

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 28, 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 certain 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.¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Application.

- 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.**

Please refer to Confidential Exhibit Q5 for certain pro forma financial information as of March 31, 2021.²

- 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**

¹ The responses to questions not reproduced here were provided to the Board on April 22, 2021.

² This exhibit includes consolidated and parent-only balance sheets and income statements, as well as consolidated regulatory capital ratios. It does not include statements of cash flows, which are being finalized and will be submitted when available.

and committee meetings that have occurred surrounding such issues, as well as the proposed integrated governance structure for MIS/Reporting.

M&T Response

(i) Compliance Testing Group (“CTG”):

Please refer to Confidential Exhibit Q11-A for a list of compliance testing exams that were included in M&T’s 2019 and 2020 test plans, along with corresponding final reports.³ Exams with a consumer compliance focus are identified in the aforementioned file and the corresponding final reports issued by CTG.

(ii) Compliance Risk Management:

Please see Confidential Exhibit Q11-B for the 2019 and 2020 Compliance Risk Assessments. Risk Assessments are compiled in the fourth quarter of each year and set the tone for the following year’s testing and monitoring schedules. [REDACTED]

[REDACTED] Please refer to Confidential Exhibit Q11-C for compliance findings identified through testing or other compliance activities from 2019 to the present, along with the current remediation status. For examples of how compliance issues are reported to risk committees, please refer to Confidential Exhibit Q11-D through Confidential Exhibit Q11-H. These exhibits include compliance-risk-related excerpts from reports provided to M&T’s risk-related committees. These excerpts include minutes pertaining to the presentation of M&T’s annual CRM Risk Assessment at the Regulatory Compliance Risk Committee (“RCRC”) (Confidential Exhibit Q11-D); an example of reporting of compliance-related issues to the RCRC (Confidential Exhibit Q11-E); Management Risk Committee (“MRC”) minutes, which reference the presentation of the annual CRM Risk Assessment (Confidential Exhibit 11-F); Risk Committee of the Board (“RCB”) minutes, which reference the presentation of the annual CRM Risk Assessment (Confidential Exhibit Q11-G), as well as the most recent Quarterly Enterprise Risk Report, which includes compliance-related risks, provided to the MRC and RCB (Confidential Exhibit Q11-H).

Lastly, in response to the proposed integrated governance structure for MIS/Reporting post-merger, M&T CRM has conducted a business assessment of People United Bank’s compliance program, including a review of People’s United’s issue identification, escalation, and reporting processes. Upon conclusion of this review, M&T determined that upon Closing, all compliance-related issues and subsequent reporting will be incorporated into M&T Bank’s existing compliance issue and escalation process. This process consists of:

³ All exams were performed for those test plan years unless otherwise noted as “plan amendments.” Plan amendments were approved by the RCRC, a senior risk governance committee chaired by the CCO.

[REDACTED]

- Issue identification and tracking through Archer;
- Committee reporting created in conjunction with M&T’s Enterprise Risk Division’s Reporting Center of Excellence Team;
- Weekly internal issue reviews by CRM personnel including the Chief Compliance Officer (“CCO”) and Directors; and
- Periodic risk committee reporting at the RCRC, MRC and RCB.

Please refer to Confidential Exhibit Q11-I, which outlines procedures for reviewing and escalating compliance issues to ensure timely remediation and appropriate senior and executive management oversight.

(iii) Internal Audit

Key results from M&T Internal Audit (“IA”) assurance activities pertaining to compliance matters are included as appropriate within IA’s quarterly Assurance Report, which is reviewed with the Audit Committee and senior/executive management, including the MRC. Please refer to Confidential Exhibit Q11-J for Assurance Reports for January 2020 to the present, along with Audit Committee meeting minutes.

People’s United Response

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

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.**

For information regarding People’s United middle market lending data, please refer to Confidential Exhibit Q16.

People’s United notes that based on the data entries captured by its current loan system, it is not able to systematically segment medium-sized business loan customers based on such customers’ specific annual revenues or sales. In response to this Question 16, People’s United has provided state-level 2019 and 2020 total committed credit facilities and utilized funded volume for business customers in its “business banking,” “middle market” and “large corporate” segments, as described further in Confidential Exhibit Q16. People’s United respectfully submits that the information provided is indicative of its state-by-state medium-sized business loans by customer size.

Financial Stability

- 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**
 - v. Wealth management (total assets under management)** **vi. Insurance (by segment, including reinsurance)**

Please see Confidential Exhibit Q18-A for a response to this item with respect to People’s United. A response with respect to M&T was provided to the Board on April 22, 2021.

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)

Please see [Confidential Exhibit Q19](#) for a response to this item.

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-A for a response to this question with respect to People's United. A response with respect to M&T was provided to the Board on April 22, 2021.

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-A for a response to this question with respect to People's United. A response with respect to M&T was provided to the Board on April 22, 2021.

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.

3 NYCRR § 6.7 permits a New York bank to deal in, underwrite, purchase and sell unlimited amounts of "Type I" securities, as defined in 12 CFR § 1.2(j), and unlimited amounts of "Type II" securities, as defined in 12 CFR § 1.2(k), provided that the aggregate par value of Type II securities issued by any one obligor held by the bank does not exceed 10 percent of the bank's capital stock, surplus fund and undivided profits.

[REDACTED]

[REDACTED]

[REDACTED]

