

CHARTER
PEOPLE’S UNITED FINANCIAL, INC.
AUDIT COMMITTEE

Purpose and Authority

The Audit Committee (the “Committee”) of People’s United Financial, Inc. (together with its subsidiary People’s United Bank and its subsidiaries, the “Company”) has been appointed by its Board of Directors (the “Board”), to oversee and monitor: (i) the Company’s accounting and financial reporting processes; (ii) the Company’s internal audit function and internal controls; (iii) the annual independent audit of the Company’s consolidated financial statements by an independent registered public accounting firm (hereinafter referred to as the “independent auditor”); (iv) the Bank’s independent Loan Review function, (v) the Bank’s fiduciary trust activities, and (vi) regulatory examination follow-up. This Charter will be reviewed and approved annually.

The Committee recognizes that management is responsible for preparing the Company’s consolidated financial statements and that the audit of the financial statements is the responsibility of the independent auditor. The Committee’s role is to oversee and monitor these activities; it is not responsible for planning or conducting audits or for determining that the Company’s consolidated financial statements conform to generally accepted accounting principles. The Committee does not provide any expert assurance with respect to the Company’s consolidated financial statements or the work performed by the independent auditor. Similarly, the Committee recognizes that it is management’s responsibility to establish and maintain an adequate system of internal controls, and the Committee relies upon the internal control evaluations performed by management, the Internal Audit Department and the independent auditor in performing its oversight with respect to the adequacy of internal controls.

In exercising its responsibilities, the Committee is authorized by the Board to investigate any matter brought to its attention. It shall have full access to the books, records, facilities, and staff of the Company. The Committee shall have authority to determine the level of funding to be provided by the Company for ordinary expenses of the Committee, and shall have the authority to retain and compensate outside counsel, auditors or any other experts to assist it in fulfilling its responsibilities. It shall also have direct access to the Company’s independent auditor, Chief Auditor, Chief Accounting Officer and Senior Loan Review Officer.

Membership, Conduct of Meetings and Meeting Minutes

The Committee shall be comprised of at least three members of the Board, all of whom shall meet the independence and experience standards imposed by Section 36 of the Federal Deposit Insurance Act and its implementing regulations and guidance; the listing requirements of The NASDAQ Stock Market; and Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”) and rules and regulations of the Securities and Exchange Commission promulgated thereunder. The members of the Committee, including its Chairman, shall be appointed annually by resolution of the Board.

The Committee shall meet as often as is necessary to carry out its responsibilities, but no less frequently than on a quarterly basis. Minutes of all meetings of the Committee shall be kept and recorded and shall be provided to the entire Board at a subsequent Board meeting. The quorum for the Committee will be a majority of the members. The Committee will schedule, and hold if necessary, a private session with the Chief Executive Officer, the Chief Financial Officer, the Chief Auditor, independent external auditor and other external assurance providers, and with any other officials that the Committee may deem appropriate at each of its meetings. This Charter will be reviewed and approved annually by the Committee.

Responsibilities

The duties of the Committee are as follows:

A. Oversee and Monitor Financial Reporting

- Review the financial reports filed by the Company with governmental and regulatory agencies, including quarterly and annual reports to be filed with the Securities and Exchange Commission (the “SEC”).
- Review the Company’s annual audited financial statements with management and the independent auditor, including matters of significance with respect to accounting principles and practices, auditing standards and practices, significant accounting policies, adequacy and appropriateness of related financial statement disclosures, audit conclusions regarding significant accounting estimates, and adequacy of internal controls that could significantly affect the Company’s consolidated financial statements. This review shall occur prior to filing the annual report with the SEC.
- Meet periodically with management and the independent auditor to discuss new accounting and auditing standards that have a significant impact on the Company’s financial statements or the annual independent audit.
- Review with management and the independent auditor the Company’s unaudited quarterly financial information provided in the quarterly earnings release and in the quarterly report filed with the SEC, including the matters required to be discussed pursuant to AS No. 1301 and the status of the limited review performed by the independent auditor under AS No. 4105, *Reviews of Interim Financial Information*. The respective reviews shall occur prior to the release of quarterly earnings or filing the quarterly report with the SEC.
- Review, on a quarterly basis, the results of management’s evaluation of the adequacy of the Bank’s allowance for credit losses. This review shall consider whether the allowance is established in conformance with applicable Bank policies, generally accepted accounting principles and regulatory guidance.

B. Oversee and Monitor Internal Audit Function

- The Internal Audit Department reports directly to the Committee and its Chairman for all audit matters. The Internal Audit Department will have access to all Company records, and

perform all internal audits at the discretion of the Chief Auditor and at the direction of the Committee.

- The Chief Auditor reports functionally to the Committee and reports to the Company's Chief Executive Officer for administrative matters only. The Committee initiates and approves the appointment and replacement of the Chief Auditor; evaluates and communicates to the Chief Auditor his or her performance; and approves the Chief Auditor's base compensation, adjustments and incentive compensation.
- Annually review the Company's Internal Audit Department scope, effectiveness and capacity to fulfill its objectives. In conducting this review, the Committee shall consider the qualifications and experience level of the Chief Auditor and the internal audit staff, and request that the independent auditor review and comment to the Committee on the effectiveness and competence of the Internal Audit Department. The Committee meets separately with the Chief Auditor at least semi-annually.
- Annually, review and approve the Internal Audit Charter.
- Annually, review and approve the internal audit plan and financial budget and approve any material changes to such plans.
- Quarterly, the Chief Auditor will present the results of completed internal audit work, management responses to any audit comments, and results of corrective action taken by management for review.

C. Oversee and Monitor Internal Controls

- At least annually discuss with management, the Chief Auditor, and the independent auditor the quality and adequacy of the Company's internal controls, including the prevention or detection of management override or compromise of the internal control system. The Committee shall also review with management, the Chief Auditor, and the independent auditor, the basis for the reports required pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and regulations promulgated thereunder and Section 36 of the Federal Deposit Insurance Act and regulations promulgated thereunder, with respect to internal control over financial reporting and other matters.
- Prepare the report required by SEC Regulation S-K, Item 407(b), for inclusion in the Company's annual proxy statement.

D. Oversee and Monitor the Independent Auditor

- Oversee and monitor the annual independent audit of the Company's consolidated financial statements.
- Annually appoint the Company's independent auditor, which firm shall report to, and be ultimately accountable to, the Committee. The Committee shall have the ultimate authority and responsibility to select, compensate, oversee, evaluate and, where appropriate, replace the independent auditor, and shall be responsible for resolving

disagreements between management and the independent auditor with respect to financial reporting matters.

- Annually review and approve the Audit Plan for the Company prepared by the independent auditor, and, if necessary, review and approve any subsequent significant changes that may be required.
- Approve, in advance, the provision of any non-audit services by the independent auditor, as required by Section 10A(i) of the Exchange Act and regulations adopted thereunder.
- Obtain an annual written statement from the independent auditor delineating any relationships between the auditor and the Company and persons in a financial reporting oversight role at the Company, in accordance with professional standards and regulatory requirements applicable to auditor independence. The annual written statement shall also provide confirmation of the independent auditor's independence with respect to the Company under all relevant professional and regulatory standards. The Committee shall review this written statement and discuss with the independent auditor the impact of any such disclosed relationships and non-audit services on the objectivity and independence of the independent auditor. The Committee shall also take appropriate action to oversee the independence of the independent auditor.
- Obtain a written communication from the independent auditor concerning the matters required to be discussed by PCAOB Accounting Standard (“AS”) No. 1301, *Communications with Audit Committees*. Among other things, this discussion shall include the independent auditor's judgments about the quality and appropriateness of the accounting policies and estimates used by management in preparing the Company's consolidated financial statements. Other matters required to be communicated under AS No. 1301 are set forth below.
- In connection with the independent audit, including the communication under AS No. 1301, the Committee shall meet with the independent auditor to review and discuss:
 - all critical accounting policies and practices used by the Company;
 - all alternative accounting treatments within generally accepted accounting principles for accounting policies and practices related to material items that have been discussed with the Company's management, including ramifications of the use of the alternative treatment and the treatment preferred by the independent auditor;
 - material written communications relating to the audit, such as any management letter or schedule of unadjusted differences;
 - the independent auditor's system of audit quality control;
 - disagreements with management and management's consultation with other accountants;

- the significant results of the annual audit; and
- management's response to any audit comments.
- Report at least annually to the full Board concerning the results of the annual independent audit.
- Review recommendations made by the independent auditor with respect to internal controls.
- Annually review and approve, in advance, the independent auditor's engagement letter(s) setting forth the terms of the audit engagement, including the scope of services and related fees.
- Establish processes designed to ensure that the independent auditor complies with any requirement with respect to rotation of the lead audit engagement partner and other audit personnel imposed by virtue of Section 10A(j) of the Exchange Act and any regulations promulgated thereunder.
- Establish processes designed to ensure that the Company complies with regulations promulgated to implement the requirements of Section 10A(l) of the Exchange Act with respect to employment of former employees of an independent auditor.

E. Oversee and Monitor Independent Loan Review Function

- Annually, review and approve the Loan Review Policy.
- Annually, review and approve the Loan Review Plan and approve any material changes to such plan. Review the Loan Review function, including its scope, effectiveness and capacity to fulfill its objectives. In conducting this review, the Committee shall consider the qualifications and experience level of the Senior Loan Review Officer and Loan Review staff. The Committee shall meet separately with the Bank's Senior Loan Review Officer at least semi-annually.
- The Senior Loan Review Officer shall report functionally to the Committee and shall report to the Company's Chief Risk Officer for administrative matters only. The Committee shall initiate and approve the appointment and replacement of the Senior Loan Review Officer; evaluate and communicate to the Senior Loan Review Officer his or her performance; and approve the Senior Loan Review Officer's base compensation, adjustments and incentive compensation.
- Review reports presented by the Senior Loan Review Officer and assess the timeliness and adequacy of management's response to issues and corrective actions identified through the Loan Review process.
- Review the results of Loan Review's reviews of the loan portfolio and assess the quality of the loan portfolio, effectiveness of underwriting standards, and accuracy of management's risk rating process.

F. Oversee and Monitor Fiduciary Trust Activities

- Monitor and oversee management's implementation of the Bank's fiduciary trust risk management program and compliance with related policies.
- Oversee the activities and composition of fiduciary management-level committees.
- Approve fiduciary trust related policies, taking into consideration the conformity of such policies with the Bank's fiduciary strategy.
- Review all internally and externally prepared audits, regulatory examinations, pending and threatened litigation matters and compliance issues of the Bank's fiduciary trust activities and oversee corrective action taken by management to address such issues identified or any other matters that relate to the Bank's fiduciary trust activities as might be required, whether or not such matters have been specifically addressed in Bank policies.

G. Regulatory Oversight

- Review the results of supervisory examinations by the Federal Reserve Bank of New York, the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau and any other agency having supervisory authority over the Company and its direct and indirect subsidiaries, and monitor management's response to matters identified in such supervisory examinations. Review reports from the Chief Auditor concerning management's response to examination comments, and report as necessary to the full Board of Directors concerning the results of such examinations and the progress of management in implementing recommended corrective action.

H. Other Responsibilities

- Establish a mechanism for receipt, retention and treatment of complaints received by the Company relative to accounting, internal control or auditing matters, and also establish procedures for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters (Section 10A of the Exchange Act).