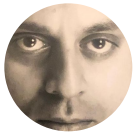


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M&T Bank Agrees To Acquire People's United Financial In Latest Tie-Up Of Regional Lenders



Palash Ghosh Forbes Staff

Business



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TOPLINE Buffalo-based M&T bank **said Monday** it will acquire People's United Financial in a \$7.6 billion deal, marking another merger of regional lenders seeking to scale and better compete with the largest U.S. banks as low interest rates cut into lending profits.



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Signage is displayed at an M&T Bank branch in New York, U.S., on Saturday, Jan. 13, 2018. M&T Bank ...

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KEY FACTS

BETA

- Under the terms of the deal, People's United stockholders will receive 0.118 of a common share of M&T for each People's United share they hold.
- At closing, the former People's United shareholders will own about 28% of the combined company.
- M&T expects the transaction to add 10% to 12% to its earnings per share in 2023, reflecting estimated annual cost savings of about \$330 million.
- The transaction, expected to close in the fourth quarter of this year, will result in a bank with \$200 billion in assets and more than 1,100 branches in 12 states stretching from Maine to Virginia – a region accounting for more than 20% of the U.S. population.
- René Jones, chairman and chief executive officer of M&T, will retain his positions in the combined company.

CRUCIAL QUOTE

“Combining our common legacies and our complementary footprints will strengthen our ability to serve our communities and customers, and provide solutions that make a difference in people’s lives,” said Rene Jones, M&T chairman.

KEY BACKGROUND

The M&T- People's merger is the latest of a flurry of regional bank mergers

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Bancshares agreed to buy **TCF Financial Corp.** of Detroit for \$6 billion in stock. Last November, **PNC Financial Services Group Inc.** of Pittsburgh made the biggest bank merger splash of 2020 by agreeing to buy the U.S. operations of Banco Bilbao Vizcaya Argentaria SA for \$11.6 billion. In October, Raleigh, N.C.-based **First Citizens Bancshares** and New York-based CIT Group agreed to merge to form a combined bank with \$100 billion in assets. *Bloomberg* also noted that when U.S. banks approach an asset size of **\$250 billion**, they likely want to merge in order to spread compliance costs as they will fall under tighter regulatory scrutiny. **Tom Michaud**, CEO of Keefe, Bruyette & Woods, told *Barron's* that if regional banks want to be “relevant and significant ... they needed to be able to stand up against the Big Four” (JPMorgan Chase, Citigroup, Wells Fargo and Bank of America).

BETA

WHAT TO WATCH FOR

Robert Kafafian of The Kafafian Group, a consulting firm in Bethlehem, Pa., told *American Banker* he expects to see a surge in bank mergers this year, partly due to needed investments in new technology. "Customers have shown they can adapt to changing technology," Kafafian said. "Adoption may have advanced three to five years faster than what it might have been otherwise without the pandemic. Tech capability is all the more important now."

TANGENT

Barron's reported that the **Covid-19 pandemic** slowed down the pace of bank mergers last year as lenders anticipated huge loan losses. According to **S&P Global Market Intelligence**, between January and October 2020, there were 92 bank mergers announced worth an aggregate \$9.7 billion, versus 219 deals valued at \$49.02 billion for the same period in 2019.

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Palash Ghosh

I have more than 20 yrs experience in writing about financial markets. I am especially interested in history and literature.

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