PEOPLE'S UNITED BANK, N.A.

2015 Dodd-Frank Act Stress Test (DFAST) Disclosure

June 18, 2015

1. Requirements for Dodd-Frank Stress Test

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, certain financial companies with total consolidated assets between $10 billion and $50 billion are required to conduct annual stress tests ("DFAST") to assess the potential effect of hypothetical economic scenarios on earnings and capital. Companies are also required to disclose a summary of their DFAST results. This disclosure is a summary of the People’s United Bank, N.A. (“People’s United” or the “Bank”) company-run DFAST results under the Federal Reserve’s Supervisory Severely Adverse (“Fed Severely Adverse”) scenario. DFAST covers a nine quarter planning horizon starting with actual results as of September 30, 2014. The Bank’s DFAST results were submitted to the Office of the Comptroller of the Currency on March 31, 2015.

The results of the Bank’s 2015 DFAST indicate that the Bank will have the financial resources to successfully navigate a severe and protracted economic downturn and will maintain capital levels that exceed regulatory minimums throughout the nine quarter planning period under the Federal Reserve’s Supervisory Severely Adverse Scenario.

The Bank’s disclosures of projected results, risks and assumptions are hypothetical and made in accordance with regulatory requirements. Risks and assumptions are tailored specifically to the Bank’s business mix and geographical concentrations. The stress scenario, risks and financial results disclosed in this document do not necessarily reflect the Bank’s future expectations. In addition, the results presented in this disclosure are based on regulatory standards, which may differ from U.S. Generally Accepted Accounting Principles (“GAAP”).

Effective February 23, 2015, People's United Financial, Inc. (the "Company") converted to a bank holding company simultaneously with the Bank's conversion to a national banking association. Prior to that date, the Company was a savings and loan holding company within the meaning of the Home Owners’ Loan Act and the Bank was a federally-chartered savings bank. These changes primarily affect the manner in which both the Company and the Bank are regulated, and are not expected to have a material effect on either the Company’s or the Bank’s financial condition or results of operations. Since the Company was not a bank holding company in 2014, a DFAST filing was not required on a consolidated level and accordingly, the results disclosed herein reflect stress tests conducted at the Bank.

2. About People’s United Bank, N.A.

People’s United is a national banking association headquartered in Bridgeport, Connecticut with $34.5 billion in total assets as of September 30, 2014. The principal business of People’s United is to provide commercial banking, retail banking and wealth management services to individual, corporate and municipal customers. Traditional banking activities are conducted primarily within New England and southeastern New York, and include extending secured and unsecured commercial and consumer loans, originating mortgage loans secured by residential and commercial properties, and accepting consumer, commercial and municipal deposits.

In addition to traditional banking activities, People’s United provides specialized financial services tailored to specific markets. These services include personal, institutional and employee benefit trusts, cash management, and municipal banking and finance. Through its non-banking subsidiaries, People’s United offers brokerage, financial advisory services, investment management services and life insurance through People’s Securities, Inc.; equipment financing through People’s Capital and Leasing Corp. (“PCLC”) and People’s United Equipment Finance Corp. (“PUEFC”); and other insurance services through People’s United Insurance Agency, Inc.

This full range of financial services is delivered through a network of 407 branches located in Connecticut, southeastern New York, Massachusetts, Vermont, New Hampshire and Maine, including 84 full-service Stop & Shop supermarket branches throughout Connecticut and 59 in southeastern New York that provide customers with seven-day-a-week banking. People's United's distribution network includes investment and brokerage offices, commercial banking offices, online banking and investment trading, a 24-hour telephone banking service and participation in a worldwide ATM network. PCLC and PUEFC maintain a sales presence in over 20 states to support equipment financing operations throughout the United States. The Bank maintains a mortgage warehouse lending group located in Kentucky and a national credits group that has participations in commercial loans and commercial real estate loans to borrowers in various industries on a national scale.

People's United's results of operations are largely dependent upon revenues generated through net interest income and fee-based revenues. Sources for these revenues are diversified across the Bank's three primary operating segments that represent its core businesses: Commercial Banking, Retail Banking and Wealth Management. People's United's results of operations are also significantly affected by the provision for loan losses and the level of non-interest expense. In addition, operating results are impacted by general and local economic conditions, changes in market interest rates, government policies and actions of regulatory authorities. The Bank's overall financial results are particularly dependent on economic conditions in New England and New York, which are its primary markets, although economic conditions elsewhere in the United States affect its equipment financing, mortgage warehouse lending and national credit businesses.

3. Scenario and Capital Actions

Scenario

As described below, the Fed Severely Adverse scenario features a deep and prolonged recession in global economic activity, accompanied by a large reduction in asset prices and a decline in corporate credit quality:

- Weak economy – unemployment rate reaches 10% in 2016 and the level of real GDP declines sharply to -6.1% in 1Q.2015 with a slow recovery thereafter;
- Poor corporate credit quality – corporate bond spreads increase 330 basis points to 500 basis points at their peak;
- Large reduction in asset prices – equity prices fall by approximately 60%, house prices and commercial real estate prices decline by approximately 25% and 30%, respectively;
- High oil cost - oil prices increase to approximately $110 per barrel; and
- Low interest rates - short term interest rates remain near zero and 10 year Treasury yields drop to 1% in 4Q.2014 and then edge up slowly.

Capital Actions

The capital actions incorporated in People's United's DFAST results are in accordance with regulatory requirements:

- The Company's dividend to its shareholders is held constant;
- No issuance or redemption of regulatory capital instruments; and
- Scheduled dividends from the Bank to the Company, interest, or principal payments are expected to continue.

4. Summary of Results

The following tables provide quantitative information for the Bank's 2015 DFAST results and the chart illustrates the key drivers of the change in regulatory capital ratios under the Fed Severely Adverse scenario. The numbers provided below are cumulative unless otherwise stated.

Loan Losses

Projected Loan Losses under Fed Severely Adverse Scenario		
	Cumulative Losses ($MM)	Portfolio Loss Rates [1]
Loan Losses [2]		
First lien mortgages	$10.4	0.2%
Closed-end junior liens and HELOCs	10.6	0.5%
Commercial and Industrial [3]	111.2	1.1%
Commercial Real Estate	182.6	1.7%
Other Consumer	2.9	4.2%
Other Loans [4]	0.0	1.1%
Total Loan Losses	$317.7	1.2%

Notes:

1 Loss rates are calculated by using 9-quarter cumulative losses divided by average 9-quarter balances
2 Loan losses are expressed as 9-quarter cumulative net charge off amount
3 Commercial and industrial loans include leases
4 Other loans represent FDIC loss sharing agreements

Under the Fed Severely Adverse scenario, loan losses increase to $318 million in the nine-quarter period due to credit quality deterioration. This amount is significantly higher than the Bank's experience under a normal economic environment. The DFAST results indicate that both the commercial and industrial and the commercial real estate portfolios generate the largest magnitude of losses within the Bank's lending portfolios.

Net Income Before Tax

Projected Bank 9-Quarter Cumulative Net Income Before Taxes		
	Millions of Dollars	Percentage of Avg Assets [1]
Pre-Provision Net Revenue [2]	$794.1	2.2%
Other Revenue	0.0	0.0%
Less		
Provision for Loan Losses	475.3	1.3%
Realized (Gains)/Losses on Securities [3]	0.2	0.0%
Trading and Counterparty Losses	0.0	0.0%
Other (Gains)/Losses	0.0	0.0%
Equals		
Net Income Before Taxes	$318.6	0.9%

Notes:
1. Average assets of 9-quarter planning period
2. Pre-Provision Net Revenue = Net interest income + Non-Interest Income - Non-Interest Expense
3. Includes both available-for-sale ("AFS") and held-to-maturity ("HTM") securities

Under the Fed Severely Adverse scenario, the Bank's net income before taxes declines due to credit quality deterioration, lower interest rates, slower loan growth and reduced non-interest income.

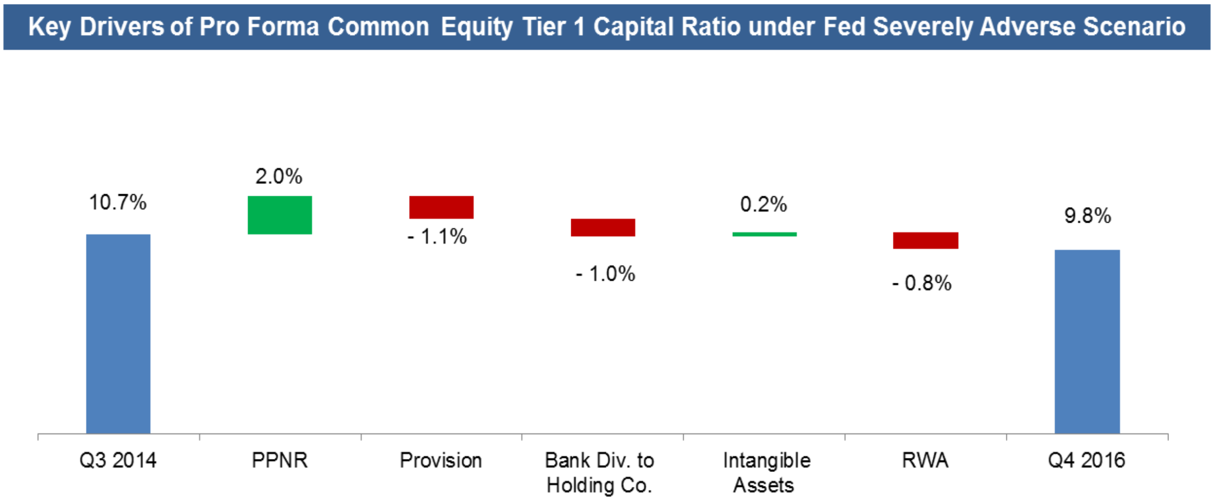
Capital Ratios

Projected Capital Ratios Through 4Q 2016 Under Fed Severely Adverse Scenario			
	Actual	Stressed Capital Ratios	
People's United Bank	3Q 2014	4Q 2016	Nine Quarter Minimum
Tier 1 Leverage	8.8%	8.4%	8.2%
Common Equity Tier 1 Capital	N/A	9.8%	9.7%
Tier 1 Risk Based Capital	10.7%	9.8%	9.7%
Total Risk Based Capital	13.2%	12.7%	12.4%
Memoranda: Risk Weighted Assets ("RWA") (millions of dollars)			
Basel I	$26,931	$28,825	
Basel III		$29,240	

Notes:
1. People's United was not subject to the Common Equity Tier 1 Capital ratio in 2014
2. People's United chose to "opt-out" AOCI in calculations of regulatory capital
3. RWA are calculated using Basel I during 2014 and Basel III in 2015 and 2016

Under the Fed Severely Adverse scenario, capital ratios are projected to decline in the nine-quarter forecast period due to reduced net income and risk weighted asset growth. Despite this decline, the Bank remains well capitalized and all capital ratios are above regulatory minimums throughout the forecast period.

Key Drivers of Capital Ratio Change



Notes:
1. Q3 2014 represents Tier 1 Risk Based capital ratio
2. Numbers may not sum due to rounding

Under the Fed Severely Adverse scenario, the Bank's Common Equity Tier 1 ("CET1") capital ratio declines 90 basis points over the nine quarter period from 10.7% at September 30, 2014 to 9.8% at December 31, 2016. Under this scenario, increased provision for loan losses expense and ongoing dividend payments to the Company reduces the CET1 capital ratio by 1.1% and 1.0%, respectively. Additionally, RWA growth of $2.3 billion (including an estimated $0.4 billion Basel III impact) further reduces the CET1 capital ratio by 80 basis points. Partially offsetting these reductions were growth in Pre-Provision Net Revenue ("PPNR") and the amortization of intangible assets, which add 2.0% and 0.2%, respectively, to the CET1 capital ratio.

5. Risks Captured

Market Risk

Market risk is the risk of fluctuation of earnings and capital due to an adverse change in interest rates and market prices. At People's United, market risk is reflected through changes in net interest income and unrealized gains or losses on AFS securities, which have an impact on common equity through Accumulated Other Comprehensive Income ("AOCI"). Certain non-interest income items are also indirectly impacted by market risk, such as trust and investment management fees, brokerage commissions and operating lease income.

Credit Risk

Credit risk arises from the potential that a borrower or counterparty will fail to perform on an obligation. Credit risk is found in all activities in which settlement or repayment depends on counterparty, issuer or borrower performance. The Bank's exposure to credit risk comes primarily from its loan portfolios including commercial real estate, commercial and industrial, residential mortgage and home equity.

Operational Risk

Operational risk is the loss on earnings or capital arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events. Specifically, operational risks captured in People's United's stress testing include:

- Internal fraud;
- External fraud;
- Employment practices & workplace safety;
- Clients' products & business practices;
- Disaster & public safety;
- Technology & infrastructure failures; and
- Execution, delivery & process management.

Operational risk costs are included in non-interest expense under PPNR.

Liquidity Risk

Liquidity risk is the potential that an institution will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding at reasonable costs. People's United's liquidity risk is measured in the stress test through various liquidity ratios and policy limits established by the Asset and Liability Committee of the Bank. The DFAST results indicate that the available asset liquidity and funding sources are sufficient to fund outstanding loan commitments and to meet all other obligations.

Model Risk

A model is a theoretical construct representing processes and relationships between a set of variables. It is a simplified framework designed to illustrate complex realities and therefore has limitations. Model risk occurs when invalid assumptions and variables are used or the model fails to capture all risks and events that impact model outcomes. To account for those risks and uncertainties, People's United applied a model risk buffer for its stress testing.

6. Description of Methodologies

To support the assessments used to create DFAST projections, the Bank utilized multiple forms of quantitative and qualitative analyses of historical performance. The results of these analyses served as inputs in the Bank's forecast of balance sheet, income statement and loan loss categories. These model projections were reviewed with business lines. In some cases, management's judgment is utilized to address certain model limitations. The following is a description of the main elements of the 2015 DFAST Fed Severely Adverse scenario.

Pre-Provision Net Revenue

PPNR is defined as net interest income plus non-interest income minus non-interest expense. The Bank includes operational risk events in PPNR. To project PPNR, business line projections together with a variety of volume, net interest income and non-interest income models are utilized. These models have been validated by an independent third party.

Net interest income is the interest the Bank earns on securities, loans and other interest-earning assets less the interest paid on deposits, borrowings and other interest-bearing liabilities. Key drivers of net interest income are balance sheet growth and runoff, interest rates and pricing assumptions. Loan and deposit volume assumptions are based on internally built econometric volume model projections. Loan pricing spreads are based on actual experience and deposit pricing assumptions are based on a combination of historical experience and the business lines' future expectations.

Most non-interest income and expense projections are not scenario-specific. However, the following items are sensitive to economic downturns and have been modeled under the Fed Severely Adverse scenario:

- Trust and investment management fees;
- Insurance revenue;
- Brokerage commissions;
- Operating lease income;
- Bank service charges; and
- REO expense.

Econometric models based on internal data are utilized for the first four non-interest income items above, which account for approximately 35% of total non-interest income. In the absence of a reliable statistical model, the judgment of business experts was used to estimate bank service charges and REO expense.

Credit Losses

Credit losses arise from three sources: loans, securities and counterparty derivatives. The aggregate loan portfolio is the largest driver of credit losses.

People's United utilizes loan level models for a majority of its loan portfolios. Loan level data was extracted from a centralized data warehouse to build commercial real estate, commercial and industrial, residential mortgage and home equity portfolio models. Credit losses are calculated as the product of (probability of default) *times* (loss given default rate) *times* (exposure at default). Econometric and regression models are used for each component to establish relationships between macroeconomic factors and People United's historical experience.

Loss estimates for the securities portfolio are derived from nationally recognized statistical rating organizations' risk rating migration matrices. At September 30, 2014, the Bank maintained a portfolio of GSE-backed residential mortgage bonds as well as high quality corporate and municipal bonds which exhibit minimal credit losses.

Counterparty derivative portfolio loss estimates are derived from counterparty credit exposures that result from fluctuations in the value of derivatives as interest rates change. The loss estimate is considered conservative as it does not incorporate the benefit of collateral agreements in place between the Bank and its counterparties.

Provision and Allowance for Loan and Lease Losses

The projection of the provision and Allowance for Loan and Lease Losses ("ALLL") takes into consideration the following factors:

- Projected net charge-offs;
- The Bank's highest historical provision to net charge-off ratios in the previous ten years; and
- The Bank's highest historical ALLL coverage ratio in the previous ten years.

The Bank increases its provision in recognition of credit quality deterioration under the Fed Severely Adverse scenario.

Accumulated Other Comprehensive Income

AOCI includes two key components, (i) unrealized gains and losses on AFS securities and (ii) deferred pension items, both on an after-tax basis. Unrealized gains and losses on AFS securities are caused by market risk and are captured in the stress test results based on changes in market interest rates, portfolio duration and balances in the forecast period. The pension items represent the deferred expense due to the net actuarial loss of the defined pension plan. Pension expenses are kept constant throughout the forecast period.

AOCI reduces tangible common equity when interest rates rise and increases tangible common equity when interest rates fall. Since the Bank opted out of the inclusion of AOCI from its calculation of regulatory capital as permitted under Basel III, the change in AOCI does not impact regulatory capital ratios.

Risk Weighted Assets

RWA are calculated by using the September 30, 2014 risk weighting mix multiplied by the Fed Severely Adverse scenario portfolio volumes.

Through the end of 2014, RWA were calculated according to Basel I rules. Beginning in 2015, the Bank is required to report capital ratios using Basel III RWA rules. This transition to Basel III standards has an estimated $415 million unfavorable impact on the Bank's RWA. This is equivalent to an approximately 15 basis points reduction in the Bank's regulatory capital ratios.

Capital Ratios

The Bank is subject to Basel III capital rules that became effective January 1, 2015 and, as stated above, elected not to include AOCI in regulatory capital. Additionally, the calculation of CET1 capital is net of goodwill and intangible assets. Intangible assets are projected to amortize over the nine quarter stress horizon and will have a minimal but positive impact on CET1 capital.

Tier 1 capital is calculated by adding preferred equity to CET1 capital. The Bank has no preferred equity in the nine quarter projection period; therefore, Tier 1 capital is equivalent to CET1 capital.

Forward-Looking Statements

This disclosure is a summary of the People's United Bank, N.A. ("People's United" or the "Bank") company-run DFAST results under the Federal Reserve's Supervisory Severely Adverse scenario. It is important to note that the results contained herein do not necessarily reflect the Bank's future expectations of results of operations and are not intended to be the Bank's forecast of future economic or financial conditions, but rather reflect potential results under the Federal Reserve's Supervisory Severely Adverse scenario. This disclosure contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "estimates", "expects, "potential", "continues", "may", "will", "approximately", "projects", or other comparable words and similar expressions identify forward-looking statements. The Bank does not undertake any obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.