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April 22, 2021

## **REQUEST FOR CONFIDENTIAL TREATMENT**

Ivan Hurwitz, Senior Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY 10045

Dear Mr. Hurwitz:

On behalf of our client, M&T Bank Corporation (“M&T” or the “Applicant”), enclosed please find a response (the “Response”) to the letter, dated April 12, 2015, from Eileen Banko of the Federal Reserve Bank of New York (“FRBNY”) requesting additional information with respect to the to the application submitted on March 22, 2021 to the Board of Governors of the Federal Reserve System (the “Board”) pursuant to (i) Sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended, and Sections 225.11 and 225.15 of the Board’s Regulation Y promulgated thereunder; (ii) the Bank Merger Act, 12 U.S.C. § 1828(c) and implementing regulations; and (iii) Section 9 of the Federal Reserve Act of 1913, as amended (“the Application”).

The Response consists of the following:

- A confidential version of the Response<sup>1</sup> (the “Confidential Version”);
- A public version of the Response, with confidential portions of the response redacted; and

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<sup>1</sup> Simpson Thacher & Bartlett LLP, counsel to People’s United Financial, Inc. (“People’s United”) and People’s United Bank, National Association, (“People’s United Bank”) will provide certain information pertaining to People’s United and People’s United Bank in connection with the Response directly to FRBNY and the Board under separate cover.

- Confidential exhibits to the Response (the “Confidential Exhibits” and, together with the Confidential Version, the “Confidential Materials”).

The Confidential Materials have been marked “Confidential Treatment Requested”.

### **Confidential Treatment Request**

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, and the regulations of the Board, 12 C.F.R. Part 261, the Applicant hereby respectfully requests that the Confidential Materials be treated confidentially and not be made available for inspection or copying.

The Confidential Materials include nonpublic commercial or financial information that is privileged or confidential within the meaning of Section 261.15(a)(4) of the Board’s regulations or information that is otherwise exempt from disclosure under Section 261.15(a) of the Board’s regulations.<sup>2</sup> At this time, the Confidential Materials will not be publicly disclosed and are not required to be publicly disclosed. The information has been actually and customarily kept confidential by the Applicant and, where relevant, People’s United Financial, Inc. (“People’s United”), and their subsidiaries, and this information is being provided to the Board under an expectation and implied assurance of privacy.<sup>3</sup> Disclosure of this information would reveal to competitors the internal strategies, transactions and competitive position of the Applicant and, where relevant, People’s United and their subsidiaries and would place the Applicant, People’s United and their subsidiaries at a competitive disadvantage with respect to competitors who do not publicly reveal such information.<sup>4</sup> For these reasons,

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<sup>2</sup> Under 5 U.S.C. § 552(b)(4), information that a private party has provided to a government agency is exempt from disclosure if it consists of information that is “trade secrets and commercial or financial information obtained from a person and privileged or confidential.” *Accord* 12 C.F.R. § 261.15(a)(4). The United States Supreme Court recently clarified that commercial information submitted to the federal government qualifies as “confidential” under 5 U.S.C. § 552(b)(4) when, at a minimum, it is “actually” and “customarily” “kept private” and the federal government provides assurances to the submitter that the information will be maintained in confidence. *Food Mktg. Inst. v. Argus Leader Media*, 139 S. Ct. 2356, 2363 and 2366 (2019).

<sup>3</sup> *See* 85 Fed. Reg. 57,616, 57,620 (submitters of confidential information may rely on “express or implied” assurances of confidentiality when submitting commercial or financial information to an agency); U.S. Department of Justice, Office of Information Policy, *Step-by-Step Guide for Determining if Commercial or Financial Information Obtained From a Person is Confidential Under Exemption 4 of the FOIA*, <https://www.justice.gov/oip/step-step-guide-determining-if-commercial-or-financial-information-obtained-person-confidential> (last updated Oct. 7, 2019).

<sup>4</sup> “A submitter’s request for confidentiality in reliance upon [the nonpublic commercial or financial information exemption] generally expires 10 years after the date of submission unless the submitter requests and provides justification for a longer designation period.” 12 C.F.R. § 261.17(b). The Company, on behalf of itself and its affiliates, requests that the Confidential

the Applicant believes that the Confidential Materials are privileged or confidential within the meaning of 12 C.F.R. § 261.15(a)(4).

In addition, we request, pursuant to the Freedom of Information Act and the applicable Board regulations and for reasons including those set forth above, that any memoranda, notes or other writings of any kind whatsoever made by an employee, agent or any person under the control of the Board or the FRBNY (or any other Federal Reserve Bank or governmental agency) that incorporate, include or relate to any of the matters referred to in the Confidential Materials (1) furnished by the Applicant or its employees or agents to the Board or the FRBNY (or any other Federal Reserve Bank or governmental agency) or (2) referred to in any conference, meeting, telephone conversation or interview between (a) employees, former employees, representatives, agents or counsel of the Applicant and (b) employees, agents or any persons under the control of the Board or the FRBNY (or any other Federal Reserve Bank or governmental agency), be maintained in confidence, not be made part of any public record and not be disclosed to any person.

We also request that, if the Board or the FRBNY should make a preliminary determination not to comply with the foregoing requests for confidential treatment, the Applicant be given notice thereof in ample time to permit it to make an appropriate submission as to why such information should be preserved in confidence. If the Confidential Materials or any of such memoranda, notes or writings are the subject of a Freedom of Information Act request or a request or demand for disclosure by any governmental agency, Congressional office or committee, court or grand jury, we request, pursuant to the Board's regulations, that you notify the Applicant prior to making such disclosure. We further ask that the Applicant be furnished with a copy of all written materials pertaining to such request (including but not limited to the request itself and any determination with respect to such request) and that the Applicant be given sufficient advance notice of any intended release so that they may, if deemed necessary or appropriate, pursue any available remedies.

\* \* \*

If you have any questions with respect to any of the matters discussed in this letter or the attachment, please contact me at (202) 956-7615 or [collardk@sullcrom.com](mailto:collardk@sullcrom.com) or Andrea R. Tokheim at (202) 956-7015 or [tokheima@sullcrom.com](mailto:tokheima@sullcrom.com).

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Materials be accorded confidential treatment beyond 10 years after the date of submission of such Confidential Materials because the Confidential Materials relate to internal governance and business strategies of the Company and its affiliates and disclosure of this information, whether now or in the future, would place the Company and its affiliates at a competitive disadvantage with respect to competitors who do not publicly reveal this information.

Ivan Hurwitz, Senior Vice President

-4-

Sincerely,

*Kathryn E. Collard*

Kathryn E. Collard

(Enclosures)

cc: Eileen Banko  
John Akal  
(Federal Reserve Bank of New York)

Patricia Soriano  
Alyssa O'Connor  
Peggy Naulty  
(Board of Governors of the Federal Reserve)

Laura O'Hara  
Sabra Baum  
Joseph Bielawa  
(M&T Bank)

H. Rodgin Cohen  
Mark J. Menting  
Andrea R. Tokheim  
(Sullivan & Cromwell LLP)

**SUPPLEMENT**

TO THE

**APPLICATION**

PURSUANT TO  
SECTIONS 3(A)(3) AND 3(A)(5) OF THE BANK HOLDING  
COMPANY ACT OF 1956, THE BANK MERGER ACT, AND  
SECTION 9 OF THE FEDERAL RESERVE ACT OF 1913

SUBMITTED BY

**M&T BANK CORPORATION**

TO THE

**BOARD OF GOVERNORS OF THE FEDERAL  
RESERVE SYSTEM**

RELATING TO THE PROPOSED ACQUISITION OF

**PEOPLE'S UNITED FINANCIAL, INC. AND PEOPLE'S  
UNITED BANK, NATIONAL ASSOCIATION**

AND

RELATED TRANSACTIONS

SUBMITTED

April 22, 2021

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## **RESPONSES OF M&T BANK CORPORATION TO THE REQUEST FOR ADDITIONAL INFORMATION**

Set forth below are the responses of M&T Bank Corporation (“M&T”) to the questions of the staff of the Board of Governors of the Federal Reserve System (the “Board”), dated April 12, 2021, relating to M&T’s application submitted on March 22, 2021 (the “Application”) pursuant to (i) Sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended, and Sections 225.11 and 225.15 of the Board’s Regulation Y promulgated thereunder; (ii) the Bank Merger Act, 12 U.S.C. § 1828(c) and implementing regulations; and (iii) Section 9 of the Federal Reserve Act of 1913, as amended. Preceding each response, the related question is restated in bold. Capitalized terms not otherwise defined herein have the meanings set forth in the Application.

### **Financial and Managerial**

- 1. Provide actual and pro forma asset quality ratios (the classified ratio and the nonperforming assets ratio) for M&T on a consolidated basis and M&T Bank as of the most recent quarter end. The numerator and denominator of each calculated ratio must be as of the same date.**
  - a. Focus on two separate elements: (i) internally classified assets, comprised of the separate categories of substandard, doubtful, and loss (with relevant components of other real estate owned (“OREO”) separately identified in each category), and (ii) nonperforming assets, comprised of nonaccrual loans, all restructured loans, and OREO.**
  - b. A breakdown of each category (for example, commercial real estate, oil and gas, consumer loans) of internally classified assets and nonperforming assets.**
  - c. For the classified assets ratio, the level of classified assets should be compared to the total amount of tier 1 capital and allowance for loan loss reserves.**
  - d. For the nonperforming assets ratio, the level of nonperforming assets should be compared to the total equity capital (common stock, perpetual preferred stock, surplus, retained earnings, accumulated other comprehensive income) and the allowance for loan loss reserves.**
  - e. Provide details of the calculations.**

Please see Confidential Exhibit Q1 for a response to this question.

- 2. Provide actual and pro forma loan loss reserve coverage ratios for M&T on a consolidated basis and M&T Bank as of the most recent quarter end. The coverage ratios should be calculated as follows:**
  - a. For the consolidated M&T, for the numerator use the total allowance for loan loss reserves and for the denominator use nonaccrual loans and loans past due more than 90 days.**

- b. For People’s United Bank, and the prospective merged bank, for the numerator use the total allowance for loan loss reserves and for the denominator use nonaccrual loans.
- c. Provide details of the calculations.

Please see Confidential Exhibit Q2 for a response to this question.

- 3. Provide a sensitivity analysis of the pro forma financials, both on and off balance sheet, and capital ratios under base-case and heightened stress scenarios including a discussion of the major underlying scenario assumptions related to the economy and expected asset quality trends as relevant to the proposed transaction.

[REDACTED]

[REDACTED]

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<sup>1</sup> The Board’s Capital Plan Rule requires a bank holding company (“BHC”) to resubmit its capital plan after determining that there has been a material change in the BHC’s risk profile, financial condition, or corporate structure. [REDACTED]

[REDACTED]

4. **Provide the pro forma investment in bank premises calculation for M&T Bank following consummation of the proposed transaction and confirm the calculation is consistent with SR 19-7 (Statement on the Implications of the New Lease Accounting Standard on Regulation H).**

[REDACTED]

- [REDACTED]
- [REDACTED]

[REDACTED]

5. **Please provide updated financial information as of March 31, 2021, when available. The response should include relevant underlying assumptions and any supporting financial analysis. Specifically, provide:**
- a. **Updated pro forma balance sheet, parent-only and consolidated, and capital ratios.**
  - b. **Pro forma income statements, parent-only and consolidated, for the three-month period ended March 31, 2021.**
  - c. **Pro forma cash flow statements, parent-only and consolidated.**

M&T is finalizing its financial results for the quarter ending March 31, 2021 and will provide the requested information to the Board when available.

**Consumer**

6. **Discuss how the corporate governance and compliance structures of M&T and People’s United would be integrated following consummation of the proposed transaction, and provide resumes for key compliance personnel. Additionally, discuss how compliance staffing needs will be assessed and addressed to maintain current compliance standards.**

M&T and People’s United employ a similarly designed Compliance Risk Management (“CRM”) structure. As M&T’s compliance governance program is currently more comprehensive than the People’s United’s program, M&T will integrate portions of People’s United’s existing compliance governance processes, as well as a significant portion of People’s United compliance personnel, into M&T’s CRM infrastructure.

M&T personnel currently possess the full scope of necessary subject matter expertise on regulatory requirements, as virtually all consumer products and services currently offered by People’s United are also offered by M&T. M&T continues to evaluate legacy People’s United personnel in order to take advantage of existing human capital and determine the most effective method of transitioning People’s United’s operations to M&T without compromising

efficacy. This evaluation will continue to occur at least up through systems conversion. As noted in the Application, in all events related to integration planning, effectiveness will take priority over speed.

M&T and People’s United utilize similar risk governance committee structures. Upon integration, M&T’s existing risk governance committees will continue to monitor key risks utilizing M&T’s enterprise risk framework. Additionally, M&T expects to add certain People’s United personnel to several of its risk governance committees. M&T risk governance committees include:

- Management Risk Committee (“MRC”)
- Regulatory Compliance Risk Committee (“RCRC”)
- BSA/AML Committee
- Operational Risk Committee
- Markets, Products & Services Risk Committee (“MPSRC”)
- Credit Risk Committee
- Asset & Liability Committee
- Model Risk Committee
- Fiduciary, Agency & Asset Management Risk Committee (FAAR)

Greg Imm will continue to serve as the Chief Compliance Officer (“CCO”) of M&T, a senior management position reporting directly to the Chief Risk Officer. The CCO will continue to assure appropriate Board- and executive management-level oversight of compliance risks through regular reporting and escalation through the RCRC, MRC and the Board’s Risk Committee (“RCB”) as appropriate. Please refer to Confidential Exhibit Q6 for resumes of key compliance personnel.

**7. Explain how M&T management anticipates and responds to changes in applicable consumer laws and regulations, including but not limited to state usury laws, market conditions, and products and services offered. Your response should consider, at a minimum, assignment of responsibilities and necessary changes in policies and procedures, and whether these changes could have an impact on the level of inherent risk.**

M&T has a process to identify new and changes to existing applicable statutes, regulations and other guidance, including with respect to applicable consumer laws and regulations, in an efficient manner and to implement new and revise existing policies and procedures as needed.

[REDACTED]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Changes and developments in statutes, regulations and other guidance can impact the level of inherent risk because they are typically issued without any preemptive interpretation, and are often issued without precedent. M&T minimizes this risk through its regulatory monitoring process, which includes the identification, analysis and integration of Regulatory Developments into M&T's business practices.

**8. Provide People's United's record and experience with customer complaints and the types of actions taken by the company to resolve these complaints. Explain the complaint handling process, including identification, evaluation, monitoring, and resolution. Identify the number of complaints received during each of the last two years and how the complaints were resolved. Discuss the policies and procedures People's United has in place to protect customers and resolve complaints. Please also provide plans for an integrated complaints process and any early measures to monitor consumer complaints following consummation of the proposed transaction.**

People's United maintains a robust complaint management program which is appropriate for its size and complexity. Governed by a written policy, procedures and standards, which are attached as Confidential Exhibit Q8, People's United Bank considers the following types of communications to be treated as customer complaints, regardless of whether they are initiated verbally or in writing, whether or not they are made in passing or with the expectation of a formal response or whether resolution can be made without any further escalation:

- Any customer complaint received through a regulator (e.g., OCC, Consumer Financial Protection Bureau, Attorney General's Office, Connecticut Department of Banking) or other official, consumer affairs or advocacy group (including the Better Business Bureau);
- Any allegation that People's United Bank did not meet specific legal or regulatory obligations it was subject to or violated its own policies or procedures (the customer need not explicitly reference the relevant regulation or identify specific bank policy);
- Any allegation of unfair, deceptive or abusive acts or practices or expressions of dissatisfaction or confusion concerning terms, costs, or features of a product or service;
- Any allegation of discrimination or any form of unfair treatment;
- Any allegation that a product or service was not performed, or did not perform as expected or terms were misleading or misrepresented;
- Any allegation that fees or charges were applied inaccurately or are unreasonable;
- Any allegation regarding inaccurate rates or fees, or any complaint that the customer is unsatisfied with rates or fees;
- Any communication of dissatisfaction with the way in which a problem raised by the customer was resolved by the bank;
- Any communication about misconduct or unacceptable behavior by a bank employee (or a third party acting on the bank's behalf); and
- Any request from a customer that their communication be escalated to or made known to management for resolution.

Customer complaints that are received must be entered into People's United Bank's complaint database, which can be done by any People's United Bank employee. Responsibility for enterprise-wide management and oversight of the complaint management program is embedded within the Corporate Compliance Department of the Risk Management Division. The

central tracking of complaints allows the Risk Management Division to ensure that complaint resolutions are consistently handled, that complaints are responded to within required time frames, enables periodic quality control processes, allows for an evaluation of root cause and assures the tracking and reporting of complaint trends to Senior and Executive Management.

Complaint information is uploaded from the centralized database into People’s United Bank’s Governance, Risk and Control (“GRC”) System. The bank then leverages the GRC System to implement a prioritization or risk -based quality control process. Through the prioritization process, complaints are categorized as either high, moderate, or low risk, with risk categories determined based on certain attributes such as keywords included in the complaint, source of the complaint, product, and primary reason behind the complaint. Customer complaints which are rated “high” are reviewed by members of the Corporate Compliance team and include a root cause analysis. In addition, Corporate Compliance reviews approximately 25 percent of the “moderate” complaints and about 10 percent of the “low” complaints for root cause.

Generally, complaints must be responded to within 15 calendar days from the date of receipt of the complaint from the customer. Complaints classified as “special handling” (e.g., complaints received from regulators, complaints alleging unfair or discriminatory treatment, complaints regarding sales practices or complaints regarding privacy issues) are automatically routed to designated compliance officers with the necessary expertise to assure appropriate complaint resolution.

Reporting to Senior and Executive Management regarding complaints occurs monthly and includes the results of complaint trends, identified issues, and root causes.

Training is provided to new and existing personnel with updates made to People’s United Bank’s eLearning module on a periodic basis. People’s United Bank’s Intranet Site, the Insider, also provides access to policies, procedures, standards and job aids.

[REDACTED]

[REDACTED]



[REDACTED]

Internal quality control and monitoring of complaints received during this period did not reveal any instance, pattern or practice of unfair, deceptive, or abusive acts or discriminatory intent or treatment on the part of People’s United Bank.

M&T plans to fully integrate People’s United’s complaint management processes into M&T’s existing complaint management program and framework, which is managed by M&T’s Voice of the Customer (“VOC”) department. As such, the integrated complaints process will leverage M&T’s current complaint definition, as well as the use of its existing complaint management system and process, training, policies, and procedures. In addition, M&T is assessing in detail People’s United’s complaint processes and data to determine additional staffing needs, record retention considerations, and the extent to which interim monitoring or other activities should be implemented to manage potential integration-related risks.

Upon consummation of the Transaction, it is expected that People’s United will execute its established customer complaint monitoring processes until the legacy People’s United business can be fully integrated with the M&T complaint management systems and processes. During this transition period, M&T’s VOC and CRM departments will provide additional oversight that aligns with M&T’s current compliance program framework and monitoring standards. Complaint data will be reviewed in the aggregate so that M&T can analyze and report complaint-related risk data across the combined organization. Particular attention will be given to integration, pandemic, UDAAP, and other consumer protection requirements. Following the complaint system and process conversion, CRM will oversee the combined organization’s compliance monitoring and customer complaint processes as it does today. Integration- and conversion-related details and timing will be finalized in the course of integration planning.

**9. Indicate any legal proceedings/investigations related to consumer protection concerns that either M&T or People’s united may be involved in. Describe the nature of the litigation, the progress of the litigation to date, and how management is responding or intends to respond. Provide an evaluation of the likelihood of an unfavorable outcome and an estimate, if possible, of the amount or range of potential loss and customer impact.**

For information regarding legal proceedings related to consumer protection concerns that M&T has recently been involved in, including the nature and progress of such litigation to date, please refer to Confidential Exhibit Q9-A.

For information regarding legal proceedings and investigations related to consumer protection concerns that People’s United has recently been involved in, including the nature and progress of such litigation to date, please refer to Confidential Exhibit Q9-B. People’s United notes that it is involved from time to time in certain other ordinary course contractual or other disputes with customers which it does not consider to implicate “consumer protection concerns” as referenced by the request.

**10. Provide any consumer compliance-related due diligence results of People's United. Provide specific results related to fair lending assessments for lending and branching in the various geographies.**

The following documents describe relevant due diligence work performed and assessments made regarding consumer compliance-related topics to-date:

- Confidential Exhibit Q10-A provides the CRM function's most current assessment with respect to compliance risk.
- Confidential Exhibit Q10-B provides the fair lending due diligence assessment performed in advance of entering into the Merger Agreement using People's United Bank's 2019 HMDA data.
- Confidential Exhibit Q10-C provides the CRM function's initial assessment of People's United consumer compliance [REDACTED]

**11. Provide the most recent consumer compliance risk assessments for both M&T and People's United, compliance testing and compliance risk assessments for the prior two years, as well as any corrective action taken. Also, for each institution, provide reports used by management and the board for tracking outstanding audit and compliance issues, minutes and materials from board and committee meetings that have occurred surrounding such issues, as well as the proposed integrated governance structure for MIS/Reporting.**

M&T is in the process of compiling this information and will provide it to the Board when available.

People's United will be submitting information in response to this item directly to the Board under separate cover.

**12. With respect to the 2019/2020 Compliance Monitoring and Testing Schedule, discuss whether the schedule was satisfied by both institutions and what changes/recommendations were made, if any. For both institutions, provide the 2021 monitoring and testing plan, if available. Additionally, for both institutions, provide service level agreements for third party service providers and vendors that are listed as owners of listed regulatory areas.**

*M&T Response:*

- (i) CTG

Please refer to Confidential Exhibit Q12-A for M&T’s 2019, 2020, and 2021 Compliance Testing Plans.<sup>2</sup> As stated in the response to Question 11, all exams for the plan years of 2019 and 2020 were ultimately performed unless otherwise noted as “plan amendments” in Confidential Exhibit Q11-A.

(ii) Compliance Monitoring & UDAAP Reviews

Please refer to Confidential Exhibit Q11-B for M&T’s Unfair, Deceptive, or Abusive Acts or Practices (“UDAAP”) Review plans from 2019-2021, as well as any adjustments. Both the 2019 and 2020 UDAAP Review schedules were satisfied and any UDAAP Reviews that were postponed or re-prioritized have been completed.

(iii) Service Level Agreements

M&T does not use outside vendors to perform any compliance-related program activities, and accordingly does not have any relevant service-level agreements.<sup>3</sup>

*People’s United Response*

People’s United has satisfied its 2019 and 2020 Compliance Monitoring Plan Schedule. Summaries of such 2019 and 2020 Compliance Monitoring Plan results, as well as People’s United’s 2021 Compliance Monitoring Plan Schedule, are attached as Confidential Exhibit Q11-C. People’s United does not use third-party service providers or vendors to perform any of its compliance-related program activities, and accordingly does not have any relevant service-level agreements.

- 13. Provide the following policies for both institutions: Enterprise Compliance Policy, Fair Credit Reporting Act Policy, Fair Debt Collections Practice Act Policy, Adverse Actions Notice Policy, Customer Complaints Handling Manual, E-Sign and Electronic Documents and Communications Policy, Fair Lending Policy, Federal Right to Financial Privacy Policy, Servicemembers Civil Relief Act Policy, Equal credit Opportunity Act Policy, and UDA(A)P Policy. To the extent that any of the aforementioned policies are embedded in an overarching policy, identify and provide the overarching policy.**

For the requested policies of M&T, please refer to Confidential Exhibit Q13-A through Confidential Exhibit Q13-N.<sup>4</sup>

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<sup>2</sup> Please note that each testing plan covers a three-year period but is reviewed and revised at least annually. For example, the 2019 Compliance Testing Plan covers the period of 2019-2021.

<sup>3</sup> The Capco and Archer services described elsewhere in this response are entirely objective tools that support M&T’s compliance work but are not “owners” of any compliance function.

<sup>4</sup> Please note that the documents provided with respect to Adverse Action Notice are owned and maintained by the Second Line of Defense, and the purpose of the Requirements and Standards documents are to provide

For the requested policies of People's United, other than the Customer Complaints Handling policies and procedures which are provided in response to Question 8, please refer to Confidential Exhibit Q13-O through Confidential Exhibit Q13-W. People's United notes that its Fair Debt Collections Practice Act Policy and Adverse Action Notice Policy are embedded in the overarching "Loan Servicing (Retail): Loss Mitigation and Foreclosure Policy" included as Confidential Exhibit Q13-T.

**14. Provide any and all fair lending/CRA analysis conducted on anticipated branch closures of People's United and HMDA activity in connection with the proposed transaction, risks identified and plans to mitigate.**

With respect to current branches of People's United Bank, prior to, separate from, and unrelated to the announced merger with M&T, People's United Bank publicly announced its decision not to renew its existing in-store branch contracts with Stop & Shop supermarkets in New York and Connecticut. People's United Bank has reached an agreement with Stop & Shop to accelerate the exit from all New York in-store locations, beginning in the third quarter of 2021 and with a full exit of these locations occurring over four quarters. People's United Bank is currently in negotiations with Stop & Shop to stay in a modest number of locations in Connecticut. The exact locations to be retained have not yet been identified.

People's United Bank currently has 417 branches in its footprint, 140 of which are Stop & Shop in-store branches, which comprise 36% of People United Bank's total branch count. Of People's United Bank's current branches, 91 (22%) are located in LMI census tracts. The 140 Stop & Shop in-store locations have an income location distribution virtually identical to People's United Bank's overall distribution, with 31 (22%) located in LMI census tracts. As a result of the Stop & Shop transaction, the overall branch location income distribution of People's United Bank's branch footprint will be virtually unchanged, with a total of 60 LMI full-service branches out of a total of 277 branches, leaving a LMI penetration rate of 22%. People's United Bank perceives no fair lending implications from the exit of the Stop & Shop in-store strategy.

People's United Bank will have more than 250 branches after the Stop & Shop branch closures, which will allow People's United Bank to migrate all current Stop & Shop clients to a nearby full-service location. A detailed customer migration plan will be prepared and each existing in-store client will be migrated to the most convenient People's United Bank location. In Connecticut specifically, People's United Bank's largest market, People's United Bank currently has 55% more branch locations when compared to its nearest competitor. Once the in-store exit is complete, People's United Bank will have more than 80 traditional branch locations state-wide and customers will have the same convenient access to a nearby traditional branch and expert banker, in most cases less than five miles away from an in-store location. People's United Bank is constantly reviewing its branch locations to optimize customer service, location and profitability; People's United Bank is currently reviewing potential locations for opening new branches and ATM locations. As part of this process, People's United Bank factors impact on LMI communities and consumers into its branching strategy, and will continue to include

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guidance and oversight, to document how M&T complies and to identify key controls. Each business line is also responsible for creating and maintaining internal policies and procedures as applicable.

assessment of all communities into future branch location decisions. No branch opening decisions have been made at the current time but any potential impact on People's United Bank's LMI communities will continue to be part of opening and closing actions. Additional information regarding the planned Stop & Shop closures is provided in the response to Confidential Annex Question 2.

[REDACTED]

[REDACTED]

[REDACTED]

Fair Lending and CRA analyses, inclusive of HMDA data, has also been reviewed in connection with the planned integration. Detailed analysis is included in Confidential Exhibit Q14-C.

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

**15. Discuss any plans to provide new or modified consumer products in connection with the proposed transaction as well as the review, approval, and evaluation processes for such consumer products and their related technology transition plans. Also provide details of the compliance review and approvals, including controls related to new or modified consumer products.**

As discussed in the Application, in general, the current suite of consumer products and services offered by M&T and People’s United will continue to be available subsequent to the closing of the Transaction. Through the integration planning process, M&T continues to evaluate specific product offerings, and in some cases, will map customers to a substantially similar product on the go-forward platform. [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]

For any new or modified People’s United products and services that M&T currently does not offer, M&T will follow its standard process with respect to consideration of all potential new products and services. This process runs through M&T’s governance structure and includes

formal evaluation by compliance experts and ultimately the MPSRC. Please see Confidential Exhibit Q15-A for the M&T Markets Products and Services Risk Review Guidelines and Confidential Exhibit Q15-B for the MPS Risk Review Process Responsibilities Overview.

### **Competition**

16. **Please provide the following middle market lending data for People’s United, which is comparable to the information provided by M&T on the FR Y-14Q.**
  - a. **Regarding commercial products for medium-sized businesses, provide People’s United’s state-level 2019 and 2020 total committed credit facilities and utilized funded volume for organizations with (i) \$10M-\$250M and (ii) \$250M-\$5B in annual revenue or sales. State-level totals should be based on the obligor’s state, as identified by the obligor’s address associated with the credit facility/ account. Refer to Appendix B for additional clarifying criteria.**

Information with respect to People’s United will be provided to the Board when available.

### **Financial Stability**

17. **The submission includes an analysis by M&T of the potential impact of the proposed transaction on the stability of the U.S. banking or financial system under five systemic risk factors. Discuss what, if any, other financial stability risks and vulnerabilities would increase as a result of the proposed transaction, and what steps M&T would take to mitigate these risks and vulnerabilities.**

There are no financial stability risks or vulnerabilities that would increase in any meaningful way as a result of the Transaction. M&T has continually and carefully studied the financial stability risks that arose at numerous banks prior to and during the financial crisis of 2007 to 2009, and more episodically, including quite recently, since then, as well as the five factors previously identified by the Board. M&T believes that its business model, policies and practices minimize those risks, as it has not engaged in any of the businesses that led to those risks. Rather, it has consistently retained its focus on what might be termed “bread and butter” commercial banking, and has purposefully rejected “opportunities” to engage in less traditional, higher risk businesses such as prime brokerage and speculative derivatives trading. M&T has also minimized its risk by maintaining high levels of capital and liquidity, by avoiding concentrations, whether in its customer base or in its counterparties, and by avoiding reliance on short-term wholesale funding.

People’s United has been similarly focused on traditional commercial banking activities and risk minimization, which is one of the central factors that led M&T to believe People’s United would be an advantageous combination. M&T’s merger with People’s United will not increase the risk of M&T’s activities. In addition, the post-Transaction M&T will remain only a small fraction of the size of the country’s largest banks, and the incremental financial stability risk arising from the increased size of M&T is therefore de minimis. The principal step

M&T will take to minimize financial system risks and vulnerabilities is to remain committed to its existing core business principles.

- 18. Identify whether M&T or People's United are involved in each of the following activities, discuss the nature of this involvement, and provide a brief listing of other firms that engage in the same activity in the United States. For both M&T and People's United, provide measures of the scale of each activity specified, for both the most recent quarter and the most recently completed year. Measures should be stated both in U.S. dollars and as a share of overall U.S. activity; derivatives should be stated as notional dollar amounts. Responses may be confined to information maintained in the regular course of business.**
- a. Short-term lending**
    - i. Reverse bilateral repurchase agreements (volume)**
    - ii. Reverse tri-party repurchase agreements (volume)**
    - iii. Fed funds (volume)**
    - iv. Tri-party repo dealing (volume)**
  
  - b. Commercial lending**
    - i. Syndicated lending (volume)**
    - ii. Syndicated pipeline commitments (volume)**
    - iii. Lending to small and medium-sized enterprises (volume)**
    - iv. Unfunded commitments (volume)**
  
  - c. Underwriting services**
    - i. Issuance of new equities (volume)**
    - ii. Corporate bonds (volume)**
    - iii. Commercial paper (volume)**
    - iv. Asset backed securities (volume)**
    - v. Other debt securities (volume)**
  
  - d. Total provisions of services in the following sectors**
    - i. Prime brokerage (number of funds and fund sponsors, and total assets under management)**
    - ii. Securities lending (report value of securities lent as a custodian and securities lent from trading book)**
    - iii. Corporate trust** **iv. Correspondent banking**
    - iv. Wealth management (total assets under management) v1. Insurance (by segment, including reinsurance)**

Please see [Confidential Exhibit Q18](#) for a response to this item with respect to M&T.



Information with respect to People's United will be provided to the Board when available.

**19. Provide the five largest counterparties, rolled up to the parent company, and the corresponding amount of the following indicators for People's United:**

- a. **Total exposure (as defined by Schedules A and H Line item 5 in FR Y-15)**
- b. **Total intra-financial system assets (as defined by Schedules Band I Line item 6 in FR Y-15)**
- c. **Total intra-financial system liabilities (as defined by Schedules Band I Line item 12 in FR Y-15)**
- d. **Total securities outstanding (as defined by Schedules Band I Line item 20 in FR Y-15)**
- e. **Payments activity (as defined by Schedules C and J Line item 2 in FR Y-15)**
- f. **Assets held as a custodian on behalf of customers (as defined by Schedules C and J Line item 3 in FR Y-15)**
- g. **Total underwriting activity (as defined by Schedules C and J Line item 6 in FR Y-15)**
- h. **Total notional amount of OTC derivatives (as defined by Schedules D and K Line item 3 in FR Y-15)**
- i. **Total adjusted trading and AFS securities (as defined by Schedules D and K Line item 10 in FR Y-15)**
- j. **Assets valued using Level 3 measurement inputs (as defined by Schedules D and K Line item 11 in FR Y-15)**
- k. **Foreign claims on an ultimate-risk basis (as defined by Schedules E and L Line item 1 in FR Y-15)**
- l. **Adjusted foreign claims on an ultimate-risk basis (as defined by Schedule L Line item l.a in FR Y-15)**
- m. **Total cross-jurisdictional liabilities (as defined by Schedules E and L Line item 4 in FR Y-15)**
- n. **Total short-term wholesale funding (as defined by Schedules G and N Line item 6 in FR Y-15)**
- o. **Average risk-weighted assets (as defined by Schedule G and N Line item 7 in FR Y-15)**

Information with respect to People's United will be provided to the Board when available.

**20. Provide the five largest counterparties, rolled up to the parent company, and the corresponding amounts of each component of intra-financial system assets and liabilities for M&T and People's United, reported in the most recent FR Y-15.**

- a. **For intra-financial system assets:**

- i. **Funds deposited with or lent to other financial institution (M351)**
- ii. **Unused portion of committed lines extended to other financial institution (J458)**
- iii. **Holdings of securities issued by other financial institution (M352 + M353 + M354 + M345 + M356 - M357)**
- iv. **Net positive current exposure of securities financing transactions (SFTs) with other financial institution (M358)**
- v. **Over-the-counter (OTC) derivative contracts with other financial institutions that have a net positive fair value (M359 + M360)**

**b. For intra-financial system liabilities:**

- i. **Deposits due to other financial institutions (M363 + M364)**
- ii. **Borrowings obtained from other financial institutions (Y833)**
- iii. **Unused portion of committed lines obtained from other financial institutions (M365)**
- iv. **Net negative current exposure of SFTs with other financial institution (M366)**
- v. **OTC derivative contracts with other financial institutions that have a net negative fair value (M367 + M368)**

Please see Confidential Exhibit Q20 for a response to this question with respect to M&T.

Information with respect to People's United will be provided to the Board when available.

- 21. Provide the current market exposure-gross and net of collateral and other risk mitigants-for the five largest counterparties, rolled up to the parent company, of OTC derivatives of both M&T and People's United, as measured by**
- a. **Positive current exposure after netting arrangements**
  - b. **Negative current exposure after netting arrangements**

Please see Confidential Exhibit Q21 for a response to this question with respect to M&T.

Information with respect to People's United will be provided to the Board when available.

- 22. To the extent not already provided in the notifications, provide a list of activities and products in which M&T plans to initiate new operations, or expand existing operations, subsequent to the closing of the proposed transaction.**

As discussed in the Application, M&T has no current plans to initiate any new operations, or expand existing operations, subsequent to the closing of the Transaction. In general, the current suite of products and services offered by M&T and/or People's United will continue to be available subsequent to the closing. Legacy M&T customers will gain access to People's United's experience and capabilities in mortgage warehouse lending and associated deposit and cash management services, which M&T does not offer today. Furthermore, People's United's experience and capabilities in equipment financing, municipal banking, and certain specialized financial services, including personal, institutional, and employee benefit trusts, will complement M&T's experience and capabilities in a wide range of commercial banking, trust and wealth management, and investment services. Finally, the increased size of M&T's balance sheet after the Transaction will facilitate increased lending to customers following completion of the Transaction.

## **Legal**

**23. Provide an update, if any, on the status of other required regulatory approvals for the proposed transaction, including state approvals.**

**a. New York Department of Financial Services**

On March 22, 2021, M&T Bank submitted an application and notice to NYDFS pursuant to Section 601 of the New York Banking Law, Supervisory Procedure CB 105, and 3 NYCRR § 14.3 regarding the Bank Merger. [REDACTED]

**b. Connecticut Department of Banking**

On March 22, 2021, M&T submitted an application to the Connecticut Department of Banking (the "Department") pursuant to Sections 36a-411 and 36a-412(a)(1) of the Connecticut General Statutes regarding the Transaction.<sup>5</sup> [REDACTED]

**c. Maine Bureau of Financial Institutions**

On March 22, 2021, M&T submitted a notice to the Maine Bureau of Financial Institutions (the "Bureau") pursuant to Me. Rev. Stat. tit. 9-B § 373 regarding the Bank Merger. Under Maine law, the Bureau has 30 days to evaluate the submission and determine whether the merger complies with applicable Maine law. The 30-day period concludes on April 22, 2021.

**24. The application states that the Bank Merger will occur at a date and time, as determined by M&T, following the merger of People's United and M&T. Provide more information on the expected consummation date of the Bank Merger, including a discussion of relevant considerations that would impact**

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<sup>5</sup> The Department initiated its review of the application on March 31, 2021.

the timing of the Bank Merger and when M&T will make a final decision on timing.

[REDACTED]

25. Confirm, if correct, that LEAF Funding Canada ULC (“LEAF Funding”) is the only indirect or direct subsidiary of People’s United that engages in activities outside of the United States.

LEAF Funding is the only direct or indirect subsidiary of People’s United that has a presence in or engages in activities outside the United States.

26. Identify when LEAF Funding was established. Describe in greater detail how the acquisition of LEAF Funding would be consistent with 12 U.S.C. § 1843(k)(4)(F) or another authority under the BHC Act.

[REDACTED]

[REDACTED]

27. **The submission indicates that Shem Creek Capital Fund I, LLC (“Shem Creek”) makes “other investments in real estate ventures” and that M&T has authority to acquire Shem Creek under 12 CFR 225.28(b)(1), which permits the extension of credit and the servicing of loans. Discuss in more detail the “other investments in real estate ventures” in which Shem Creek engages and describe how these activities would be consistent with 12 CFR 225.28(b)(1).**

Shem Creek was organized in 2008 as a real estate finance private equity fund focused on providing structured financial products for commercial properties. Shem Creek’s activities primarily related to lending and servicing of first and second mortgages and mezzanine loans for commercial real estate, and its primary source of revenue was derived from interest income paid on such loans and other lending investments.

Shem Creek was closed to new investors as of July 2008 and Shem Creek’s investment period expired on July 1, 2012 (the “Commitment Period”). As a result of the expiration of the Commitment Period, Shem Creek is no longer making any new investments. People’s United has no remaining invested capital or committed capital in Shem Creek, and its investment in the fund has a remaining book value of \$1.00.

Although Shem Creek is no longer active, its historic lending and servicing activities for commercial real estate are permissible under 12 CFR 225.28(b)(1).

28. **With regard to Solar Eclipse Investment Fund X, LLC; Solar Eclipse Investment Fund XV, LLC; and Solar Eclipse Investment Fund XXII, LLC (together, the “Solar Funds”):**

- a. **Discuss in more detail the current relationship between the Solar Funds and D.C. Solar Distribution, Inc., including the specific activities and financing provided by the Solar Funds in relation to D.C. Solar Distribution, Inc. Indicate whether there are active leases between the Solar Funds and D.C. Solar Distribution, Inc.**

The activities of the Solar Funds were limited to acquiring mobile solar power generators and leasing them to D.C. Solar Distribution, Inc. (“Solar Distribution”) to be placed in service. The generator units were to be manufactured by D.C. Solar Solutions, Inc. (“Solar Solutions”) and sold to the Solar Funds. Each Solar Fund obtained financing from Solar Solutions to acquire the generators. The Solar Funds have each also entered into master lease agreements with Solar Distribution pursuant to which Solar Distribution leased the solar power generators from each Solar Fund at a rental cost reflective of the fair value of the generators, with additional rent payable to the Solar Fund to the extent Solar Distribution received more than a minimum annual revenue from subsequently subleasing the solar power generators to end users.

In late January and early February 2019, Solar Distribution, Solar Solutions and several affiliated companies filed for Chapter 11 bankruptcy in an attempt to reorganize. On March 22, 2019, all cases were converted to cases under Chapter 7 of the Bankruptcy Code, in part due to the lack of financing to maintain the ongoing operations of these companies. The Solar Funds

have no operations or business other than leasing solar power generators to the now-bankrupt Solar Distribution.

There are currently no active leases between the Solar Funds and Solar Distribution. Accordingly, People's United has written off the entire investment balance for the Solar Funds.

- b. Discuss whether there are plans to dissolve the Solar Funds and, if not, the rationale for the continued existence of the Solar Funds.**

[REDACTED]

- 29. Public Exhibit 2 indicates that, as a result of the proposed transaction, M&T Bank would acquire a number of People's United Bank's nonbank subsidiaries pursuant to 12 CFR 225.22(e)(2). Under 12 CFR 225.22(e)(2), a state-chartered bank or its subsidiary may, without the Board's prior approval, (i) acquire or retain securities, on the basis of section 4(c)(5) of the BHC Act, 12 U.S.C. § 1843(c)(5), of the kinds and amounts explicitly eligible by federal statute for investment by a national bank; or (ii) acquire or retain all (but, except for directors' qualifying shares, not less than all) of the securities of a company that engages solely in activities in which the parent bank may engage, at locations at which the bank may engage in the activity, and subject to the same limitations as if the bank were engaging in the activity directly.**

- a. For each of the subsidiaries of People's United Bank listed in Public Exhibit 2 that list 12 CFR 225.22(e)(2) as the acquirer's legal authority, clarify whether M&T Bank's legal authority would be 12 CFR 225.22(e)(2)(i) or (ii) or another legal authority.**

Each of the People's United Bank subsidiaries for which Public Exhibit 2 lists 12 CFR 225.22(e)(2) as the acquirer's legal authority engages solely in activities in which M&T Bank would be permitted to engage directly under applicable New York law and regulations. Accordingly, M&T Bank plans to rely on its authority under 12 CFR 225.22(e)(2)(ii) to acquire the entities listed in Public Exhibit 2 other than as described in Question 29(b)-(c).

- b. Identify any subsidiaries of People's United Bank that are not wholly owned by People's United Bank and discuss how ownership of each such subsidiary would be permissible under 12 CFR 225.22(e)(2)(i) or (ii) or another legal authority.**

The only subsidiary of People's United Bank that is not wholly owned by People's United Bank is People's United Merchant Services, LLC ("Merchant Services"), a joint venture

with Worldpay, LLC (originally entered into with Vantiv) in which People’s United Bank owns a 49% interest indirectly through People’s United Merchant Services Holdings (“Merchant Holdings”).

People’s United Bank’s investment in People’s United Merchant Services, LLC complies with the OCC’s requirements for noncontrolling equity investments in 12 CFR 5.36(e).

For a discussion of M&T Bank’s legal authority to hold this subsidiary, please see the response to Question 29(c) below.

- c. Public Exhibit 2 indicates that People’s United Merchant Services Holdings, Inc. (“Merchant Holdings”) holds a minority interest in People’s United Merchant Services LLC. Explain how ownership of Merchants Holding would be permissible under 12 CFR 225.22(e)(2)(i) or (ii) or another legal authority.**

Merchant Holdings will be a wholly owned subsidiary of M&T Bank, and its only activity is holding a 49% minority interest in Merchant Services. As described above, Merchant Services is engaged in merchant services and payment processing activities that are permissible for M&T Bank under Section 96(1) and Section 97(4-a)(f) of the New York Banking Law. NYDFS has interpreted New York law to permit a New York state-chartered bank to hold a minority interest in an entity on the same terms and conditions as the OCC has permitted for a national bank.<sup>6</sup> M&T Bank has submitted a notice to NYDFS to establish Merchant Holdings and Merchant Services as operating subsidiaries. The Federal Reserve has recognized that a state member bank is not prohibited from owning an operating subsidiary that is less than wholly owned.<sup>7</sup> To the extent applicable, M&T will rely on Section 4(k) of the BHC Act for the acquisition of Merchant Services and provide notice under 12 CFR 225.87.<sup>8</sup>

- 30. Provide additional analysis concerning whether, as a result of acquiring People’s United Muni Finance Corp., M&T Bank will remain in compliance with New York State ownership and investment limit restrictions with respect to municipal securities, including 3 NYCRR § 6.7.**

Information responsive to this question will be provided to the Board when available.

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<sup>6</sup> NYDFS, *Banking Interpretations: NYSBL Sec. 97(4-a)* (June 6, 2005), <https://www.dfs.ny.gov/legal/interpret/lo050606.htm>.

<sup>7</sup> Letter from the Board to Mr. Ronald C. Mayer, Senior Vice President and Associate General Counsel of the Chase Manhattan Bank (Aug. 16, 2000), [https://www.federalreserve.gov/boarddocs/legalint/bhc\\_changeincontrol/2000/20000816/](https://www.federalreserve.gov/boarddocs/legalint/bhc_changeincontrol/2000/20000816/).

<sup>8</sup> *Id.*

**31. Indicate whether any existing subsidiaries of M&T Bank will acquire or merge with any of the subsidiaries of People’s United Bank after consummation of the proposed transaction.**

As part of the ongoing integration planning, M&T will review each of the subsidiaries of People’s United Bank to evaluate whether it would be appropriate to merge particular subsidiaries or otherwise rationalize M&T’s post-Transaction legal entity structure. M&T has made no decisions with respect to particular subsidiaries of M&T Bank or People’s United Bank.

**32. Provide the attached commitments (“Appendix A”) executed by a duly authorized representative of M&T or explain why M&T is unable to make such commitments.**

The executed commitments are provided as Confidential Exhibit Q32 to this response.



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