

People's United Financial, Inc.

FINANCIAL HIGHLIGHTS

People's United Financial completed its acquisition of United Financial Bancorp, Inc. effective November 1, 2019. Accordingly, United Financial's results of operations are included beginning with the effective date, and prior period results have not been restated to include United Financial.

(dollars in millions, except per common share data)	Three Months Ended				
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Earnings Data:	\$ 390.3	\$ 356.0	\$ 355.4	\$ 340.0	\$ 339.5
Net interest income	382.7	348.7	348.1	332.8	332.6
Provision for loan losses	7.3	7.8	7.6	5.6	9.9
Non-interest income (1)	124.2	106.0	106.3	94.6	88.7
Non-interest expense (1)	325.7	281.4	278.4	277.2	262.7
Income before income tax expense	173.9	165.5	168.4	144.6	148.7
Net income	137.5	135.1	133.2	114.6	132.9
Net income available to common shareholders (1)	134.0	131.6	129.7	111.1	129.4
Selected Statistical Data:					
Net interest margin (2)	3.14 %	3.12 %	3.12 %	3.20 %	3.17 %
Return on average assets (1), (2)	0.98	1.05	1.04	0.96	1.11
Return on average common equity (2)	7.2	7.7	7.7	7.0	8.3
Return on average tangible common equity (1), (2)	12.8	14.0	14.1	13.0	14.9
Efficiency ratio (1)	53.7	56.8	55.8	57.3	55.1
Common Share Data:					
Earnings per common share:					
Basic	\$ 0.31	\$ 0.34	\$ 0.33	\$ 0.30	\$ 0.35
Diluted (1)	0.31	0.33	0.33	0.30	0.35
Dividends paid per common share	0.1775	0.1775	0.1775	0.1750	0.1750
Common dividend payout ratio (1)	52.2 %	53.1 %	53.8 %	58.6 %	50.3 %
Book value per common share (end of period)	\$ 17.60	\$ 17.54	\$ 17.34	\$ 17.13	\$ 16.95
Tangible book value per common share (end of period) (1)	10.12	9.74	9.51	9.35	9.23
Stock price:					
High	17.22	17.10	17.66	18.03	17.46
Low	14.73	13.81	15.24	14.25	13.66
Close (end of period)	16.90	15.64	16.78	16.44	14.43
Common shares (end of period) (in millions)	437.74	392.57	392.24	372.18	371.02
Weighted average diluted common shares (in millions)	424.98	394.45	394.57	374.09	372.83

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

(2) Annualized.

People's United Financial, Inc.
FINANCIAL HIGHLIGHTS

People's United Financial completed its acquisition of United Financial Bancorp, Inc. effective November 1, 2019. Accordingly, United Financial's results of operations are included beginning with the effective date, and prior period results have not been restated to include United Financial.

(dollars in millions, except per common share data)	Twelve Months Ended	
	December 31,	
	2019	2018
Earnings Data:		
Net interest income (fully taxable equivalent)	\$ 1,441.7	\$ 1,262.4
Net interest income	1,412.3	1,236.0
Provision for loan losses	28.3	30.0
Non-interest income (1)	431.1	366.4
Non-interest expense (1)	1,162.7	996.1
Income before income tax expense	652.4	576.3
Net income	520.4	468.1
Net income available to common shareholders (1)	506.3	454.0
Selected Statistical Data:		
Net interest margin	3.14 %	3.12 %
Return on average assets (1)	1.01	1.04
Return on average common equity	7.4	7.8
Return on average tangible common equity (1)	13.4	14.3
Efficiency ratio (1)	55.8	57.4
Common Share Data:		
Earnings per common share:		
Basic	\$ 1.28	\$ 1.30
Diluted (1)	1.27	1.29
Dividends paid per common share	0.7075	0.6975
Common dividend payout ratio (1)	54.3 %	53.7 %
Book value per common share (end of period)	\$ 17.60	\$ 16.95
Tangible book value per common share (end of period) (1)	10.12	9.23
Stock price:		
High	18.03	20.26
Low	13.81	13.66
Close (end of period)	16.90	14.43
Common shares (end of period) (in millions)	437.74	371.02
Weighted average diluted common shares (in millions)	397.15	351.66

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

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

People's United Financial completed its acquisition of United Financial Bancorp, Inc. effective November 1, 2019. Accordingly, United Financial's results of operations are included beginning with the effective date, and prior period results have not been restated to include United Financial.

(dollars in millions)	As of and for the Three Months Ended				
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Financial Condition Data:					
Total assets	\$ 58,590	\$ 52,072	\$ 51,622	\$ 48,092	\$ 47,877
Loans	43,596	38,781	38,557	35,515	35,241
Securities	7,790	7,135	7,086	7,176	7,233
Short-term investments	317	158	275	106	266
Allowance for loan losses	247	246	244	241	240
Goodwill and other acquisition-related intangible assets	3,275	3,065	3,073	2,897	2,866
Deposits	43,590	38,574	39,467	36,901	36,159
Borrowings	5,155	4,629	3,400	2,860	3,593
Notes and debentures	993	916	912	902	896
Stockholders' equity	7,947	7,131	7,046	6,621	6,534
Total risk-weighted assets (1):					
People's United Financial, Inc.	45,243	39,779	39,026	36,466	35,910
People's United Bank, N.A.	45,210	39,727	38,976	36,447	35,875
Non-performing assets (2)	180	182	179	167	186
Net loan charge-offs	6.7	5.8	4.5	5.1	7.5
Average Balances:					
Loans	\$ 42,006	\$ 38,317	\$ 38,229	\$ 35,046	\$ 35,016
Securities (3)	7,372	7,041	7,147	7,311	7,479
Short-term investments	294	219	214	203	292
Total earning assets	49,673	45,577	45,591	42,560	42,786
Total assets	56,130	51,524	51,088	47,800	47,721
Deposits	42,195	38,657	39,211	36,450	35,959
Borrowings	4,146	3,855	3,146	2,937	3,456
Notes and debentures	974	914	904	896	886
Total funding liabilities	47,314	43,427	43,261	40,284	40,302
Stockholders' equity	7,654	7,079	6,978	6,562	6,515
Ratios:					
Net loan charge-offs to average total loans (annualized)	0.06 %	0.06 %	0.05 %	0.06 %	0.09 %
Non-performing assets to originated loans, real estate owned and repossessed assets (2)	0.55	0.56	0.56	0.54	0.61
Originated allowance for loan losses to:					
Originated loans (2)	0.75	0.75	0.76	0.76	0.77
Originated non-performing loans (2)	156.4	156.0	146.0	157.0	140.9
Average stockholders' equity to average total assets	13.6	13.7	13.7	13.7	13.7
Stockholders' equity to total assets	13.6	13.7	13.6	13.8	13.6
Tangible common equity to tangible assets (4)	8.0	7.8	7.7	7.7	7.6
Total risk-based capital (1):					
People's United Financial, Inc.	12.0	12.0	12.0	12.4	12.5
People's United Bank, N.A.	12.1	12.2	12.4	12.9	13.2

(1) December 31, 2019 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, 2019	Sept. 30, 2019	June 30, 2019	Dec. 31, 2018
Assets				
Cash and due from banks	\$ 484.2	\$ 635.2	\$ 505.9	\$ 665.7
Short-term investments	316.8	157.8	274.8	266.3
Securities:				
Trading debt securities, at fair value	7.1	9.3	9.3	8.4
Equity securities, at fair value	8.2	7.8	8.5	8.1
Debt securities available-for-sale, at fair value	3,564.3	2,978.7	2,971.2	3,121.0
Debt securities held-to-maturity, at amortized cost	3,869.2	3,805.4	3,807.5	3,792.3
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	341.1	334.0	289.4	303.4
Total securities	7,789.9	7,135.2	7,085.9	7,233.2
Loans held-for-sale	511.3	24.8	17.4	19.5
Loans:				
Commercial real estate	14,762.3	12,186.9	12,230.7	11,649.6
Commercial and industrial	11,041.6	10,545.9	10,121.8	9,088.9
Equipment financing	4,910.4	4,735.6	4,611.0	4,339.2
Total Commercial Portfolio	30,714.3	27,468.4	26,963.5	25,077.7
Residential mortgage	10,318.1	9,308.7	9,532.6	8,154.2
Home equity and other consumer	2,563.7	2,004.3	2,060.6	2,009.5
Total Retail Portfolio	12,881.8	11,313.0	11,593.2	10,163.7
Total loans	43,596.1	38,781.4	38,556.7	35,241.4
Less allowance for loan losses	(246.6)	(246.0)	(244.0)	(240.4)
Total loans, net	43,349.5	38,535.4	38,312.7	35,001.0
Goodwill and other acquisition-related intangible assets	3,274.6	3,064.9	3,072.9	2,865.7
Bank-owned life insurance	705.0	505.6	504.4	467.0
Premises and equipment, net	305.5	258.5	261.0	267.3
Other assets	1,853.0	1,754.4	1,587.5	1,091.6
Total assets	\$ 58,589.8	\$ 52,071.8	\$ 51,622.5	\$ 47,877.3
Liabilities				
Deposits:				
Non-interest-bearing	\$ 9,803.7	\$ 9,129.3	\$ 8,747.2	\$ 8,543.0
Savings	4,987.7	4,616.6	4,847.4	4,116.5
Interest-bearing checking and money market	19,592.6	16,727.2	17,424.8	16,583.3
Time	9,205.5	8,100.4	8,447.9	6,916.2
Total deposits	43,589.5	38,573.5	39,467.3	36,159.0
Borrowings:				
Federal Home Loan Bank advances	3,125.4	2,948.5	2,054.4	2,404.5
Federal funds purchased	1,620.0	1,365.0	1,110.0	845.0
Customer repurchase agreements	409.1	315.6	235.2	332.9
Other borrowings	-	-	-	11.0
Total borrowings	5,154.5	4,629.1	3,399.6	3,593.4
Notes and debentures	993.1	915.7	911.5	895.8
Other liabilities	905.5	822.8	797.9	695.2
Total liabilities	50,642.6	44,941.1	44,576.3	41,343.4
Stockholders' Equity				
Preferred stock	244.1	244.1	244.1	244.1
Common stock	5.3	4.9	4.9	4.7
Additional paid-in capital	7,639.4	6,901.5	6,890.7	6,549.3
Retained earnings	1,512.8	1,449.3	1,388.1	1,284.8
Unallocated common stock of Employee Stock Ownership Plan, at cost	(122.9)	(124.7)	(126.5)	(130.1)
Accumulated other comprehensive loss	(166.9)	(182.3)	(193.0)	(256.8)
Treasury stock, at cost	(1,164.6)	(1,162.1)	(1,162.1)	(1,162.1)
Total stockholders' equity	7,947.2	7,130.7	7,046.2	6,533.9
Total liabilities and stockholders' equity	\$ 58,589.8	\$ 52,071.8	\$ 51,622.5	\$ 47,877.3

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

(in millions, except per common share data)	Three Months Ended				
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Interest and dividend income:					
Commercial real estate	\$ 147.2	\$ 136.6	\$ 139.9	\$ 132.7	\$ 130.2
Commercial and industrial	114.9	113.4	111.4	103.9	100.1
Equipment financing	66.7	65.3	62.8	59.0	56.7
Residential mortgage	88.2	84.7	85.5	70.7	70.2
Home equity and other consumer	30.8	24.7	25.7	24.9	24.4
Total interest on loans	447.8	424.7	425.3	391.2	381.6
Securities	47.8	44.7	46.2	47.8	48.5
Short-term investments	1.0	1.3	1.2	1.3	1.4
Loans held-for-sale	0.3	0.2	0.1	0.2	0.3
Total interest and dividend income	496.9	470.9	472.8	440.5	431.8
Interest expense:					
Deposits	86.9	92.2	96.6	81.2	70.6
Borrowings	18.5	21.5	19.3	17.7	20.0
Notes and debentures	8.8	8.5	8.8	8.8	8.6
Total interest expense	114.2	122.2	124.7	107.7	99.2
Net interest income	382.7	348.7	348.1	332.8	332.6
Provision for loan losses	7.3	7.8	7.6	5.6	9.9
Net interest income after provision for loan losses	375.4	340.9	340.5	327.2	322.7
Non-interest income:					
Bank service charges	28.9	27.0	26.4	25.2	26.9
Investment management fees	16.7	17.3	17.1	16.5	16.4
Commercial banking lending fees	12.9	11.8	10.2	7.8	9.6
Operating lease income	12.8	13.0	12.7	12.7	12.0
Customer interest rate swap income, net	8.9	5.6	7.6	3.0	6.3
Insurance revenue	7.5	10.3	8.7	10.5	6.7
Cash management fees	7.1	7.3	7.2	6.8	6.6
Brokerage commissions	2.6	2.6	2.6	2.8	3.3
Net security gains (losses) (1)	0.1	-	0.1	-	(10.0)
Other non-interest income (1)	26.7	11.1	13.7	9.3	10.9
Total non-interest income	124.2	106.0	106.3	94.6	88.7
Non-interest expense:					
Compensation and benefits	171.4	158.1	161.3	155.4	151.5
Occupancy and equipment	52.2	45.0	44.4	44.3	44.6
Professional and outside services	29.6	23.7	24.9	20.0	21.4
Amortization of other acquisition-related intangible assets	9.8	8.0	8.0	6.7	6.9
Operating lease expense	9.6	9.9	9.9	9.4	9.8
Regulatory assessments	7.3	5.3	6.5	7.0	7.4
Other non-interest expense	45.8	31.4	23.4	34.4	21.1
Total non-interest expense (1)	325.7	281.4	278.4	277.2	262.7
Income before income tax expense	173.9	165.5	168.4	144.6	148.7
Income tax expense (1)	36.4	30.4	35.2	30.0	15.8
Net income	137.5	135.1	133.2	114.6	132.9
Preferred stock dividend	3.5	3.5	3.5	3.5	3.5
Net income available to common shareholders	\$ 134.0	\$ 131.6	\$ 129.7	\$ 111.1	\$ 129.4
Earnings per common share:					
Basic	\$ 0.31	\$ 0.34	\$ 0.33	\$ 0.30	\$ 0.35
Diluted	0.31	0.33	0.33	0.30	0.35

(1) Includes \$10.0 million of security losses for the three months ended December 31, 2018, which are considered non-operating, incurred in response to a tax reform-related benefit recognized in the period. Other non-interest income includes \$7.6 million of non-operating income for the three months ended December 31, 2019. Total non-interest expense includes \$39.1 million, \$5.0 million, \$6.5 million, \$15.0 million and \$8.0 million of non-operating expenses for the three months ended December, 31 2019, September 30, 2019, June 30, 2019, March 31, 2019 and December 31, 2018, respectively. Income tax expense for the three months ended December 31, 2018 includes a \$9.2 million benefit recognized in connection with tax reform, which is considered non-operating. 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 common share data)	Twelve Months Ended	
	December 31,	
	2019	2018
Interest and dividend income:		
Commercial real estate	\$ 556.4	\$ 463.4
Commercial and industrial	443.6	365.7
Equipment financing	253.8	212.3
Residential mortgage	329.1	236.2
Home equity and other consumer	106.1	88.6
Total interest on loans	1,689.0	1,366.2
Securities	186.5	184.2
Short-term investments	4.8	5.0
Loans held for sale	0.8	0.9
Total interest and dividend income	1,881.1	1,556.3
Interest expense:		
Deposits	356.9	216.1
Borrowings	77.0	70.9
Notes and debentures	34.9	33.3
Total interest expense	468.8	320.3
Net interest income	1,412.3	1,236.0
Provision for loan losses	28.3	30.0
Net interest income after provision for loan losses	1,384.0	1,206.0
Non-interest income:		
Bank service charges	107.5	99.9
Investment management fees	67.6	68.7
Operating lease income	51.2	44.9
Commercial banking lending fees	42.7	37.3
Insurance revenue	37.0	34.6
Cash management fees	28.4	27.1
Customer interest rate swap income, net	25.1	14.6
Brokerage commissions	10.6	12.8
Net security gains (losses) (1)	0.2	(9.8)
Other non-interest income (1)	60.8	36.3
Total non-interest income	431.1	366.4
Non-interest expense:		
Compensation and benefits	646.2	562.9
Occupancy and equipment	185.9	168.2
Professional and outside services	98.2	77.6
Operating lease expense	38.8	36.4
Amortization of other acquisition-related intangible assets	32.5	21.8
Regulatory assessments	26.1	37.9
Other non-interest expense	135.0	91.3
Total non-interest expense (1)	1,162.7	996.1
Income before income tax expense	652.4	576.3
Income tax expense (1)	132.0	108.2
Net income	520.4	468.1
Preferred stock dividend	14.1	14.1
Net income available to common shareholders	\$ 506.3	\$ 454.0
Earnings per common share:		
Basic	\$ 1.28	\$ 1.30
Diluted	1.27	1.29

(1) Includes \$10.0 million of security losses for the twelve months ended December 31, 2018, which are considered non-operating, incurred in response to a tax reform-related benefit recognized in the period. Other non-interest income includes \$7.6 million of non-operating income for the twelve months ended December 31, 2019. Total non-interest expense includes \$65.6 million and \$11.4 million of non-operating expenses for the twelve months ended December 31, 2019 and 2018, respectively. Income tax expense for the twelve months ended December 31, 2018 includes a \$9.2 million benefit recognized in connection with tax reform, which is considered non-operating. 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, 2019			September 30, 2019			December 31, 2018		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:									
Short-term investments	\$ 294.4	\$ 1.0	1.39%	\$ 218.7	\$ 1.3	2.33%	\$ 291.6	\$ 1.4	2.02%
Securities (2)	7,372.2	52.6	2.85	7,041.3	49.4	2.80	7,478.7	52.9	2.83
Loans:									
Commercial real estate	13,793.2	147.2	4.27	12,194.8	136.6	4.48	11,688.1	130.2	4.45
Commercial and industrial	10,805.1	117.7	4.36	10,059.2	116.0	4.61	8,880.3	102.6	4.62
Equipment financing	4,785.0	66.7	5.58	4,640.6	65.3	5.63	4,243.2	56.7	5.34
Residential mortgage	10,019.0	88.5	3.53	9,392.7	84.9	3.62	8,165.4	70.5	3.46
Home equity and other consumer	2,603.8	30.8	4.72	2,029.2	24.7	4.88	2,038.5	24.4	4.80
Total loans	42,006.1	450.9	4.29	38,316.5	427.5	4.46	35,015.5	384.4	4.39
Total earning assets	49,672.7	\$ 504.5	4.06%	45,576.5	\$ 478.2	4.20%	42,785.8	\$ 438.7	4.10%
Other assets	6,457.2			5,947.8			4,935.3		
Total assets	\$ 56,129.9			\$ 51,524.3			\$ 47,721.1		
Liabilities and stockholders' equity:									
Deposits:									
Non-interest-bearing	\$ 9,593.6	\$ -	- %	\$ 8,777.3	\$ -	- %	\$ 8,576.4	\$ -	- %
Savings, interest-bearing checking and money market	23,674.3	49.7	0.84	21,758.5	53.4	0.98	20,621.7	41.7	0.81
Time	8,926.8	37.2	1.67	8,121.6	38.8	1.91	6,761.1	28.9	1.71
Total deposits	42,194.7	86.9	0.82	38,657.4	92.2	0.95	35,959.2	70.6	0.79
Borrowings:									
Federal Home Loan Bank advances	2,287.7	11.4	1.99	2,363.0	14.1	2.39	2,371.9	14.9	2.51
Federal funds purchased	1,489.3	6.4	1.73	1,202.3	6.8	2.26	761.4	4.5	2.38
Customer repurchase agreements	369.2	0.7	0.73	290.1	0.6	0.86	285.1	0.4	0.56
Other borrowings	-	-	-	-	-	-	37.5	0.2	2.26
Total borrowings	4,146.2	18.5	1.78	3,855.4	21.5	2.23	3,455.9	20.0	2.32
Notes and debentures	973.5	8.8	3.61	913.8	8.5	3.73	886.4	8.6	3.90
Total funding liabilities	47,314.4	\$ 114.2	0.96%	43,426.6	\$ 122.2	1.13%	40,301.5	\$ 99.2	0.99%
Other liabilities	1,161.3			1,019.1			904.2		
Total liabilities	48,475.7			44,445.7			41,205.7		
Stockholders' equity	7,654.2			7,078.6			6,515.4		
Total liabilities and stockholders' equity	\$ 56,129.9			\$ 51,524.3			\$ 47,721.1		
Net interest income/spread (3)		\$ 390.3	3.10%		\$ 356.0	3.07%		\$ 339.5	3.11%
Net interest margin			3.14%			3.12%			3.17%

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

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

(2) The fully taxable equivalent adjustment was \$7.6 million, \$7.3 million and \$6.9 million for the three months ended December 31, 2019, September 30, 2019 and December 31, 2018, respectively.

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

Twelve months ended (dollars in millions)	December 31, 2019			December 31, 2018		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:						
Short-term investments	\$ 232.7	\$ 4.8	2.06%	\$ 278.9	\$ 5.0	1.81%
Securities (1)	7,217.5	205.2	2.84	7,343.7	200.9	2.74
Loans:						
Commercial real estate	12,480.1	556.4	4.46	11,017.7	463.4	4.21
Commercial and industrial	9,874.7	454.3	4.60	8,611.7	375.4	4.36
Equipment financing	4,574.9	253.8	5.55	4,040.8	212.3	5.25
Residential mortgage	9,314.8	329.9	3.54	7,188.6	237.1	3.30
Home equity and other consumer	2,174.0	106.1	4.88	1,995.6	88.6	4.44
Total loans	38,418.5	1,700.5	4.43	32,854.4	1,376.8	4.19
Total earning assets	45,868.7	\$ 1,910.5	4.17%	40,477.0	\$ 1,582.7	3.91%
Other assets	5,789.3			4,552.7		
Total assets	\$ 51,658.0			\$ 45,029.7		
Liabilities and stockholders' equity:						
Deposits:						
Non-interest-bearing	\$ 8,822.9	\$ -	- %	\$ 8,069.8	\$ -	- %
Savings, interest-bearing checking and money market	22,204.1	209.3	0.94	19,630.1	127.4	0.65
Time	8,115.7	147.6	1.82	5,901.4	88.7	1.50
Total deposits	39,142.7	356.9	0.91	33,601.3	216.1	0.64
Borrowings:						
Federal Home Loan Bank advances	2,098.0	50.1	2.39	2,653.6	54.5	2.05
Federal funds purchased	1,127.5	24.6	2.18	682.2	13.6	2.00
Customer repurchase agreements	296.6	2.2	0.75	252.7	1.0	0.40
Other borrowings	3.3	0.1	1.87	104.5	1.8	1.66
Total borrowings	3,525.4	77.0	2.18	3,693.0	70.9	1.92
Notes and debentures	922.1	34.9	3.78	889.8	33.3	3.75
Total funding liabilities	43,590.2	\$ 468.8	1.08%	38,184.1	\$ 320.3	0.84%
Other liabilities	996.5			808.4		
Total liabilities	44,586.7			38,992.5		
Stockholders' equity	7,071.3			6,037.2		
Total liabilities and stockholders' equity	\$ 51,658.0			\$ 45,029.7		
Net interest income/spread (2)		\$ 1,441.7	3.09%		\$ 1,262.4	3.07%
Net interest margin			3.14%			3.12%

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

(3) The fully taxable equivalent adjustment was \$29.4 million and \$26.4 million for the twelve months ended December 31, 2019 and 2018, respectively.

People's United Financial, Inc.

Loans acquired in a business combination are initially recorded at fair value with no carryover of an acquired entity's previous established allowance for loan losses. Accordingly, 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, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Originated non-performing loans:					
Commercial:					
Commercial real estate	\$ 29.8	\$ 25.1	\$ 23.2	\$ 33.6	\$ 33.5
Commercial and industrial	32.1	37.7	45.4	30.3	38.0
Equipment financing	46.2	41.5	42.7	37.5	42.0
Total	108.1	104.3	111.3	101.4	113.5
Retail:					
Residential mortgage	36.3	36.6	38.4	35.4	38.9
Home equity	12.6	14.3	14.7	14.1	15.3
Other consumer	-	0.1	-	-	-
Total	48.9	51.0	53.1	49.5	54.2
Total originated non-performing loans (1)	157.0	155.3	164.4	150.9	167.7
REO:					
Residential	11.9	12.3	8.1	6.9	5.5
Commercial	7.3	7.7	0.6	4.1	8.7
Total REO	19.2	20.0	8.7	11.0	14.2
Reposessed assets	4.2	6.3	5.7	5.6	3.9
Total non-performing assets	\$ 180.4	\$ 181.6	\$ 178.8	\$ 167.5	\$ 185.8
Acquired non-performing loans (contractual amount)	\$ 67.1	\$ 21.1	\$ 34.1	\$ 42.6	\$ 50.1
Originated non-performing loans as a percentage of originated loans	0.48 %	0.48 %	0.52 %	0.49 %	0.55 %
Non-performing assets as a percentage of:					
Originated loans, REO and reposessed assets	0.55	0.56	0.56	0.54	0.61
Tangible stockholders' equity and originated allowance for loan losses	3.67	4.21	4.24	4.23	4.76

(1) Reported net of government guarantees totaling \$1.3 million at December 31, 2019, \$1.4 million at September 30, 2019, \$1.6 million at June 30, 2019, \$1.4 million at March 31, 2019 and \$1.9 million at December 31, 2018.

People's United Financial, Inc.

PROVISION AND ALLOWANCE FOR LOAN LOSSES

(dollars in millions)	Three Months Ended				
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Allowance for loan losses on originated loans:					
Balance at beginning of period	\$ 242.3	\$ 240.1	\$ 236.9	\$ 236.3	\$ 233.9
Charge-offs	(7.2)	(6.8)	(4.4)	(5.6)	(7.3)
Recoveries	1.6	2.1	2.2	2.2	1.3
Net loan charge-offs	(5.6)	(4.7)	(2.2)	(3.4)	(6.0)
Provision for loan losses	8.8	6.9	5.4	4.0	8.4
Balance at end of period	245.5	242.3	240.1	236.9	236.3
Allowance for loan losses on acquired loans:					
Balance at beginning of period	3.7	3.9	4.0	4.1	4.1
Charge-offs	(1.3)	(1.4)	(2.9)	(1.9)	(1.8)
Recoveries	0.2	0.3	0.6	0.2	0.3
Net loan charge-offs	(1.1)	(1.1)	(2.3)	(1.7)	(1.5)
Provision for loan losses	(1.5)	0.9	2.2	1.6	1.5
Balance at end of period	1.1	3.7	3.9	4.0	4.1
Total allowance for loan losses	\$ 246.6	\$ 246.0	\$ 244.0	\$ 240.9	\$ 240.4
Originated commercial allowance for loan losses as a percentage of originated commercial loans	0.89 %	0.89 %	0.91 %	0.91 %	0.93 %
Originated retail allowance for loan losses as a percentage of originated retail loans	0.35	0.35	0.34	0.37	0.36
Total originated allowance for loan losses as a percentage of:					
Originated loans	0.75	0.75	0.76	0.76	0.77
Originated non-performing loans	156.4	156.0	146.0	157.0	140.9

NET LOAN CHARGE-OFFS (RECOVERIES)

(dollars in millions)	Three Months Ended				
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Commercial:					
Commercial real estate	\$ (0.1)	\$ (0.2)	\$ 0.1	\$ 1.1	\$ 1.4
Commercial and industrial	2.3	1.6	0.2	1.7	1.4
Equipment financing	4.2	4.2	3.9	2.2	4.4
Total	6.4	5.6	4.2	5.0	7.2
Retail:					
Residential mortgage	(0.2)	-	0.1	0.1	-
Home equity	0.3	-	-	(0.2)	0.1
Other consumer	0.2	0.2	0.2	0.2	0.2
Total	0.3	0.2	0.3	0.1	0.3
Total net loan charge-offs	\$ 6.7	\$ 5.8	\$ 4.5	\$ 5.1	\$ 7.5
Net loan charge-offs to average total loans (annualized)	0.06 %	0.06 %	0.05 %	0.06 %	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 common 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 common 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) (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. Operating earnings per common share ("EPS") is derived by determining the per common share impact of the respective adjustments to arrive at operating earnings and adding (subtracting) such amounts to (from) diluted EPS, 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 common dividend payout ratio is calculated by dividing common 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 common 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

OPERATING NON-INTEREST EXPENSE AND EFFICIENCY RATIO

(dollars in millions)	Three Months Ended				Twelve Months Ended		
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Total non-interest expense	\$ 325.7	\$ 281.4	\$ 278.4	\$ 277.2	\$ 262.7	\$ 1,162.7	\$ 996.1
Adjustments to arrive at operating non-interest expense:							
Merger-related expenses	(22.6)	(5.0)	(6.5)	(15.0)	(8.0)	(49.1)	(11.4)
Intangible asset write off	(16.5)	-	-	-	-	(16.5)	-
Total	(39.1)	(5.0)	(6.5)	(15.0)	(8.0)	(65.6)	(11.4)
Operating non-interest expense	286.6	276.4	271.9	262.2	254.7	1,097.1	984.7
Operating lease expense	(9.6)	(9.9)	(9.9)	(9.4)	(9.8)	(38.8)	(36.4)
Amortization of other acquisition-related intangible assets	(9.8)	(8.0)	(8.0)	(6.7)	(6.9)	(32.5)	(21.8)
Other (1)	(1.6)	(1.4)	(1.4)	(1.8)	(1.6)	(6.2)	(6.4)
Total non-interest expense for efficiency ratio	\$ 265.6	\$ 257.1	\$ 252.6	\$ 244.3	\$ 236.4	\$ 1,019.6	\$ 920.1
Net interest income (FTE basis)	\$ 390.3	\$ 356.0	\$ 355.4	\$ 340.0	\$ 339.5	\$ 1,441.7	\$ 1,262.4
Total non-interest income	124.2	106.0	106.3	94.6	88.7	431.1	366.4
Total revenues	514.5	462.0	461.7	434.6	428.2	1,872.8	1,628.8
Adjustments:							
Operating lease expense	(9.6)	(9.9)	(9.9)	(9.4)	(9.8)	(38.8)	(36.4)
Gain on sale of branches, net of expenses	(7.6)	-	-	-	-	(7.6)	-
BOLI FTE adjustment	0.7	0.5	0.7	0.6	0.5	2.5	9.8
Net security (gains) losses	(0.1)	-	(0.1)	-	10.0	(0.2)	1.9
Other (2)	(3.2)	0.1	-	0.3	-	(2.8)	-
Total revenues for efficiency ratio	\$ 494.7	\$ 452.7	\$ 452.4	\$ 426.1	\$ 428.9	\$ 1,825.9	\$ 1,604.1
Efficiency ratio	53.7%	56.8%	55.8%	57.3%	55.1%	55.8%	57.4%

(1) Items classified as "other" and deducted from non-interest expense for purposes of calculating the efficiency ratio include certain franchise taxes and real estate owned expenses.

(2) Items classified as "other" and (deducted from) added to total revenues for purposes of calculating the efficiency ratio include, as applicable, asset write-offs and gains/losses associated with the sale of branch locations.

People's United Financial, Inc.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP - Continued

OPERATING EARNINGS

(dollars in millions, except per common share data)	Three Months Ended				Twelve Months Ended		
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Dec. 31, 2019 (3)	Dec. 31, 2018
Net income available to common shareholders	\$ 134.0	\$ 131.6	\$ 129.7	\$ 111.1	\$ 129.4	\$ 506.3	\$ 454.0
Adjustments to arrive at operating earnings:							
Gain on sale of branches, net of expenses	(7.6)	-	-	-	-	(7.6)	-
Merger-related expenses	22.6	5.0	6.5	15.0	8.0	49.1	11.4
Intangible asset write off	16.5	-	-	-	-	16.5	-
Security losses associated with tax reform (1)	-	-	-	-	10.0	-	10.0
Total pre-tax adjustments	31.5	5.0	6.5	15.0	18.0	58.0	21.4
Tax effect (2)	(6.7)	(1.1)	(1.4)	(3.1)	(13.2)	(12.2)	(14.0)
Total adjustments, net of tax	24.8	3.9	5.1	11.9	4.8	45.8	7.4
Operating earnings	\$ 158.8	\$ 135.5	\$ 134.8	\$ 123.0	\$ 134.2	\$ 552.1	\$ 461.4
Diluted EPS, as reported	\$ 0.31	\$ 0.33	\$ 0.33	\$ 0.30	\$ 0.35	\$ 1.27	\$ 1.29
Adjustments to arrive at operating EPS:							
Gain on sale of branches, net of expenses	(0.01)	-	-	-	-	(0.01)	-
Merger-related expenses	0.04	0.01	0.01	0.03	0.01	0.10	0.02
Intangible asset write off	0.03	-	-	-	-	0.03	-
Security losses associated with tax reform	-	-	-	-	0.02	-	0.02
Tax benefit associated with tax reform	-	-	-	-	(0.02)	-	(0.02)
Total adjustments per common share	0.06	0.01	0.01	0.03	0.01	0.12	0.02
Operating EPS	\$ 0.37	\$ 0.34	\$ 0.34	\$ 0.33	\$ 0.36	\$ 1.39	\$ 1.31
Average total assets	\$56,130	\$51,524	\$51,088	\$47,800	\$ 47,721	\$51,658	\$ 45,030
Operating return on average assets (annualized)	1.13%	1.05%	1.06%	1.03%	1.12%	1.07%	1.02%

(1) Security losses incurred as a tax planning strategy in response to a tax reform-related benefit are considered non-operating.

(2) Includes a \$9.2 million benefit recognized in connection with tax reform for the three and twelve months ended December 31, 2018.

(3) The sum of the quarterly amounts for certain line items do not equal the full-year amount due to rounding.

OPERATING RETURN ON AVERAGE TANGIBLE COMMON EQUITY

(dollars in millions)	Three Months Ended				Twelve Months Ended		
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Operating earnings	\$ 158.8	\$ 135.5	\$ 134.8	\$ 123.0	\$ 134.2	\$ 552.1	\$ 461.4
Average stockholders' equity	\$ 7,654	\$ 7,079	\$ 6,978	\$ 6,562	\$ 6,515	\$ 7,071	\$ 6,037
Less: Average preferred stock	244	244	244	244	244	244	244
Average common equity	7,410	6,835	6,734	6,318	6,271	6,827	5,793
Less: Average goodwill and average other acquisition-related intangible assets	3,226	3,069	3,043	2,900	2,807	3,060	2,623
Average tangible common equity	\$ 4,184	\$ 3,766	\$ 3,691	\$ 3,418	\$ 3,464	\$ 3,767	\$ 3,170
Operating return on average tangible common equity (annualized)	15.2%	14.4%	14.6%	14.4%	15.5%	14.7%	14.6%

People's United Financial, Inc.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP - Continued

OPERATING COMMON DIVIDEND PAYOUT RATIO

(dollars in millions)	Three Months Ended				Twelve Months Ended		
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Common dividends paid	\$ 69.9	\$ 69.9	\$ 69.8	\$ 65.2	\$ 65.1	\$ 274.8	\$ 243.8
Operating earnings	\$ 158.8	\$ 135.5	\$ 134.8	\$ 123.0	\$ 134.2	\$ 552.1	\$ 461.4
Operating common dividend payout ratio	44.0%	51.6%	51.8%	53.0%	48.5%	49.8%	52.8%

TANGIBLE COMMON EQUITY RATIO

(dollars in millions)	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Total stockholders' equity	\$ 7,947	\$ 7,131	\$ 7,046	\$ 6,621	\$ 6,534
Less: Preferred stock	244	244	244	244	244
Common equity	7,703	6,887	6,802	6,377	6,290
Less: Goodwill and other acquisition-related intangible assets	3,275	3,065	3,073	2,896	2,866
Tangible common equity	\$ 4,428	\$ 3,822	\$ 3,730	\$ 3,481	\$ 3,424
Total assets	\$58,590	\$52,072	\$51,622	\$48,092	\$47,877
Less: Goodwill and other acquisition-related intangible assets	3,275	3,065	3,073	2,896	2,866
Tangible assets	\$55,315	\$49,007	\$48,549	\$45,196	\$45,011
Tangible common equity ratio	8.0%	7.8%	7.7%	7.7%	7.6%

TANGIBLE BOOK VALUE PER COMMON SHARE

(in millions, except per common share data)	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Tangible common equity	\$ 4,428	\$ 3,822	\$ 3,730	\$ 3,481	\$ 3,424
Common shares issued	532.83	487.59	487.35	467.38	466.32
Less: Shares classified as treasury shares	89.17	89.01	89.01	89.01	89.03
Unallocated ESOP shares	5.92	6.01	6.10	6.19	6.27
Common shares	437.74	392.57	392.24	372.18	371.02
Tangible book value per common share	\$ 10.12	\$ 9.74	\$ 9.51	\$ 9.35	\$ 9.23