

People's United Financial, Inc.
FINANCIAL HIGHLIGHTS

(dollars in millions, except per share data)	Three Months Ended				
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Earnings Data:					
Net interest income (fully taxable equivalent)	\$ 255.2	\$ 254.2	\$ 247.7	\$ 247.4	\$ 245.3
Net interest income	246.8	245.3	240.0	240.1	238.8
Provision for loan losses	7.7	8.4	10.0	10.5	9.7
Non-interest income (1)	84.2	90.8	85.4	82.3	93.3
Non-interest expense (2)	217.2	221.4	212.9	217.3	217.0
Income before income tax expense	106.1	106.3	102.5	94.6	105.4
Net income	75.9	73.7	68.5	62.9	70.8
Net income available to common shareholders (2)	74.1	73.7	68.5	62.9	70.8

Selected Statistical Data:

Net interest margin (3)	2.78 %	2.80 %	2.79 %	2.83 %	2.87 %
Return on average assets (2), (3)	0.75	0.73	0.70	0.65	0.75
Return on average common equity (3)	6.1	6.1	5.7	5.3	6.0
Return on average tangible common equity (2), (3)	10.7	10.7	10.1	9.4	10.7
Efficiency ratio (2)	59.3	59.9	60.4	62.7	61.0

Common Share Data:

Basic and diluted earnings per common share (2)	\$ 0.24	\$ 0.24	\$ 0.23	\$ 0.21	\$ 0.23
Dividends paid per share	0.17	0.17	0.17	0.1675	0.1675
Dividend payout ratio (2)	69.8 %	70.1 %	75.4 %	80.6 %	71.5 %
Book value per share (end of period)	\$ 15.85	\$ 15.99	\$ 15.91	\$ 15.80	\$ 15.62
Tangible book value per share (end of period) (2)	8.92	9.18	9.07	8.94	8.73
Stock price:					
High	20.13	16.40	16.68	16.27	16.93
Low	15.28	14.22	13.80	13.62	15.00
Close (end of period)	19.36	15.82	14.66	15.93	16.15
Common shares (end of period) (in millions)	308.97	304.02	303.55	303.27	302.86
Weighted average diluted common shares (in millions)	306.23	303.24	302.48	301.86	301.38

(1) Three months ended December 31, 2015 includes a \$9.2 million net gain resulting from the sale of People's United Bank's payroll services business.

(2) See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 16.

(3) Annualized.

People's United Financial, Inc.
FINANCIAL HIGHLIGHTS - Continued

(dollars in millions, except per share data)	Twelve Months Ended	
	December 31,	
	2016	2015
Earnings Data:		
Net interest income (fully taxable equivalent)	\$ 1,004.5	\$ 957.3
Net interest income	972.2	932.1
Provision for loan losses	36.6	33.4
Non-interest income (1)	342.7	352.4
Non-interest expense (2)	868.8	860.6
Income before income tax expense	409.5	390.5
Net income	281.0	260.1
Net income available to common shareholders (2)	279.2	260.1
Selected Statistical Data:		
Net interest margin	2.80 %	2.88 %
Return on average assets (2)	0.71	0.71
Return on average common equity	5.8	5.5
Return on average tangible common equity (2)	10.2	10.0
Efficiency ratio (2)	60.5	61.5
Common Share Data:		
Basic and diluted earnings per common share (2)	\$ 0.92	\$ 0.86
Dividends paid per share	0.6775	0.6675
Dividend payout ratio (2)	73.7 %	77.3 %
Book value per share (end of period)	\$ 15.85	\$ 15.62
Tangible book value per share (end of period) (2)	8.92	8.73
Stock price:		
High	20.13	16.95
Low	13.62	13.97
Close (end of period)	19.36	16.15
Common shares (end of period) (in millions)	308.97	302.86
Weighted average diluted common shares (in millions)	303.99	300.41

(1) Twelve months ended December 31, 2015 includes a \$9.2 million net gain resulting from the sale of People's United Bank's payroll services business.

(2) See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 16.

People's United Financial, Inc.
FINANCIAL HIGHLIGHTS - Continued

(dollars in millions)	As of and for the Three Months Ended				
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Financial Condition Data:					
Total assets	\$ 40,610	\$ 40,692	\$ 40,150	\$ 39,264	\$ 38,947
Loans	29,745	29,368	29,038	28,511	28,411
Securities	6,738	7,046	6,785	6,732	6,449
Short-term investments	182	373	364	251	380
Allowance for loan losses	229	226	220	216	211
Goodwill and other acquisition-related intangible assets	2,142	2,070	2,076	2,079	2,088
Deposits	29,861	29,656	28,999	29,105	28,417
Borrowings	4,057	4,437	4,563	3,717	4,307
Notes and debentures	1,030	1,054	1,058	1,050	1,033
Stockholders' equity	5,142	4,862	4,830	4,791	4,732
Total risk-weighted assets (1):					
People's United Financial, Inc.	30,508	30,451	30,267	29,832	29,646
People's United Bank, N.A.	30,440	30,415	30,232	29,826	29,621
Non-performing assets (2)	167	180	182	189	182
Net loan charge-offs	4.7	2.5	5.1	6.0	6.2
Average Balances:					
Loans	\$ 29,346	\$ 29,107	\$ 28,558	\$ 28,159	\$ 27,853
Securities (3)	7,074	6,873	6,699	6,498	6,133
Short-term investments	308	361	298	348	247
Total earning assets	36,728	36,341	35,555	35,005	34,233
Total assets	40,623	40,304	39,422	38,773	37,955
Deposits	29,773	29,437	29,079	28,721	28,481
Borrowings	4,148	4,296	3,895	3,664	3,187
Notes and debentures	1,045	1,056	1,049	1,044	1,037
Total funding liabilities	34,966	34,789	34,023	33,429	32,705
Stockholders' equity	5,039	4,841	4,795	4,761	4,736
Ratios:					
Net loan charge-offs to average total loans (annualized)	0.06 %	0.04 %	0.07 %	0.09 %	0.09 %
Non-performing assets to originated loans, real estate owned and repossessed assets (2)	0.57	0.63	0.64	0.68	0.66
Originated allowance for loan losses to:					
Originated loans (2)	0.77	0.76	0.75	0.75	0.73
Originated non-performing loans (2)	150.6	142.0	135.3	123.3	127.3
Average stockholders' equity to average total assets	12.4	12.0	12.2	12.3	12.5
Stockholders' equity to total assets	12.7	11.9	12.0	12.2	12.2
Tangible common equity to tangible assets (4)	7.2	7.2	7.2	7.3	7.2
Total risk-based capital (1):					
People's United Financial, Inc.	12.5	11.5	11.5	11.5	11.7
People's United Bank, N.A.	13.4	12.8	12.8	12.9	12.6

(1) December 31, 2016 amounts and ratios are preliminary.

(2) Excludes acquired loans.

(3) Average balances for securities are based on amortized cost.

(4) See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 16.

People's United Financial, Inc.
CONSOLIDATED STATEMENTS OF CONDITION

(in millions)	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	Dec. 31, 2015
Assets				
Cash and due from banks	\$ 432.4	\$ 347.5	\$ 343.9	\$ 334.8
Short-term investments	181.7	372.8	363.9	380.5
Total cash and cash equivalents	614.1	720.3	707.8	715.3
Securities:				
Trading account securities, at fair value	6.8	6.8	6.8	6.7
Securities available for sale, at fair value	4,409.9	4,906.5	4,711.8	4,527.7
Securities held to maturity, at amortized cost	2,005.4	1,817.5	1,749.4	1,609.6
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	315.8	315.5	317.4	305.4
Total securities	6,737.9	7,046.3	6,785.4	6,449.4
Loans held for sale	39.3	46.5	61.4	34.5
Loans:				
Commercial real estate	10,247.3	10,001.7	10,011.3	10,028.8
Commercial and industrial	8,125.1	8,201.2	8,066.1	7,748.7
Equipment financing (1)	3,032.5	2,987.6	3,005.9	2,973.3
Total Commercial Portfolio	21,404.9	21,190.5	21,083.3	20,750.8
Residential mortgage	6,216.7	6,028.0	5,789.0	5,457.0
Home equity and other consumer	2,123.3	2,149.3	2,166.0	2,203.1
Total Retail Portfolio	8,340.0	8,177.3	7,955.0	7,660.1
Total loans	29,744.9	29,367.8	29,038.3	28,410.9
Less allowance for loan losses	(229.3)	(226.3)	(220.4)	(211.0)
Total loans, net	29,515.6	29,141.5	28,817.9	28,199.9
Goodwill and other acquisition-related intangible assets	2,142.0	2,070.3	2,076.1	2,087.8
Bank-owned life insurance	349.1	347.8	346.8	346.5
Premises and equipment	244.5	245.1	249.5	257.8
Other assets	967.3	1,074.3	1,105.1	855.5
Total assets	\$ 40,609.8	\$ 40,692.1	\$ 40,150.0	\$ 38,946.7
Liabilities				
Deposits:				
Non-interest-bearing	\$ 6,660.8	\$ 6,521.8	\$ 6,226.8	\$ 6,178.6
Savings	4,397.7	4,391.4	4,474.2	4,199.9
Interest-bearing checking and money market	14,260.1	14,055.5	13,566.0	13,220.8
Time	4,542.2	4,686.8	4,732.1	4,818.1
Total deposits	29,860.8	29,655.5	28,999.1	28,417.4
Borrowings:				
Federal Home Loan Bank advances	3,061.1	3,261.8	3,562.4	3,463.8
Federal funds purchased and other borrowings	652.4	844.0	680.0	374.0
Customer repurchase agreements	343.3	330.7	320.8	469.5
Total borrowings	4,056.8	4,436.5	4,563.2	4,307.3
Notes and debentures	1,030.1	1,053.9	1,058.2	1,033.1
Other liabilities	520.2	683.9	699.8	457.3
Total liabilities	35,467.9	35,829.8	35,320.3	34,215.1
Stockholders' Equity				
Preferred stock	244.1	-	-	-
Common stock	4.0	4.0	3.9	3.9
Additional paid-in capital	5,446.1	5,359.8	5,350.4	5,337.7
Retained earnings	949.3	927.3	905.8	880.8
Accumulated other comprehensive loss	(195.0)	(120.4)	(120.3)	(177.2)
Unallocated common stock of Employee Stock Ownership Plan, at cost	(144.6)	(146.4)	(148.1)	(151.8)
Treasury stock, at cost	(1,162.0)	(1,162.0)	(1,162.0)	(1,161.8)
Total stockholders' equity	5,141.9	4,862.3	4,829.7	4,731.6
Total liabilities and stockholders' equity	\$ 40,609.8	\$ 40,692.1	\$ 40,150.0	\$ 38,946.7

(1) Represents loans and leases held by People's Capital and Leasing Corp. and People's United Equipment Finance Corp.

People's United Financial, Inc.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)	Three Months Ended				
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Interest and dividend income:					
Commercial real estate	\$ 86.8	\$ 85.7	\$ 85.3	\$ 86.8	\$ 86.1
Commercial and industrial	65.0	66.9	62.8	60.3	59.6
Equipment financing (1)	31.8	32.8	33.0	33.3	33.1
Residential mortgage	47.0	45.7	43.8	43.9	43.0
Consumer	18.1	18.4	18.4	18.6	18.1
Total interest on loans	248.7	249.5	243.3	242.9	239.9
Securities	36.9	34.2	34.7	34.5	33.8
Loans held for sale	0.3	0.4	0.2	0.2	0.3
Short-term investments	0.4	0.4	0.3	0.4	0.2
Total interest and dividend income	286.3	284.5	278.5	278.0	274.2
Interest expense:					
Deposits	25.1	25.2	25.4	25.2	24.6
Borrowings	6.4	6.1	5.3	5.0	3.3
Notes and debentures	8.0	7.9	7.8	7.7	7.5
Total interest expense	39.5	39.2	38.5	37.9	35.4
Net interest income	246.8	245.3	240.0	240.1	238.8
Provision for loan losses	7.7	8.4	10.0	10.5	9.7
Net interest income after provision for loan losses	239.1	236.9	230.0	229.6	229.1
Non-interest income:					
Bank service charges	24.2	25.3	24.7	23.8	25.0
Investment management fees	14.2	11.6	11.4	11.1	10.8
Operating lease income	9.5	11.2	10.1	10.4	10.5
Commercial banking lending fees	7.2	7.1	9.2	8.1	9.2
Insurance revenue	6.8	9.8	7.0	9.3	7.5
Cash management fees	6.2	6.5	6.3	6.0	6.1
Customer interest rate swap income, net	3.8	3.7	3.6	3.3	3.6
Brokerage commissions	2.8	3.2	3.2	3.0	3.1
Net gains on sales of residential mortgage loans	2.6	1.9	0.9	0.9	1.3
Bank-owned life insurance	1.5	1.2	2.0	1.0	1.0
Net security (losses) gains	(6.0)	-	-	0.1	-
Gain on sale of business, net of expenses	-	-	-	-	9.2
Other non-interest income	11.4	9.3	7.0	5.3	6.0
Total non-interest income (2)	84.2	90.8	85.4	82.3	93.3
Non-interest expense:					
Compensation and benefits	114.0	116.1	111.4	114.1	112.0
Occupancy and equipment	37.8	37.7	37.4	37.5	37.0
Professional and outside services	16.3	17.7	16.4	17.4	17.9
Regulatory assessments	10.4	9.9	9.2	8.0	7.1
Operating lease expense	8.3	9.7	9.1	9.2	9.4
Amortization of other acquisition-related intangible assets	6.2	5.8	5.8	5.8	6.1
Other non-interest expense	24.2	24.5	23.6	25.3	27.5
Total non-interest expense (2)	217.2	221.4	212.9	217.3	217.0
Income before income tax expense	106.1	106.3	102.5	94.6	105.4
Income tax expense	30.2	32.6	34.0	31.7	34.6
Net income	75.9	73.7	68.5	62.9	70.8
Preferred stock dividend	1.8	-	-	-	-
Net income available to common shareholders	\$ 74.1	\$ 73.7	\$ 68.5	\$ 62.9	\$ 70.8
Basic and diluted earnings per common share	\$ 0.24	\$ 0.24	\$ 0.23	\$ 0.21	\$ 0.23

(1) Represents loans and leases held by People's Capital and Leasing Corp. and People's United Equipment Finance Corp.

(2) Total non-interest income includes \$9.2 million of non-operating income for the three months ended December 31, 2015. Total non-interest expense includes \$1.6 million, \$3.1 million and \$3.8 million of non-operating expenses for the three months ended December 31, 2016, September 30, 2016 and December 31, 2015, respectively. See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 16.

People's United Financial, Inc.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)	Twelve Months Ended	
	December 31,	
	2016	2015
Interest and dividend income:		
Commercial real estate	\$ 344.6	\$ 343.5
Commercial and industrial	255.0	234.8
Equipment financing (1)	130.9	129.6
Residential mortgage	180.4	165.4
Consumer	73.5	72.3
Total interest on loans	984.4	945.6
Securities	140.3	121.5
Loans held for sale	1.1	1.3
Short-term investments	1.5	0.5
Total interest and dividend income	1,127.3	1,068.9
Interest expense:		
Deposits	100.9	95.5
Borrowings	22.8	11.5
Notes and debentures	31.4	29.8
Total interest expense	155.1	136.8
Net interest income	972.2	932.1
Provision for loan losses	36.6	33.4
Net interest income after provision for loan losses	935.6	898.7
Non-interest income:		
Bank service charges	98.0	100.7
Investment management fees	48.3	43.7
Operating lease income	41.2	42.3
Insurance revenue	32.9	30.7
Commercial banking lending fees	31.6	42.6
Cash management fees	25.0	24.5
Customer interest rate swap income, net	14.4	14.5
Brokerage commissions	12.2	12.6
Net gains on sales of residential mortgage loans	6.3	5.5
Bank-owned life insurance	5.7	4.6
Net security losses	(5.9)	-
Gain on sale of business, net of expenses	-	9.2
Net gains on sales of acquired loans	-	1.7
Other non-interest income	33.0	19.8
Total non-interest income (2)	342.7	352.4
Non-interest expense:		
Compensation and benefits	455.6	449.5
Occupancy and equipment	150.4	149.5
Professional and outside services	67.8	68.0
Regulatory assessments	37.5	35.1
Operating lease expense	36.3	37.1
Amortization of other acquisition-related intangible assets	23.6	23.9
Other non-interest expense	97.6	97.5
Total non-interest expense (2)	868.8	860.6
Income before income tax expense	409.5	390.5
Income tax expense	128.5	130.4
Net income	281.0	260.1
Preferred stock dividend	1.8	-
Net income available to common shareholders	\$ 279.2	\$ 260.1
Basic and diluted earnings per common share	\$ 0.92	\$ 0.86

(1) Represents loans and leases held by People's Capital and Leasing Corp. and People's United Equipment Finance Corp.

(2) Total non-interest income includes \$9.2 million of non-operating income for the twelve months ended December 31, 2015. Total non-interest expense includes \$4.7 million and \$12.9 million of non-operating expenses for the twelve months ended December 31, 2016 and 2015, respectively. See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 16.

People's United Financial, Inc.
AVERAGE BALANCE SHEET, INTEREST AND YIELD/RATE ANALYSIS (1)

Three months ended (dollars in millions)	December 31, 2016			September 30, 2016			December 31, 2015		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:									
Short-term investments	\$ 307.9	\$ 0.4	0.44%	\$ 361.0	\$ 0.4	0.47%	\$ 247.1	\$ 0.2	0.21%
Securities (2)	7,073.5	42.1	2.38	6,872.5	38.9	2.26	6,133.1	37.7	2.46
Loans:									
Commercial real estate	10,079.4	86.8	3.44	9,978.8	85.7	3.44	9,911.1	86.1	3.48
Commercial and industrial	8,023.3	68.2	3.40	8,053.2	71.1	3.53	7,426.5	62.2	3.35
Equipment financing	2,971.4	31.8	4.29	2,984.7	32.8	4.39	2,874.3	33.1	4.61
Residential mortgage	6,136.2	47.3	3.09	5,935.3	46.1	3.11	5,440.6	43.3	3.17
Home equity and other consumer	2,135.9	18.1	3.39	2,155.4	18.4	3.41	2,200.7	18.1	3.31
Total loans	29,346.2	252.2	3.44	29,107.4	254.1	3.49	27,853.2	242.8	3.49
Total earning assets	36,727.6	\$294.7	3.21%	36,340.9	\$293.4	3.23%	34,233.4	\$280.7	3.28%
Other assets	3,895.4			3,963.1			3,721.8		
Total assets	\$ 40,623.0			\$ 40,304.0			\$ 37,955.2		
Liabilities and stockholders' equity:									
Deposits:									
Non-interest-bearing	\$ 6,524.5	\$ -	- %	\$ 6,325.3	\$ -	- %	\$ 6,049.3	\$ -	- %
Savings, interest-bearing checking and money market	18,614.5	14.1	0.30	18,356.6	13.3	0.29	17,453.7	11.6	0.27
Time	4,634.4	11.0	0.95	4,755.1	11.9	1.00	4,977.6	13.0	1.05
Total deposits	29,773.4	25.1	0.34	29,437.0	25.2	0.34	28,480.6	24.6	0.35
Borrowings:									
Federal Home Loan Bank advances	3,028.8	5.1	0.67	3,306.7	5.1	0.62	2,353.8	2.8	0.47
Federal funds purchased and other borrowings	790.3	1.1	0.54	674.1	0.9	0.51	398.5	0.3	0.23
Customer repurchase agreements	328.8	0.2	0.20	314.8	0.1	0.19	434.9	0.2	0.20
Total borrowings	4,147.9	6.4	0.61	4,295.6	6.1	0.57	3,187.2	3.3	0.40
Notes and debentures	1,045.0	8.0	3.08	1,056.4	7.9	2.97	1,037.6	7.5	2.90
Total funding liabilities	34,966.3	\$ 39.5	0.45%	34,789.0	\$ 39.2	0.45%	32,705.4	\$ 35.4	0.43%
Other liabilities	617.4			674.5			513.8		
Total liabilities	35,583.7			35,463.5			33,219.2		
Stockholders' equity	5,039.3			4,840.5			4,736.0		
Total liabilities and stockholders' equity	\$ 40,623.0			\$ 40,304.0			\$ 37,955.2		
Net interest income/spread (3)		\$255.2	2.76%		\$254.2	2.78%		\$245.3	2.85%
Net interest margin			2.78%			2.80%			2.87%

(1) Average yields earned and rates paid are annualized.

(2) Average balances and yields for securities are based on amortized cost.

(3) The fully taxable equivalent adjustment was \$8.4 million, \$8.9 million and \$6.5 million for the three months ended December 31, 2016, September 30, 2016 and December 31, 2015, respectively.

People's United Financial, Inc.
AVERAGE BALANCE SHEET, INTEREST AND YIELD/RATE ANALYSIS

Twelve months ended (dollars in millions)	December 31, 2016			December 31, 2015		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:						
Short-term investments	\$ 328.7	\$ 1.5	0.45%	\$ 247.8	\$ 0.5	0.20%
Securities (1)	6,786.7	158.8	2.34	5,731.5	135.7	2.37
Loans:						
Commercial real estate	10,013.3	344.6	3.44	9,643.9	343.5	3.56
Commercial and industrial	7,821.8	268.8	3.44	7,357.8	245.8	3.34
Equipment financing	2,972.3	130.9	4.40	2,831.7	129.6	4.58
Residential mortgage	5,824.1	181.5	3.12	5,222.4	166.7	3.19
Home equity and other consumer	2,163.8	73.5	3.40	2,193.1	72.3	3.30
Total loans	28,795.3	999.3	3.47	27,248.9	957.9	3.52
Total earning assets	35,910.7	\$ 1,159.6	3.23%	33,228.2	\$ 1,094.1	3.29%
Other assets	3,873.6			3,698.7		
Total assets	\$ 39,784.3			\$ 36,926.9		
Liabilities and stockholders' equity:						
Deposits:						
Non-interest-bearing	\$ 6,236.1	\$ -	- %	\$ 5,801.9	\$ -	- %
Savings, interest-bearing checking and money market	18,258.2	53.0	0.29	16,489.3	43.5	0.26
Time	4,760.4	47.9	1.01	5,241.4	52.0	0.99
Total deposits	29,254.7	100.9	0.34	27,532.6	95.5	0.35
Borrowings:						
Federal Home Loan Bank advances	3,093.7	19.2	0.62	2,306.6	9.8	0.42
Federal funds purchased and other borrowings	570.9	2.9	0.50	464.2	0.9	0.19
Customer repurchase agreements	337.2	0.7	0.19	411.0	0.8	0.19
Total borrowings	4,001.8	22.8	0.57	3,181.8	11.5	0.34
Notes and debentures	1,048.5	31.4	3.00	1,033.4	29.8	2.88
Total funding liabilities	34,305.0	\$ 155.1	0.45%	31,747.8	\$ 136.8	0.43%
Other liabilities	619.9			481.8		
Total liabilities	34,924.9			32,229.6		
Stockholders' equity	4,859.4			4,697.3		
Total liabilities and stockholders' equity	\$ 39,784.3			\$ 36,926.9		
Net interest income/spread (2)		\$ 1,004.5	2.78%		\$ 957.3	2.86%
Net interest margin			2.80%			2.88%

(1) Average balances and yields for securities are based on amortized cost.

(2) The fully taxable equivalent adjustment was \$32.3 million and \$25.2 million for the years ended December 31, 2016 and 2015, respectively.

People's United Financial, Inc.

Loans acquired in connection with business combinations are initially recorded at fair value, determined based upon an estimate of expected cash flows, including a reduction for estimated credit losses, and without carryover of the respective portfolio's historical allowance for loan losses. A decrease in expected cash flows in subsequent periods may indicate that a loan is impaired, which would require the establishment of an allowance for loan losses. As such, selected asset quality metrics have been highlighted to distinguish between the 'originated' portfolio and the 'acquired' portfolio.

NON-PERFORMING ASSETS

(dollars in millions)	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Originated non-performing loans:					
Commercial:					
Commercial real estate	\$ 22.3	\$ 23.4	\$ 35.4	\$ 35.9	\$ 30.2
Commercial and industrial	41.5	40.0	34.7	41.5	44.9
Equipment financing	39.4	46.0	40.0	41.1	27.5
Total	103.2	109.4	110.1	118.5	102.6
Retail:					
Residential mortgage	27.4	28.2	29.9	31.1	37.2
Home equity	17.4	16.5	17.4	18.9	19.5
Other consumer	-	-	-	-	0.1
Total	44.8	44.7	47.3	50.0	56.8
Total originated non-performing loans (1)	148.0	154.1	157.4	168.5	159.4
REO:					
Commercial	4.0	11.2	3.3	5.4	5.5
Residential	8.1	7.9	9.7	8.2	7.1
Total REO	12.1	19.1	13.0	13.6	12.6
Repossessed assets	7.2	6.9	11.6	7.3	9.5
Total non-performing assets	\$ 167.3	\$ 180.1	\$ 182.0	\$ 189.4	\$ 181.5
Acquired non-performing loans (contractual amount) (2)	\$ 24.7	\$ 24.6	\$ 25.5	\$ 27.4	\$ 30.0
Originated non-performing loans as a percentage of originated loans	0.51 %	0.54 %	0.56 %	0.61 %	0.58 %
Non-performing assets as a percentage of:					
Originated loans, REO and repossessed assets	0.57	0.63	0.64	0.68	0.66
Tangible stockholders' equity and originated allowance for loan losses	5.19	5.98	6.14	6.49	6.38

(1) Reported net of government guarantees totaling \$13.1 million at December 31, 2016, \$13.0 million at September 30, 2016, \$15.8 million at June 30, 2016, \$16.2 million at March 31, 2016 and \$16.9 million at December 31, 2015.

(2) Represents acquired loans that meet People's United Financial's definition of a non-performing loan but are not, under the accounting model for acquired loans, subject to classification as non-accrual in the same manner as originated loans. Because acquired loans are initially recorded at an amount estimated to be collectible, losses on such loans, when incurred, are first applied against the non-accretable difference established in purchase accounting and then to any allowance for loan losses recognized subsequent to acquisition.

People's United Financial, Inc.

PROVISION AND ALLOWANCE FOR LOAN LOSSES

(dollars in millions)	Three Months Ended				
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Allowance for loan losses on originated loans:					
Balance at beginning of period	\$ 219.0	\$ 213.0	\$ 207.6	\$ 202.9	\$ 198.1
Charge-offs	(4.7)	(3.8)	(6.1)	(7.4)	(7.8)
Recoveries	1.0	1.4	1.0	1.7	1.6
Net loan charge-offs	(3.7)	(2.4)	(5.1)	(5.7)	(6.2)
Provision for loan losses	7.7	8.4	10.5	10.4	11.0
Balance at end of period	223.0	219.0	213.0	207.6	202.9
Allowance for loan losses on acquired loans:					
Balance at beginning of period	7.3	7.4	7.9	8.1	9.4
Charge-offs	(1.0)	(0.1)	-	(0.3)	-
Provision for loan losses	-	-	(0.5)	0.1	(1.3)
Balance at end of period	6.3	7.3	7.4	7.9	8.1
Total allowance for loan losses	\$ 229.3	\$ 226.3	\$ 220.4	\$ 215.5	\$ 211.0
Commercial originated allowance for loan loss as a percentage of originated commercial loans	0.95 %	0.94 %	0.92 %	0.92 %	0.90 %
Retail originated allowance for loan losses as a percentage of originated retail loans	0.30	0.30	0.30	0.30	0.28
Total originated allowance for loan losses as a percentage of:					
Originated loans	0.77	0.76	0.75	0.75	0.73
Originated non-performing loans	150.6	142.0	135.3	123.3	127.3

NET LOAN CHARGE-OFFS (RECOVERIES)

(dollars in millions)	Three Months Ended				
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Commercial:					
Commercial real estate	\$ 0.9	\$ 0.2	\$ (0.1)	\$ 0.7	\$ (0.1)
Commercial and industrial	1.1	0.4	1.1	2.2	3.5
Equipment financing	1.3	1.3	2.1	1.6	1.4
Total	3.3	1.9	3.1	4.5	4.8
Retail:					
Residential mortgage	-	0.4	0.7	-	0.1
Home equity	1.3	0.1	1.2	1.4	1.1
Other consumer	0.1	0.1	0.1	0.1	0.2
Total	1.4	0.6	2.0	1.5	1.4
Total net loan charge-offs	\$ 4.7	\$ 2.5	\$ 5.1	\$ 6.0	\$ 6.2
Net loan charge-offs to average total loans (annualized)	0.06 %	0.04 %	0.07 %	0.09 %	0.09 %

People's United Financial, Inc.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP

In addition to evaluating People's United Financial Inc. ("People's United") results of operations in accordance with U.S. generally accepted accounting principles ("GAAP"), management routinely supplements its evaluation with an analysis of certain non-GAAP financial measures, such as the efficiency and tangible common equity ratios, tangible book value per share and operating earnings metrics. Management believes these non-GAAP financial measures provide information useful to investors in understanding People's United's underlying operating performance and trends, and facilitates comparisons with the performance of other financial institutions. Further, the efficiency ratio and operating earnings metrics are used by management in its assessment of financial performance, including non-interest expense control, while the tangible common equity ratio and tangible book value per share are used to analyze the relative strength of People's United's capital position.

The efficiency ratio, which represents an approximate measure of the cost required by People's United to generate a dollar of revenue, is the ratio of (i) total non-interest expense (excluding operating lease expense, goodwill impairment charges, amortization of other acquisition-related intangible assets, losses on real estate assets and non-recurring expenses, which are also excluded in arriving at operating non-interest expense) (the numerator) to (ii) net interest income on a fully taxable equivalent ("FTE") basis plus total non-interest income (including the FTE adjustment on bank-owned life insurance ("BOLI") income, the netting of operating lease expense and excluding gains and losses on sales of assets other than residential mortgage loans and acquired loans, and non-recurring income) (the denominator). People's United generally considers an item of income or expense to be non-recurring if it is not similar to an item of income or expense of a type incurred within the last two years and is not similar to an item of income or expense of a type reasonably expected to be incurred within the following two years.

Operating earnings exclude from net income available to common shareholders those items that management considers to be of such a non-recurring or infrequent nature that, by excluding such items (net of income taxes), People's United's results can be measured and assessed on a more consistent basis from period to period. Items excluded from operating earnings, which include, but are not limited to: (i) non-recurring gains/losses; (ii) merger-related expenses, including acquisition integration and other costs; (iii) writedowns of banking house assets and related lease termination costs; (iv) severance-related costs; and (v) charges related to executive-level management separation costs, are generally also excluded when calculating the efficiency ratio. Effective with the quarter ended March 31, 2016, recurring writedowns of banking house assets and certain severance-related costs are no longer considered to be non-operating expenses. Operating earnings per common share is derived by determining the per share impact of the respective adjustments to arrive at operating earnings and adding (subtracting) such amounts to (from) earnings per common share, as reported. Operating return on average assets is calculated by dividing operating earnings (annualized) by average total assets. Operating return on average tangible common equity is calculated by dividing operating earnings (annualized) by average tangible common equity. The operating dividend payout ratio is calculated by dividing dividends paid by operating earnings for the respective period.

The tangible common equity ratio is the ratio of (i) tangible common equity (total stockholders' equity less preferred stock, goodwill and other acquisition-related intangible assets) (the numerator) to (ii) tangible assets (total assets less goodwill and other acquisition-related intangible assets) (the denominator). Tangible book value per share is calculated by dividing tangible common equity by common shares (total common shares issued, less common shares classified as treasury shares and unallocated Employee Stock Ownership Plan ("ESOP") common shares).

In light of diversity in presentation among financial institutions, the methodologies used by People's United for determining the non-GAAP financial measures discussed above may differ from those used by other financial institutions.

People's United Financial, Inc.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP - Continued

EFFICIENCY RATIO AND OPERATING NON-INTEREST EXPENSE

(dollars in millions)	Three Months Ended					Twelve Months Ended	
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Total non-interest expense	\$ 217.2	\$ 221.4	\$ 212.9	\$ 217.3	\$ 217.0	\$ 868.8	\$ 860.6
Adjustments to arrive at operating non-interest expense:							
Merger-related expenses	(0.9)	(3.1)	-	-	-	(4.0)	-
Acquisition integration and other costs	(0.7)	-	-	-	-	(0.7)	-
Writedowns of banking house assets	-	-	-	-	(2.5)	-	(10.5)
Severance-related costs	-	-	-	-	(1.3)	-	(2.4)
Total	(1.6)	(3.1)	n/a	n/a	(3.8)	(4.7)	(12.9)
Operating non-interest expense	215.6	218.3	n/a	n/a	213.2	864.1	847.7
Operating lease expense	(8.3)	(9.7)	(9.1)	(9.2)	(9.4)	(36.3)	(37.1)
Amortization of other acquisition-related intangible assets	(6.2)	(5.8)	(5.8)	(5.8)	(6.1)	(23.6)	(23.9)
Other (1)	(0.6)	(1.8)	(1.8)	(1.5)	(2.2)	(5.7)	(7.8)
Total non-interest expense for efficiency ratio	\$ 200.5	\$ 201.0	\$ 196.2	\$ 200.8	\$ 195.5	\$ 798.5	\$ 778.9
Net interest income (FTE basis)	\$ 255.2	\$ 254.2	\$ 247.7	\$ 247.4	\$ 245.3	\$ 1,004.5	\$ 957.3
Total non-interest income	84.2	90.8	85.4	82.3	93.3	342.7	352.4
Total revenues	339.4	345.0	333.1	329.7	338.6	1,347.2	1,309.7
Adjustments:							
Operating lease expense	(8.3)	(9.7)	(9.1)	(9.2)	(9.4)	(36.3)	(37.1)
BOLI FTE adjustment	0.7	0.6	1.0	0.5	0.5	2.8	2.4
Net security losses (gains)	6.0	-	-	(0.1)	-	5.9	-
Gain on sale of business, net of expenses	-	-	-	-	(9.2)	-	(9.2)
Other (2)	0.2	(0.3)	-	(0.7)	-	(0.8)	(0.1)
Total revenues for efficiency ratio	\$ 338.0	\$ 335.6	\$ 325.0	\$ 320.2	\$ 320.5	\$ 1,318.8	\$ 1,265.7
Efficiency ratio	59.3%	59.9%	60.4%	62.7%	61.0%	60.5%	61.5%

n/a For the three months ended June 30, 2016 and March 31, 2016, no expenses were considered to be non-operating expenses.

Accordingly, operating metrics were not applicable.

- (1) Items classified as "other" and deducted from non-interest expense for purposes of calculating the efficiency ratio include, as applicable, certain franchise taxes, real estate owned expenses, contract termination costs and non-recurring expenses.
- (2) Items classified as "other" and added to (deducted from) total revenues for purposes of calculating the efficiency ratio include, as applicable, asset write-offs and gains associated with the sale of branch locations.

People's United Financial, Inc.
NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP - Continued

OPERATING EARNINGS

	Three Months Ended					Twelve Months Ended	
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
(dollars in millions, except per share data)							
Net income available to common shareholders	\$ 74.1	\$ 73.7	\$ 68.5	\$ 62.9	\$ 70.8	\$ 279.2	\$ 260.1
Adjustments to arrive at operating earnings:							
Merger-related expenses	0.9	3.1	-	-	-	4.0	-
Acquisition integration and other costs	0.7	-	-	-	-	0.7	-
Writedowns of banking house assets	-	-	-	-	2.5	-	10.5
Severance-related costs	-	-	-	-	1.3	-	2.4
Gain on sale of business, net of expenses	-	-	-	-	(9.2)	-	(9.2)
Total pre-tax adjustments	1.6	3.1	n/a	n/a	(5.4)	4.7	3.7
Tax effect	(0.6)	(1.0)	n/a	n/a	1.8	(1.6)	(1.3)
Total adjustments, net of tax	1.0	2.1	n/a	n/a	(3.6)	3.1	2.4
Operating earnings	\$ 75.1	\$ 75.8	n/a	n/a	\$ 67.2	\$ 282.3	\$ 262.5
Earnings per common share, as reported	\$ 0.24	\$ 0.24	\$ 0.23	\$ 0.21	\$ 0.23	\$ 0.92	\$ 0.86
Adjustments to arrive at operating earnings per common share:							
Merger-related expenses	-	0.01	-	-	-	0.01	-
Acquisition integration and other costs	-	-	-	-	-	-	-
Writedowns of banking house assets	-	-	-	-	0.01	-	0.03
Severance-related costs	-	-	-	-	-	-	-
Gain on sale of business, net of expenses	-	-	-	-	(0.02)	-	(0.02)
Total adjustments per share	-	0.01	n/a	n/a	(0.01)	0.01	0.01
Operating earnings per common share	\$ 0.24	\$ 0.25	n/a	n/a	\$ 0.22	\$ 0.93	\$ 0.87
Average total assets	\$40,623	\$40,304	\$39,422	\$38,773	\$37,955	\$39,784	\$36,894
Operating return on average assets (annualized)	0.74%	0.75%	n/a	n/a	0.71%	0.71%	0.71%

OPERATING RETURN ON AVERAGE TANGIBLE COMMON EQUITY

	Three Months Ended					Twelve Months Ended	
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
(dollars in millions)							
Operating earnings	\$ 75.1	\$ 75.8	n/a	n/a	\$ 67.2	\$ 282.3	\$ 262.5
Average stockholders' equity	\$ 5,039	\$ 4,841	\$ 4,795	\$ 4,761	\$ 4,736	\$ 4,859	\$ 4,697
Less: Average preferred stock	165	-	-	-	-	41	-
Average common equity	4,874	4,841	4,795	4,761	4,736	4,818	4,697
Less: Average goodwill and average other acquisition-related intangible assets	2,094	2,073	2,079	2,085	2,092	2,083	2,094
Average tangible common equity	\$ 2,780	\$ 2,768	\$ 2,716	\$ 2,676	\$ 2,644	\$ 2,735	\$ 2,603
Operating return on average tangible common equity (annualized)	10.8%	11.0%	n/a	n/a	10.2%	10.3%	10.1%

OPERATING DIVIDEND PAYOUT RATIO

	Three Months Ended					Twelve Months Ended	
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
(dollars in millions)							
Dividends paid	\$ 51.7	\$ 51.7	\$ 51.7	\$ 50.6	\$ 50.6	\$ 205.7	\$ 201.2
Operating earnings	\$ 75.1	\$ 75.8	n/a	n/a	\$ 67.2	\$ 282.3	\$ 262.5
Operating dividend payout ratio	68.8%	68.2%	n/a	n/a	75.3%	72.9%	76.6%

n/a For the three months ended June 30, 2016 and March 31, 2016, no expenses were considered to be non-operating expenses. Accordingly, operating metrics were not applicable.

People's United Financial, Inc.**NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP - Continued****TANGIBLE COMMON EQUITY RATIO**

(dollars in millions)	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Total stockholders' equity	\$ 5,142	\$ 4,862	\$ 4,830	\$ 4,791	\$ 4,732
Less: Preferred stock	244	-	-	-	-
Common equity	4,898	4,862	4,830	4,791	4,732
Less: Goodwill and other acquisition-related intangible assets	2,142	2,070	2,076	2,079	2,088
Tangible common equity	\$ 2,756	\$ 2,792	\$ 2,754	\$ 2,712	\$ 2,644
Total assets	\$40,610	\$40,692	\$40,150	\$39,264	\$38,947
Less: Goodwill and other acquisition-related intangible assets	2,142	2,070	2,076	2,079	2,088
Tangible assets	\$38,468	\$38,622	\$38,074	\$37,185	\$36,859
Tangible common equity ratio	7.2%	7.2%	7.2%	7.3%	7.2%

TANGIBLE BOOK VALUE PER SHARE

(in millions, except per share data)	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015
Tangible common equity	\$ 2,756	\$ 2,792	\$ 2,754	\$ 2,712	\$ 2,644
Common shares issued	405.00	400.13	399.74	399.54	399.24
Less: Shares classified as treasury shares	89.06	89.05	89.05	89.04	89.06
Unallocated ESOP shares	6.97	7.06	7.14	7.23	7.32
Common shares	308.97	304.02	303.55	303.27	302.86
Tangible book value per share	\$ 8.92	\$ 9.18	\$ 9.07	\$ 8.94	\$ 8.73