

People's United Financial, Inc.
FINANCIAL HIGHLIGHTS

(dollars in millions, except per share data)	Three Months Ended				
	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Earnings Data:					
Net interest income (fully taxable equivalent)	\$ 247.4	\$ 245.3	\$ 241.1	\$ 237.0	\$ 233.9
Net interest income	240.1	238.8	234.8	230.4	228.1
Provision for loan losses	10.5	9.7	6.2	7.7	9.8
Non-interest income (1)	82.3	93.3	87.1	83.0	89.0
Non-interest expense	217.3	217.0	214.2	211.8	217.6
Operating non-interest expense (2)	n/a	213.2	214.1	208.8	211.6
Income before income tax expense	94.6	105.4	101.5	93.9	89.7
Net income	62.9	70.8	68.4	61.7	59.2
Operating earnings (2)	n/a	67.2	68.4	63.7	63.2

Selected Statistical Data:

Net interest margin (3)	2.83 %	2.87 %	2.87 %	2.88 %	2.91 %
Return on average assets (3)	0.65	0.75	0.73	0.67	0.66
Operating return on average assets (2), (3)	n/a	0.71	0.73	0.70	0.71
Return on average tangible assets (3)	0.69	0.79	0.78	0.71	0.70
Return on average stockholders' equity (3)	5.3	6.0	5.8	5.3	5.1
Return on average tangible stockholders' equity (3)	9.4	10.7	10.5	9.5	9.2
Operating return on average tangible stockholders' equity (2), (3)	n/a	10.2	10.5	9.8	9.9
Efficiency ratio (2)	62.7	61.0	61.7	61.6	61.9

Common Share Data:

Basic and diluted earnings per share	\$ 0.21	\$ 0.23	\$ 0.23	\$ 0.20	\$ 0.20
Operating earnings per share (2)	n/a	0.22	0.23	0.21	0.21
Dividends paid per share	0.1675	0.1675	0.1675	0.1675	0.165
Dividend payout ratio	80.6 %	71.5 %	73.9 %	81.8 %	83.7 %
Operating dividend payout ratio (2)	n/a	75.3	73.9	79.2	78.3
Book value per share (end of period)	\$ 15.80	\$ 15.62	\$ 15.64	\$ 15.51	\$ 15.55
Tangible book value per share (end of period) (2)	8.94	8.73	8.75	8.59	8.58
Stock price:					
High	16.27	16.93	16.95	16.64	15.45
Low	13.62	15.00	14.69	14.92	13.97
Close (end of period)	15.93	16.15	15.73	16.21	15.20
Common shares (end of period) (in millions)	303.27	302.86	302.39	302.11	301.18
Weighted average diluted common shares (in millions)	301.86	301.38	301.00	300.09	299.15

- (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) Effective with the quarter ended March 31, 2016, certain expenses are no longer considered to be non-operating expenses. Accordingly, operating metrics are not applicable. See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 13.
- (3) Annualized.

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

(dollars in millions)	As of and for the Three Months Ended				
	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Financial Condition Data:					
Total assets (1)	\$ 39,181	\$ 38,872	\$ 37,472	\$ 37,177	\$ 36,401
Loans	28,511	28,411	27,672	27,562	26,929
Securities	6,732	6,449	5,921	5,756	5,577
Short-term investments (2)	251	380	245	196	250
Allowance for loan losses	216	211	208	205	201
Goodwill and other acquisition-related intangible assets	2,079	2,088	2,085	2,091	2,097
Deposits	29,106	28,417	28,280	27,435	27,150
Borrowings	3,717	4,307	2,997	3,563	3,143
Notes and debentures (1)	1,050	1,033	1,039	1,024	1,036
Stockholders' equity	4,791	4,732	4,731	4,686	4,682
Total risk-weighted assets (3):					
People's United Financial, Inc.	29,744	29,646	28,990	28,688	28,100
People's United Bank, N.A.	29,738	29,621	28,953	28,648	28,084
Non-performing assets (4)	189	182	210	221	209
Net loan charge-offs	6.0	6.2	4.1	3.2	7.2
Average Balances:					
Loans	\$ 28,159	\$ 27,853	\$ 27,496	\$ 27,125	\$ 26,504
Securities (5)	6,498	6,133	5,880	5,577	5,325
Short-term investments (2)	348	247	245	223	276
Total earning assets	35,005	34,233	33,621	32,925	32,105
Total assets (1)	38,694	37,900	37,251	36,611	35,762
Deposits	28,721	28,481	27,810	27,236	26,579
Borrowings	3,664	3,187	3,304	3,215	3,018
Notes and debentures (1)	1,044	1,037	1,028	1,034	1,035
Total funding liabilities	33,429	32,705	32,142	31,485	30,632
Stockholders' equity	4,761	4,736	4,700	4,689	4,663
Ratios:					
Net loan charge-offs to average total loans (annualized)	0.09 %	0.09 %	0.06 %	0.05 %	0.11 %
Non-performing assets to originated loans, real estate owned and repossessed assets (4)	0.68	0.66	0.78	0.83	0.80
Originated allowance for loan losses to:					
Originated loans (4)	0.75	0.73	0.74	0.73	0.74
Originated non-performing loans (4)	123.3	127.3	108.1	102.9	107.5
Average stockholders' equity to average total assets	12.3	12.5	12.6	12.8	13.0
Stockholders' equity to total assets	12.2	12.2	12.6	12.6	12.9
Tangible stockholders' equity to tangible assets (6)	7.3	7.2	7.5	7.4	7.5
Total risk-based capital (3):					
People's United Financial, Inc.	11.6	11.7	11.8	11.8	11.9
People's United Bank, N.A.	13.0	12.6	12.8	12.9	13.1

(1) Prior period amounts have been adjusted to reflect the reclassification of debt issuance costs from total assets to notes and debentures.

(2) Includes securities purchased under agreements to resell.

(3) March 31, 2016 amounts and ratios are preliminary.

(4) Excludes acquired loans.

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

(6) See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 13.

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

(in millions)	March 31, 2016	Dec. 31, 2015	March 31, 2015
Assets			
Cash and due from banks	\$ 302.7	\$ 334.8	\$ 306.8
Short-term investments	251.0	380.5	250.0
Total cash and cash equivalents	553.7	715.3	556.8
Securities:			
Trading account securities, at fair value	6.8	6.7	8.3
Securities available for sale, at fair value	4,746.1	4,527.7	4,356.8
Securities held to maturity, at amortized cost	1,678.8	1,609.6	897.4
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	299.9	305.4	314.2
Total securities	6,731.6	6,449.4	5,576.7
Loans held for sale	31.5	34.5	49.7
Loans:			
Commercial real estate	10,046.4	10,028.8	9,470.4
Commercial and industrial	7,707.1	7,748.7	7,405.5
Equipment financing (1)	2,977.8	2,973.3	2,821.3
Residential mortgage	5,600.8	5,457.0	5,050.6
Consumer	2,178.6	2,203.1	2,181.5
Total loans	28,510.7	28,410.9	26,929.3
Less allowance for loan losses	(215.5)	(211.0)	(200.9)
Total loans, net	28,295.2	28,199.9	26,728.4
Goodwill and other acquisition-related intangible assets	2,079.0	2,087.8	2,096.6
Bank-owned life insurance	346.7	346.5	344.4
Premises and equipment	252.1	257.8	268.4
Other assets (2)	891.2	780.6	780.2
Total assets	\$ 39,181.0	\$ 38,871.8	\$ 36,401.2
Liabilities			
Deposits:			
Non-interest-bearing	\$ 6,091.4	\$ 6,178.6	\$ 5,761.9
Savings, interest-bearing checking and money market	18,134.9	17,420.7	16,086.4
Time	4,879.2	4,818.1	5,301.6
Total deposits	29,105.5	28,417.4	27,149.9
Borrowings:			
Federal Home Loan Bank advances	3,063.1	3,463.8	2,165.9
Customer repurchase agreements	351.2	469.5	496.0
Federal funds purchased	303.0	374.0	480.0
Other borrowings	-	-	1.0
Total borrowings	3,717.3	4,307.3	3,142.9
Notes and debentures (2)	1,050.4	1,033.1	1,036.2
Other liabilities	516.6	382.4	390.3
Total liabilities	34,389.8	34,140.2	31,719.3
Stockholders' Equity			
Common stock	3.9	3.9	3.9
Additional paid-in capital	5,344.3	5,337.7	5,304.2
Retained earnings	889.6	880.8	833.2
Accumulated other comprehensive loss	(134.7)	(177.2)	(140.6)
Unallocated common stock of Employee Stock Ownership Plan, at cost	(150.0)	(151.8)	(157.2)
Treasury stock, at cost	(1,161.9)	(1,161.8)	(1,161.6)
Total stockholders' equity	4,791.2	4,731.6	4,681.9
Total liabilities and stockholders' equity	\$ 39,181.0	\$ 38,871.8	\$ 36,401.2

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

(2) Prior period amounts have been adjusted to reflect the reclassification of debt issuance costs from total assets to notes and debentures.

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

(in millions, except per share data)	Three Months Ended				
	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Interest and dividend income:					
Commercial real estate	\$ 86.8	\$ 86.1	\$ 85.7	\$ 86.4	\$ 85.3
Commercial and industrial	60.3	59.6	59.3	58.7	57.2
Equipment financing (1)	33.3	33.1	33.2	31.6	31.7
Residential mortgage	43.9	43.0	41.9	40.3	40.2
Consumer	18.6	18.1	18.1	18.0	18.1
Total interest on loans	242.9	239.9	238.2	235.0	232.5
Securities	34.5	33.8	31.2	29.0	27.5
Loans held for sale	0.2	0.3	0.4	0.4	0.2
Short-term investments	0.4	0.2	0.1	0.1	0.1
Total interest and dividend income	278.0	274.2	269.9	264.5	260.3
Interest expense:					
Deposits	25.2	24.6	24.8	23.9	22.2
Borrowings	5.0	3.3	2.9	2.7	2.6
Notes and debentures	7.7	7.5	7.4	7.5	7.4
Total interest expense	37.9	35.4	35.1	34.1	32.2
Net interest income	240.1	238.8	234.8	230.4	228.1
Provision for loan losses	10.5	9.7	6.2	7.7	9.8
Net interest income after provision for loan losses	229.6	229.1	228.6	222.7	218.3
Non-interest income:					
Bank service charges	23.8	25.0	26.1	25.4	24.2
Investment management fees	11.1	10.8	10.8	11.3	10.8
Operating lease income	10.4	10.5	10.5	10.5	10.8
Insurance revenue	9.3	7.5	9.1	6.5	7.6
Commercial banking lending fees	8.1	9.2	10.3	9.8	13.3
Cash management fees	6.0	6.1	6.4	6.1	5.9
Customer interest rate swap income, net	3.3	3.6	3.4	2.2	5.3
Brokerage commissions	3.0	3.1	3.1	3.2	3.2
Net gains on sales of residential mortgage loans	0.9	1.3	1.5	2.0	0.7
Net (losses) gains on sales of acquired loans	-	-	-	(0.2)	1.9
Gain on sale of business, net of expenses	-	9.2	-	-	-
Other non-interest income	6.4	7.0	5.9	6.2	5.3
Total non-interest income (2)	82.3	93.3	87.1	83.0	89.0
Non-interest expense:					
Compensation and benefits	114.1	112.0	113.4	109.3	114.8
Occupancy and equipment	37.5	37.0	37.0	36.8	38.7
Professional and outside services	17.4	17.9	17.0	17.3	15.8
Operating lease expense	9.2	9.4	9.2	9.2	9.3
Regulatory assessments	8.0	7.1	9.5	9.2	9.3
Amortization of other acquisition-related intangible assets	5.8	6.1	5.9	6.0	5.9
Other non-interest expense	25.3	27.5	22.2	24.0	23.8
Total non-interest expense (2)	217.3	217.0	214.2	211.8	217.6
Income before income tax expense	94.6	105.4	101.5	93.9	89.7
Income tax expense	31.7	34.6	33.1	32.2	30.5
Net income	\$ 62.9	\$ 70.8	\$ 68.4	\$ 61.7	\$ 59.2
Basic and diluted earnings per common share	\$ 0.21	\$ 0.23	\$ 0.23	\$ 0.20	\$ 0.20

(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 \$3.8 million, \$0.1 million, \$3.0 million and \$6.0 million of non-operating expenses for the three months ended December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015, respectively.

See Non-GAAP Financial Measures and Reconciliation to GAAP beginning on page 13.

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

Three months ended (dollars in millions)	March 31, 2016			December 31, 2015			March 31, 2015		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:									
Short-term investments (2)	\$ 347.8	\$ 0.4	0.47%	\$ 247.1	\$ 0.2	0.21%	\$ 275.9	\$ 0.1	0.20%
Securities (3)	6,498.0	38.7	2.38	6,133.1	37.7	2.46	5,325.0	30.7	2.31
Loans:									
Commercial real estate	9,997.6	86.8	3.47	9,911.1	86.1	3.48	9,401.6	85.3	3.63
Commercial and industrial	7,478.1	63.4	3.39	7,426.5	62.2	3.35	7,063.1	59.8	3.38
Equipment financing	2,951.9	33.3	4.52	2,874.3	33.1	4.62	2,832.9	31.7	4.48
Residential mortgage	5,540.3	44.1	3.18	5,440.6	43.3	3.17	5,010.1	40.4	3.23
Consumer	2,191.7	18.6	3.40	2,200.7	18.1	3.31	2,196.4	18.1	3.30
Total loans	28,159.6	246.2	3.50	27,853.2	242.8	3.49	26,504.1	235.3	3.55
Total earning assets	35,005.4	\$285.3	3.26%	34,233.4	\$280.7	3.28%	32,105.0	\$266.1	3.32%
Other assets (4)	3,688.8			3,666.6			3,657.1		
Total assets	\$ 38,694.2			\$ 37,900.0			\$ 35,762.1		
Liabilities and stockholders' equity:									
Deposits:									
Non-interest-bearing	\$ 5,992.3	\$ -	- %	\$ 6,049.3	\$ -	- %	\$ 5,603.2	\$ -	- %
Savings, interest-bearing checking and money market	17,905.6	12.7	0.29	17,453.7	11.6	0.27	15,692.0	10.0	0.26
Time	4,823.6	12.5	1.03	4,977.6	13.0	1.05	5,284.1	12.2	0.92
Total deposits	28,721.5	25.2	0.35	28,480.6	24.6	0.35	26,579.3	22.2	0.33
Borrowings:									
Federal Home Loan Bank advances	2,880.0	4.4	0.61	2,353.8	2.8	0.47	2,058.0	2.2	0.42
Customer repurchase agreements	389.6	0.2	0.19	434.9	0.2	0.20	486.6	0.2	0.18
Federal funds purchased	394.0	0.4	0.44	398.5	0.3	0.23	472.5	0.2	0.17
Other borrowings	-	-	-	-	-	-	1.0	-	1.78
Total borrowings	3,663.6	5.0	0.54	3,187.2	3.3	0.40	3,018.1	2.6	0.34
Notes and debentures (4)	1,043.8	7.7	2.96	1,037.5	7.5	2.90	1,034.5	7.4	2.85
Total funding liabilities	33,428.9	\$ 37.9	0.45%	32,705.3	\$ 35.4	0.43%	30,631.9	\$ 32.2	0.42%
Other liabilities	504.5			458.7			467.1		
Total liabilities	33,933.4			33,164.0			31,099.0		
Stockholders' equity	4,760.8			4,736.0			4,663.1		
Total liabilities and stockholders' equity	\$ 38,694.2			\$ 37,900.0			\$ 35,762.1		
Net interest income/spread (5)		\$247.4	2.81%		\$245.3	2.85%		\$233.9	2.90%
Net interest margin			2.83%			2.87%			2.91%

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

(2) Includes securities purchased under agreements to resell.

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

(4) Prior period amounts have been adjusted to reflect the reclassification of debt issuance costs from other assets to notes and debentures.

(5) The fully taxable equivalent adjustment was \$7.3 million, \$6.5 million and \$5.8 million for the three months ended March 31, 2016, December 31, 2015 and March 31, 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)	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Originated non-performing loans:					
Commercial:					
Commercial and industrial	\$ 41.5	\$ 44.9	\$ 62.9	\$ 52.4	\$ 42.6
Equipment financing	41.1	27.5	29.4	38.3	34.9
Commercial real estate	35.9	30.2	31.8	36.5	43.3
Total	118.5	102.6	124.1	127.2	120.8
Retail:					
Residential mortgage	31.1	37.2	38.2	40.9	37.5
Home equity	18.9	19.5	21.0	21.4	19.4
Other consumer	-	0.1	-	0.1	0.1
Total	50.0	56.8	59.2	62.4	57.0
Total originated non-performing loans (1)	168.5	159.4	183.3	189.6	177.8
REO:					
Residential	8.2	7.1	10.8	14.8	16.5
Commercial	5.4	5.5	8.2	10.6	10.2
Total REO	13.6	12.6	19.0	25.4	26.7
Repossessed assets	7.3	9.5	7.3	5.5	4.3
Total non-performing assets	\$ 189.4	\$ 181.5	\$ 209.6	\$ 220.5	\$ 208.8
Acquired non-performing loans (contractual amount) (2)	\$ 27.4	\$ 30.0	\$ 38.4	\$ 41.5	\$ 74.8
Originated non-performing loans as a percentage of originated loans	0.61 %	0.58 %	0.68 %	0.71 %	0.68 %
Non-performing assets as a percentage of:					
Originated loans, REO and repossessed assets	0.68	0.66	0.78	0.83	0.80
Tangible stockholders' equity and originated allowance for loan losses	6.49	6.38	7.37	7.91	7.52

(1) Reported net of government guarantees totaling \$16.2 million at March 31, 2016, \$16.9 million at December 31, 2015, \$17.3 million at September 30, 2015, \$16.6 million at June 30, 2015 and \$17.5 million at March 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				
	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Allowance for loan losses on originated loans:					
Balance at beginning of period	\$ 202.9	\$ 198.1	\$ 195.1	\$ 191.1	\$ 188.1
Charge-offs	(7.4)	(7.8)	(6.1)	(6.0)	(8.1)
Recoveries	1.7	1.6	2.0	2.8	0.9
Net loan charge-offs	(5.7)	(6.2)	(4.1)	(3.2)	(7.2)
Provision for loan losses	10.4	11.0	7.1	7.2	10.2
Balance at end of period	207.6	202.9	198.1	195.1	191.1
Allowance for loan losses on acquired loans:					
Balance at beginning of period	8.1	9.4	10.3	9.8	10.2
Charge-offs	(0.3)	-	-	-	-
Provision for loan losses	0.1	(1.3)	(0.9)	0.5	(0.4)
Balance at end of period	7.9	8.1	9.4	10.3	9.8
Total allowance for loan losses	\$ 215.5	\$ 211.0	\$ 207.5	\$ 205.4	\$ 200.9
Commercial originated allowance for loan loss as a percentage of originated commercial loans	0.92 %	0.90 %	0.91 %	0.90 %	0.91 %
Retail originated allowance for loan losses as a percentage of originated retail loans	0.30	0.28	0.28	0.26	0.26
Total originated allowance for loan losses as a percentage of:					
Originated loans	0.75	0.73	0.74	0.73	0.74
Originated non-performing loans	123.3	127.3	108.1	102.9	107.5

NET LOAN CHARGE-OFFS (RECOVERIES)

(dollars in millions)	Three Months Ended				
	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Commercial:					
Commercial and industrial	\$ 2.2	\$ 3.5	\$ 1.4	\$ 1.4	\$ 2.1
Equipment financing	1.6	1.4	1.0	0.5	1.1
Commercial real estate	0.7	(0.1)	0.5	(0.4)	2.8
Total	4.5	4.8	2.9	1.5	6.0
Retail:					
Home equity	1.4	1.1	0.6	1.1	0.5
Other consumer	0.1	0.2	0.2	0.1	0.3
Residential mortgage	-	0.1	0.4	0.5	0.4
Total	1.5	1.4	1.2	1.7	1.2
Total net loan charge-offs	\$ 6.0	\$ 6.2	\$ 4.1	\$ 3.2	\$ 7.2
Net loan charge-offs to average total loans (annualized)	0.09 %	0.09 %	0.06 %	0.05 %	0.11 %

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 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 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 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, and excluding gains and losses on sales of assets other than residential mortgage loans and acquired loans, and non-recurring income) (the denominator). In addition, operating lease expense is excluded from total non-interest expense and netted against operating lease income within non-interest income to conform with the reporting approach applied to fee-based businesses already presented on a net basis. 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 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) writedowns of banking house assets and related lease termination costs; (iii) severance-related costs; (iv) merger-related expenses, including acquisition integration and other 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 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) GAAP earnings per share. Operating return on average assets is calculated by dividing operating earnings (annualized) by average total assets. Operating return on average tangible stockholders' equity is calculated by dividing operating earnings (annualized) by average tangible stockholders' equity. The operating dividend payout ratio is calculated by dividing dividends paid by operating earnings for the respective period.

The tangible equity ratio is the ratio of (i) tangible stockholders' equity (total stockholders' equity less 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 stockholders' 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				
	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Total non-interest expense	\$ 217.3	\$ 217.0	\$ 214.2	\$ 211.8	\$ 217.6
Adjustments to arrive at operating non-interest expense:					
Writedowns of banking house assets	-	(2.5)	-	(2.7)	(5.3)
Severance-related costs	-	(1.3)	(0.1)	(0.3)	(0.7)
Total	-	(3.8)	(0.1)	(3.0)	(6.0)
Operating non-interest expense	n/a	213.2	214.1	208.8	211.6
Operating lease expense (1)	(9.2)	(9.4)	(9.2)	(9.2)	(9.3)
Amortization of other acquisition-related intangible assets	(5.8)	(6.1)	(5.9)	(6.0)	(5.9)
Other (2)	(1.5)	(2.2)	(1.8)	(1.8)	(2.0)
Total non-interest expense for efficiency ratio	\$ 200.8	\$ 195.5	\$ 197.2	\$ 191.8	\$ 194.4
Net interest income (FTE basis)	\$ 247.4	\$ 245.3	\$ 241.1	\$ 237.0	\$ 233.9
Total non-interest income	82.3	93.3	87.1	83.0	89.0
Total revenues	329.7	338.6	328.2	320.0	322.9
Adjustments:					
Operating lease expense (1)	(9.2)	(9.4)	(9.2)	(9.2)	(9.3)
BOLI FTE adjustment	0.5	0.5	0.6	0.7	0.6
Net security gains	(0.1)	-	-	-	-
Gain on sale of business, net of expenses	-	(9.2)	-	-	-
Other (3)	(0.7)	-	(0.1)	-	-
Total revenues for efficiency ratio	\$ 320.2	\$ 320.5	\$ 319.5	\$ 311.5	\$ 314.2
Efficiency ratio	62.7%	61.0%	61.7%	61.6%	61.9%

- (1) Operating lease expense is excluded from total non-interest expense and netted against operating lease income within non-interest income to conform with the reporting approach applied to fee-based businesses already presented on a net basis.
- (2) 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.
- (3) 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

TANGIBLE EQUITY RATIO

(dollars in millions)	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Total stockholders' equity	\$ 4,791	\$ 4,732	\$ 4,731	\$ 4,686	\$ 4,682
Less: Goodwill and other acquisition-related intangible assets	2,079	2,088	2,085	2,091	2,097
Tangible stockholders' equity	\$ 2,712	\$ 2,644	\$ 2,646	\$ 2,595	\$ 2,585
Total assets	\$39,181	\$38,872	\$37,472	\$37,177	\$36,401
Less: Goodwill and other acquisition-related intangible assets	2,079	2,088	2,085	2,091	2,097
Tangible assets	\$37,102	\$36,784	\$35,387	\$35,086	\$34,304
Tangible equity ratio	7.3%	7.2%	7.5%	7.4%	7.5%

TANGIBLE BOOK VALUE PER SHARE

(in millions, except per share data)	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Tangible stockholders' equity	\$ 2,712	\$ 2,644	\$ 2,646	\$ 2,595	\$ 2,585
Common shares issued	399.54	399.24	398.84	398.66	397.81
Less: Shares classified as treasury shares	89.04	89.06	89.05	89.06	89.05
Unallocated ESOP shares	7.23	7.32	7.40	7.49	7.58
Common shares	303.27	302.86	302.39	302.11	301.18
Tangible book value per share	\$ 8.94	\$ 8.73	\$ 8.75	\$ 8.59	\$ 8.58

People's United Financial, Inc.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP - continued

OPERATING EARNINGS

	Three Months Ended			
	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
(dollars in millions, except per share data)				
Net income, as reported	\$ 70.8	\$ 68.4	\$ 61.7	\$ 59.2
Adjustments to arrive at operating earnings:				
Writedowns of banking house assets	2.5	-	2.7	5.3
Severance-related costs	1.3	0.1	0.3	0.7
Gain on sale of business, net of expenses	(9.2)	-	-	-
Total pre-tax adjustments	(5.4)	0.1	3.0	6.0
Tax effect	1.8	(0.1)	(1.0)	(2.0)
Total adjustments, net of tax	(3.6)	-	2.0	4.0
Operating earnings	\$ 67.2	\$ 68.4	\$ 63.7	\$ 63.2
Earnings per share, as reported	\$ 0.23	\$ 0.23	\$ 0.20	\$ 0.20
Adjustments to arrive at operating earnings per share:				
Writedowns of banking house assets	0.01	-	0.01	0.01
Severance-related costs	-	-	-	-
Gain on sale of business, net of expenses	(0.02)	-	-	-
Total adjustments per share	(0.01)	-	0.01	0.01
Operating earnings per share	\$ 0.22	\$ 0.23	\$ 0.21	\$ 0.21
Average total assets	\$37,900	\$37,251	\$36,611	\$35,762
Operating return on average assets (annualized)	0.71%	0.73%	0.70%	0.71%

OPERATING RETURN ON AVERAGE TANGIBLE STOCKHOLDERS' EQUITY

	Three Months Ended			
	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
(dollars in millions)				
Operating earnings	\$ 67.2	\$ 68.4	\$ 63.7	\$ 63.2
Average stockholders' equity	\$ 4,736	\$ 4,700	\$ 4,689	\$ 4,663
Less: Average goodwill and average other acquisition-related intangible assets	2,092	2,088	2,094	2,100
Average tangible stockholders' equity	\$ 2,644	\$ 2,612	\$ 2,595	\$ 2,563
Operating return on average tangible stockholders' equity (annualized)	10.2%	10.5%	9.8%	9.9%

OPERATING DIVIDEND PAYOUT RATIO

	Three Months Ended			
	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
(dollars in millions)				
Dividends paid	\$ 50.6	\$ 50.6	\$ 50.5	\$ 49.5
Operating earnings	\$ 67.2	\$ 68.4	\$ 63.7	\$ 63.2
Operating dividend payout ratio	75.3%	73.9%	79.2%	78.3%