | 9                               |                        |       |