



**Webster**  
Financial Corporation®

**Third Quarter 2018**  
**Earnings Conference Call**  
**October 18, 2018**

# WBS 3Q18 Earnings | Highlights

(\$ in millions, except EPS data)

## Continued progress on our key strategic initiatives:

- 36 consecutive quarters of reported year-over-year revenue growth with total revenue of \$303 million (+13.5%)
- Efficiency ratio<sup>1</sup> of 57.4% vs. 59.2% prior year
- Combined year-over-year commercial loan growth exceeded 10%
- HSA Bank year-over-year footings growth of over \$1 billion (+19.0%)

**Income Available  
to Common**

**\$97.5**

**EPS**

**\$1.06**

**ROA**

**1.47%**

**ROACE**

**14.74%**

**ROATCE<sup>1</sup>**

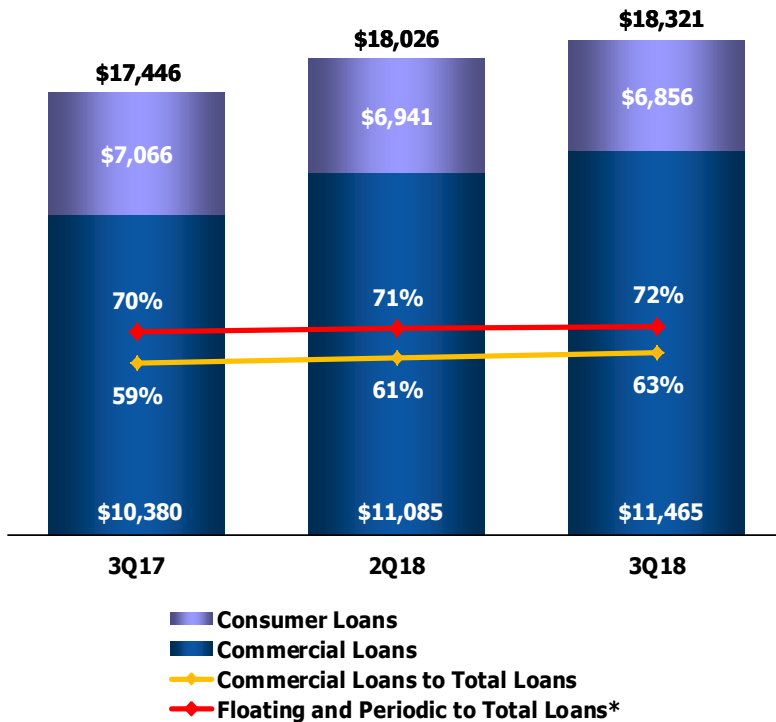
**18.88%**

<sup>1</sup> See non-GAAP reconciliation on pages 29 & 30

# WBS 3Q18 Earnings | Loans & Deposits

(\$ in millions)

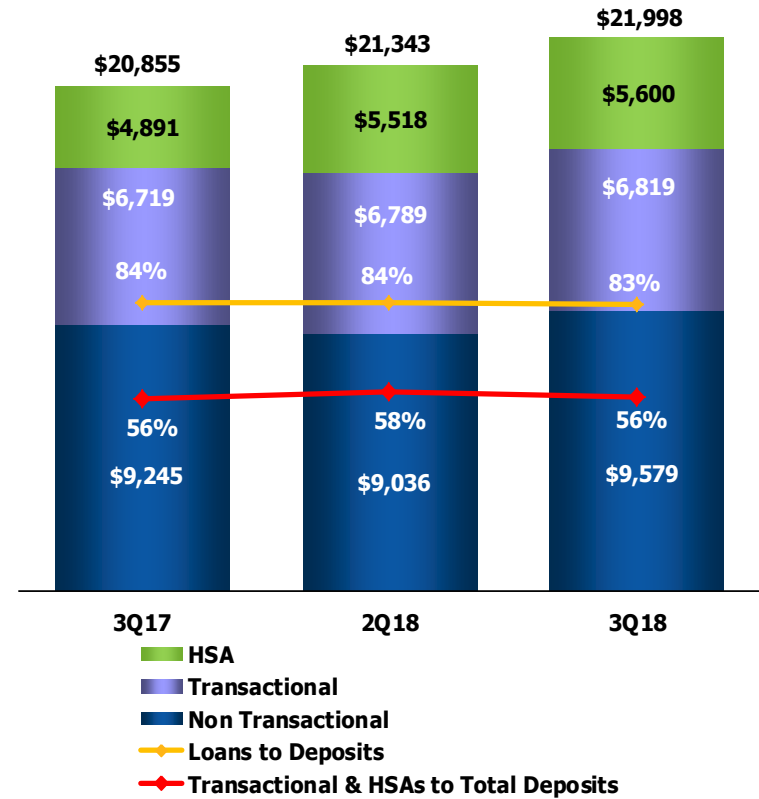
## Loans: +5.0% YOY



### Loan Portfolio Yield:

4.14%      4.63%      4.71%

## Deposits: +5.5% YOY



### Deposit Cost:

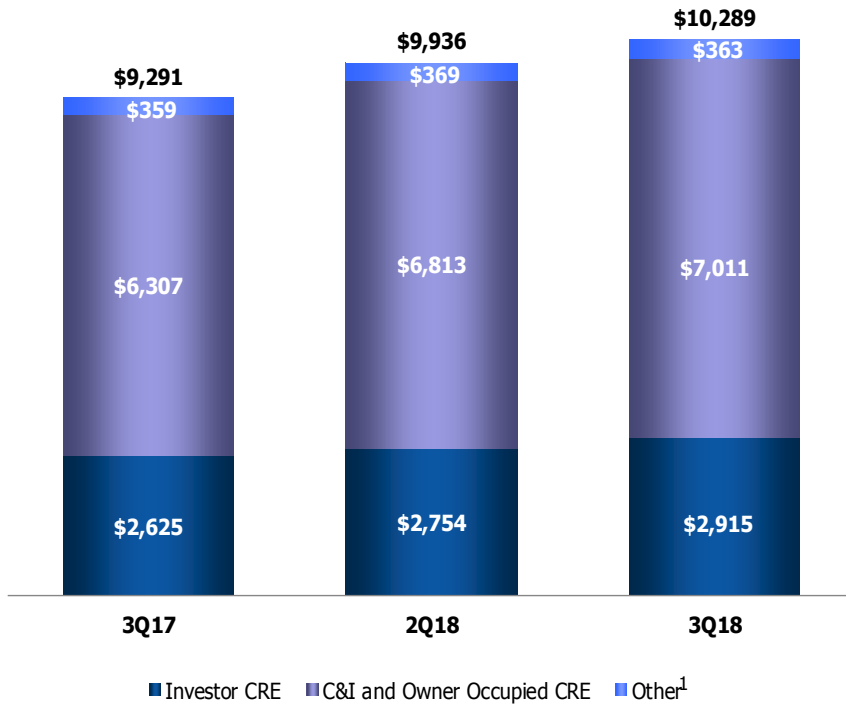
0.32%      0.38%      0.44%

\* Floating loan rates reset in 1 month or less; periodic loans reset in greater than 1 month but before final maturity

# WBS 3Q18 Earnings | Commercial Banking

(\$ in millions)

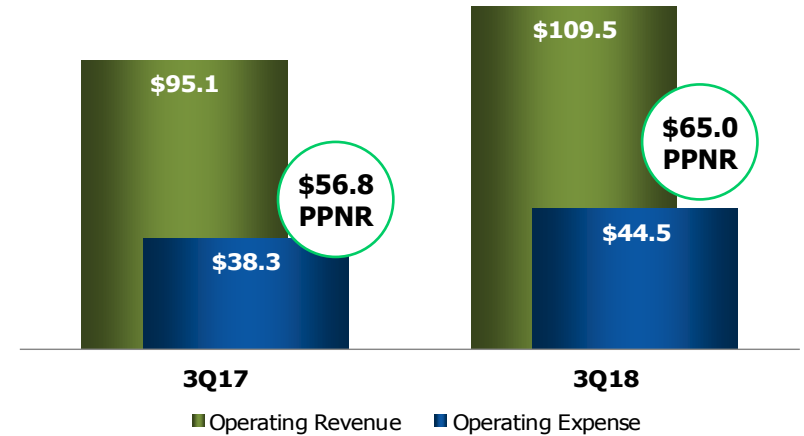
## Loans: +10.7% YOY



## Loan Portfolio Yield:

**4.19%**                      **4.95%**                      **5.02%**

## PPNR: +14.5% YOY



## Key Business Metrics

	3Q18	Increase / (Decrease)	
		2Q18	3Q17
Loan originations	\$ 1,086	\$ (94)	\$ 438
Loan fundings	\$ 705	\$ (74)	\$ 205
Yield on fundings	5.26%	-2 bps	+55 bps
Pipeline	\$ 316	\$ (158)	\$ (12)
Deposits	\$ 4,251	\$ 570	0
Non-interest income / Total revenue	16.71%	+218 bps	+283 bps
AUM / AUA	\$ 2,143	\$ 85	\$ 152

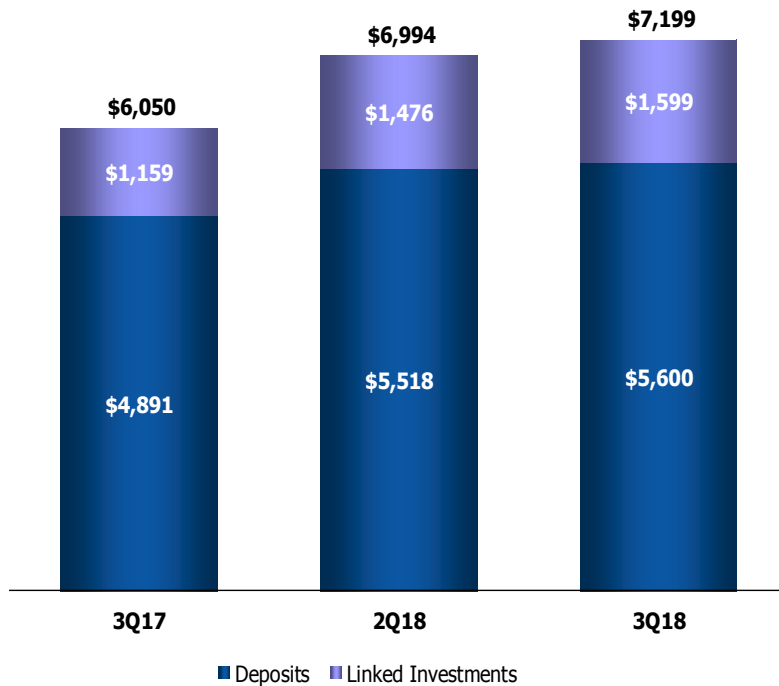
<sup>1</sup> Private Banking consumer loans

AUM =Assets Under Management    AUA =Assets Under Administration

# WBS 3Q18 Earnings | HSA Bank

(\$ in millions)

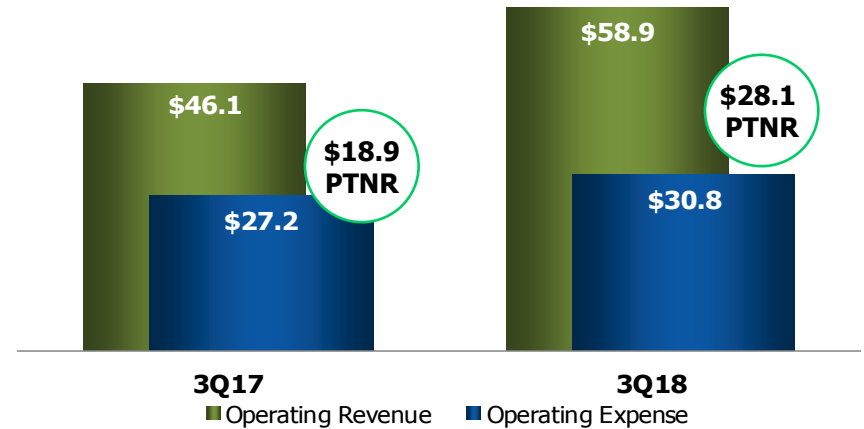
**Total Footings: +19.0% YOY**  
**Total Deposits: +14.5% YOY**  
**Total Accounts: +11.8% YOY**



## Deposit Cost:

**0.20%**                      **0.20%**                      **0.20%**

**PTNR: +49.2% YOY**



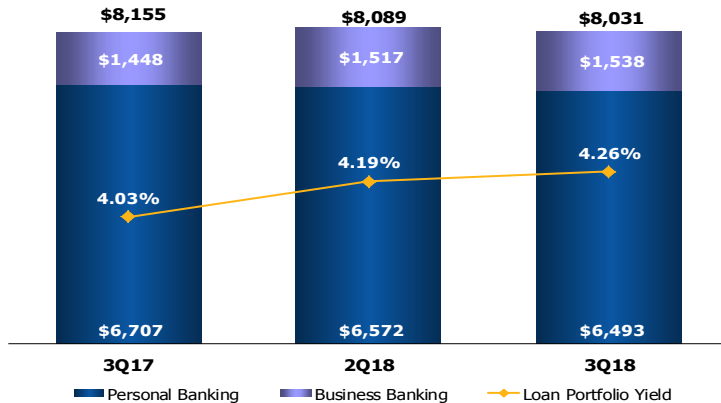
## Key Business Metrics

End of period	3Q18	Increase / (Decrease)	
		2Q18	3Q17
Accounts ('000)	<b>2,702</b>	28	286
Percent of unfunded accounts	<b>5.64%</b>	+3 bps	-95 bps
Footings per account	<b>\$ 2,665</b>	\$ 49	\$ 161
Investments as % of total footings	<b>22.21%</b>	+111 bps	+306 bps
New accounts ('000)	<b>128</b>	9	3
PTNR/avg. account (annualized)	<b>\$ 41.81</b>	\$ 1.24	\$ 10.27

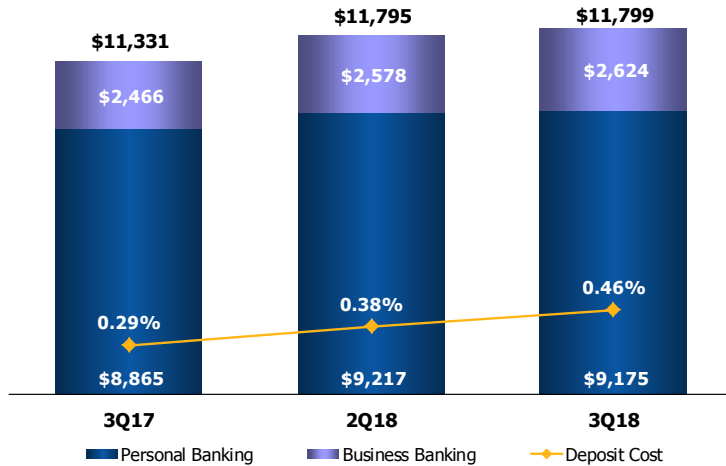
# WBS 3Q18 Earnings | Community Banking

(\$ in millions)

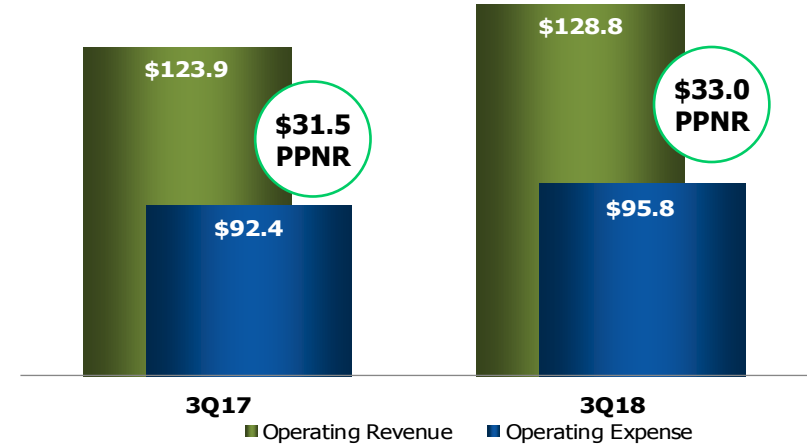
## Loans: -1.5% YOY



## Deposits: +4.1% YOY



## PPNR: +5.0% YOY



## Key Business Metrics

	3Q18	Increase / (Decrease)	
		2Q18	3Q17
Loan originations - Mortgage & Consumer	\$ 251	\$ (45)	\$ (194)
Loan originations - Business Banking	\$ 93	\$ 17	\$ 21
Yield on fundings	5.16%	+26 bps	+95 bps
Transaction deposits / Total deposits	37.29%	-133 bps	-87 bps
Digitally active households / Total households	47.38%	+10 bps	+149 bps
Self-service transactions / Total transactions	70.90%	+15 bps	+50 bps
Assets Under Administration	\$ 3,597	\$ 146	\$ 365

Note: PPNR above includes \$0.1 million in 3Q18 and \$0.1 million in 3Q17 of expenses related to branch optimization.

# WBS 3Q18 Earnings | Average Balance Sheet

(\$ in millions)

	3Q18	Increase / (Decrease)	
		2Q18	3Q17
Securities	\$ 7,105	\$ (38)	\$ 110
Commercial loans	\$ 11,163	\$ 244	\$ 838
Consumer loans	<u>6,898</u>	<u>(70)</u>	<u>(142)</u>
Total loans	\$ 18,061	\$ 174	\$ 696
Transactional & HSA Deposits	\$ 12,436	\$ 233	\$ 726
All Other Deposits	<u>9,469</u>	<u>269</u>	<u>244</u>
Total Deposits	\$ 21,905	\$ 502	\$ 970
Borrowings	\$ 2,111	\$ (383)	\$ (382)
Common equity	\$ 2,652	\$ 43	\$ 139

(At end of period)

Key Ratios:			
Loans / total deposits	83.3%	-120 bps	-40 bps
Transactional & HSAs / total deposits	56.5%	-120 bps	+80 bps
Common Equity Tier 1	11.23%	+24 bps	+24 bps
Tangible common equity <sup>1</sup>	7.86%	+11 bps	+31 bps
Tangible book value per common share <sup>1</sup>	\$ 22.83	\$ 0.58	\$ 1.67

## Key Observations:

Modest YOY increase of 1.6%; duration of 4.9 years
LQ - C&I +\$174 million (+2.7%), CRE +\$70 million (+1.6%)
LQ - HELOC -\$42 million (-1.8%), Residential -\$27 million (-0.6%)
Growth of 1.0% LQ, 4.0% YOY
Combined cost of 11 bps in 3Q18 (LQ unchanged; YOY +1 bp)
LQ increase primarily related to CDs
Growth of 2.3% LQ, 4.6% YOY
LQ and YOY excess deposits used to pay down borrowings
Growth reflects solid earnings

Favorable ratio provides significant flexibility
HSA deposits are 25.5% of total deposits vs. 23.5% prior year
\$933 million in excess of well-capitalized level
Tangible common equity of \$2.1 billion increased 8.2% YOY
Increased for the 14 <sup>th</sup> consecutive quarter

<sup>1</sup> See non-GAAP reconciliation on pages 29 & 30

# WBS 3Q18 Earnings | *Income Statement*

(\$ in millions)

	Favorable / (Unfavorable)		
	3Q18	2Q18	3Q17
Net interest income	\$ 230.4	\$ 5.4	\$ 29.5
Total non-interest income	<u>72.3</u>	<u>3.9</u>	<u>6.4</u>
Total revenue	\$ 302.7	\$ 9.3	\$ 35.9
Total non-interest expense	\$ 178.8	\$ 1.6	\$ (17.0)
Pre-provision net revenue	\$ 123.9	\$ 10.9	\$ 18.9
Provision for loan losses	\$ 10.5	\$ -	\$ (0.3)
Pre-tax income	\$ 113.4	\$ 10.9	\$ 18.6
Income available to common shareholders	\$ 97.5	\$ 18.0	\$ 35.0
Tax rate	12.1%	817 bps	1986 bps
Efficiency ratio <sup>1</sup>	57.41%	37 bps	177 bps

## Key Observations:

LQ increase driven by NIM expansion of 4 bps and average loan growth of 1.0%

LQ increase primarily due to loan related fees

36 consecutive quarters of YOY revenue growth (+13.5% from a year ago)

3Q18 and 2Q18 include \$2.9 million and \$7.2 million respectively related to deposit insurance assessments in prior years

Record level; growth of 18% from a year ago

ALLL / total loans and leases of 1.16%; NCO 13 bps

Record level; growth of 19.6% from a year ago

Record level; growth of 56.1% from a year ago

YOY decrease reflects tax reform and related discrete benefits

Ratio remained below 58%, now 5 consecutive quarters below 60%

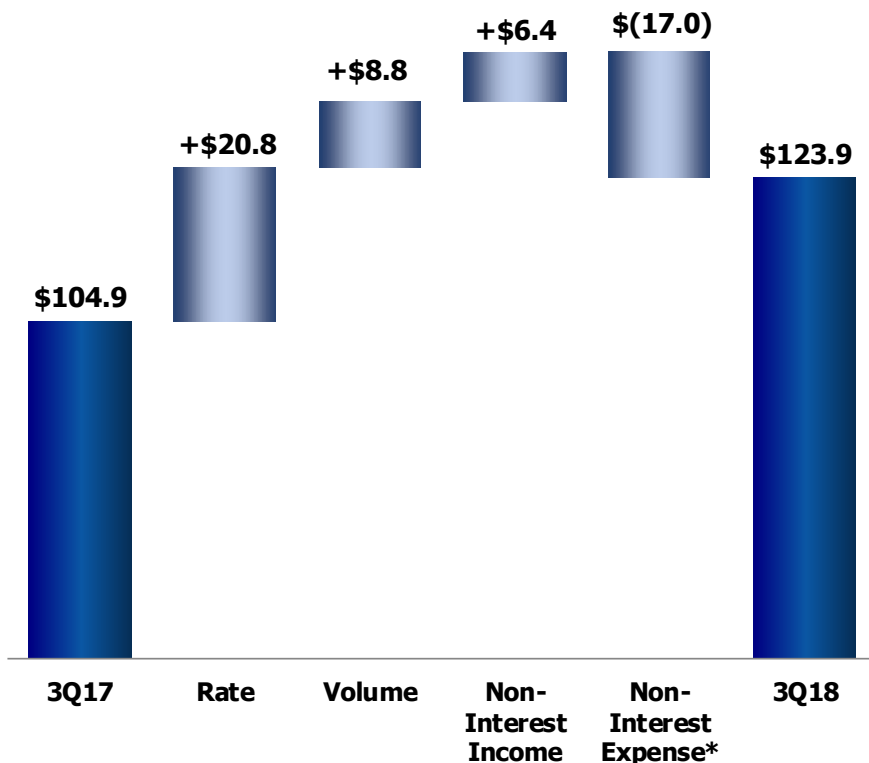
<sup>1</sup> See non-GAAP reconciliation on pages 29 & 30



# WBS 3Q18 Earnings | PPNR Performance

(\$ in millions)

**PPNR: +18.1% YOY**



\* Non-interest expense impact includes \$2.9 million related to deposit insurance assessments in prior years.

## Key Observations

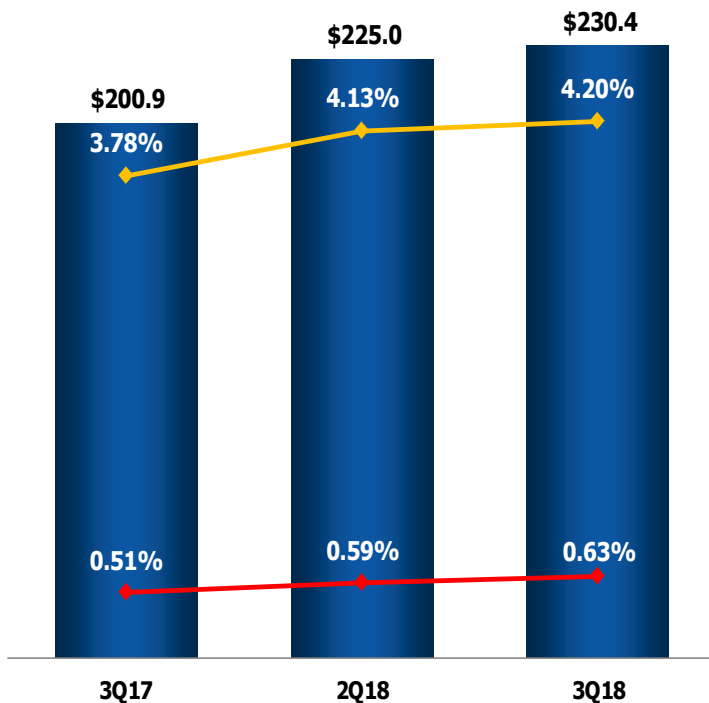
- Loan beta of 75% and deposit beta of 16% driving NIM expansion of 31bps
  - 52% of loans indexed to LIBOR
- Commercial Banking PPNR up 14.5%
  - 8.3% average loan growth coupled with 24bps improvement in deposit spreads and 6bps improvement in loan spreads driving \$5.1 million growth in net interest income
- HSA Bank PTNR up 49.2%
  - 14.5% growth in average deposits and 44bps improvement in spreads led to \$10.0 million increase in net interest income
- Community Banking PPNR up 5.0%
  - 3.5% growth in average deposits and 18bps improvement in deposit spreads led to \$5.1 million higher net interest income

The above analysis represents the components of the change in net interest income attributable to changes in rate and volume, and reflects the net interest income on a GAAP (Non-FTE) basis.

# WBS 3Q18 Earnings | Net Interest Income

(\$ in millions)

**+14.7% YOY**



■ Net Interest Income    ◆ Interest-Earning Assets Yield    ◆ Interest-Bearing Liabilities Cost

## **NIM:**

**3.30%**

**3.57%**

**3.61%**

## Linked Quarter Drivers:

### ■ NII: +\$5.4 million (non-FTE)

- ▶ +\$4.6 million due to loan yield (1 month LIBOR +14 bps)
- ▶ +\$2.4 million due to loan volume
- ▶ +\$1.4 million due to one extra day in 3Q18
- ▶ +\$0.9 million due to deposit volume
- ▶ -\$2.6 million due to deposit rates
- ▶ -\$1.3 million due to loan discount/premium and deferred fees and other

### ■ NIM: +4 bps

- ▶ +7 bps due to higher loan balances
- ▶ +2 bps due to higher Public Fund balances
- ▶ -4 bps due to higher deposit rates
- ▶ -1 bp due to loan discount/premium and deferred fees

# WBS 3Q18 Earnings | *Non-interest Income*

(\$ in thousands)

## Diverse Sources

	3Q18	Favorable / (Unfavorable)	
		2Q18	3Q17
Deposit service fees	\$ 19,307	\$ 453	\$ (355)
HSA fee income	22,159	(723)	2,788
Wealth & investment services	8,412	(44)	662
Loan related fees	10,782	4,449	4,436
Mortgage banking activities	1,305	70	(1,116)
Other	10,319	(295)	23
<b>Total</b>	<b>\$ 72,284</b>	<b>\$ 3,910</b>	<b>\$ 6,438</b>

## Key Observations:

- ▀ \$3.9 million increase quarter-over-quarter
  - Increase in loan related fees of \$4.4 million primarily due to loan syndication fees
  - Decrease in HSA fee income of \$0.7 million driven by seasonally lower interchange income
  
- ▀ \$6.4 million increase year-over-year
  - Increase in HSA fee income of \$2.8 million driven by account growth
  - Increase in loan related fees of \$4.4 million due to loan syndication fees
  - Decrease in mortgage banking activities of \$1.1 million driven by lower originations

# WBS 3Q18 Earnings | *Non-interest Expense*

(\$ in thousands)

Maintaining discipline while investing for growth

	3Q18	Favorable / (Unfavorable)	
		2Q18	3Q17
Compensation and benefits	\$ 96,640	\$ (3,588)	\$ (8,245)
Technology and equipment	24,553	51	(1,973)
Occupancy	14,502	1,340	242
Deposit insurance	9,694	3,993	(3,350)
Marketing	4,052	837	(7)
Other	29,342	(957)	(3,627)
<b>Total</b>	<b>\$ 178,783</b>	<b>\$ 1,676</b>	<b>\$ (16,960)</b>

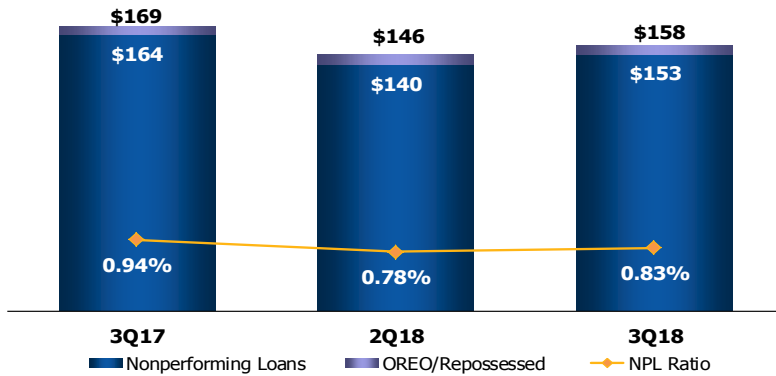
## Key Observations:

- ▀ \$1.7 million decrease linked-quarter
  - ▶ \$4.0 million decrease in deposit insurance primarily related to the final accrual for prior period deposit insurance assessments
  - ▶ \$1.3 million decrease in occupancy related to branch optimization costs in the prior period
  - ▶ \$3.6 million increase in compensation primarily due to increased medical costs
- ▀ \$17.0 million increase year-over-year
  - ▶ \$8.3 million increase in compensation due to strategic hires, annual merit increases, and higher medical costs
  - ▶ \$3.6 million increase in other due to increased pension expense, consulting fees, and lower deferral of loan related expenses
  - ▶ \$3.4 million increase in deposit insurance primarily related to an accrual for prior period deposit insurance assessments
  - ▶ \$2.0 million increase in technology/equipment due to higher depreciation and service contracts to support infrastructure

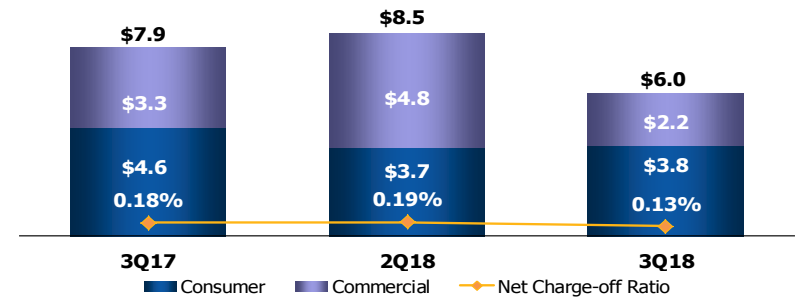
# WBS 3Q18 Earnings | Key Asset Quality Metrics

(\$ in millions)

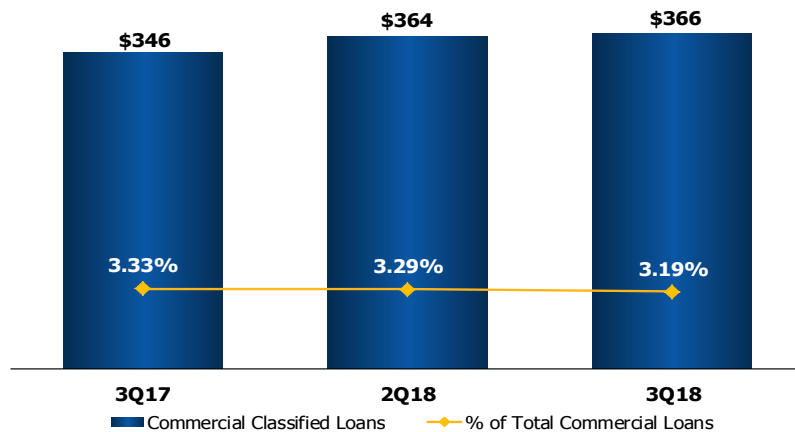
## Nonperforming Loans, OREO, NPL Ratio



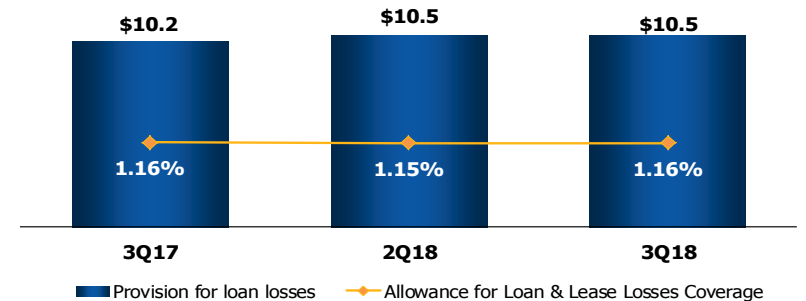
## Net Charge-offs



## Commercial Classified Loans



## Provision for Loan Losses



# WBS 3Q18 Earnings | 4Q18 Outlook Relative to 3Q18

## Balance Sheet

Average Loans +1% to 2%

Average Earning Assets Approx. +1%

Net Interest Margin + 4 to 6 bps

## Income Statement

Net Interest Income \$6 to \$8 million higher

Non-interest Income \$3 to \$4 million lower

Efficiency Ratio < 60%

Provision for Loan and Lease Losses Driven by loan growth, AQ and mix

Tax Rate Approx. 20%

Avg. Diluted Share Count Approx. 92.3 million

# WBS 3Q18 Earnings | *Concluding Comments*

- Investing capital and resources in strategies that maximize value to customers and shareholders:
  - ▶ Aggressively grow HSA Bank
  - ▶ Expand Commercial Banking
  - ▶ Optimize Community Banking
- Continued progress toward high performance goals measured by:
  - ▶ Financial performance
  - ▶ Growth in key customer segments
  - ▶ Customer satisfaction
- Sustained revenue growth
- Strong capital position

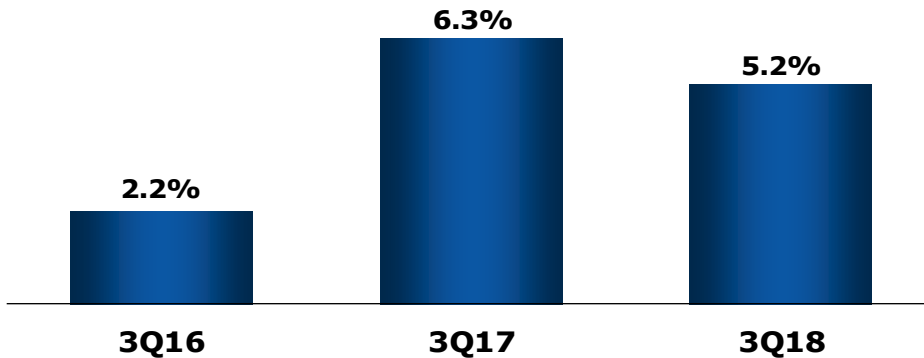
# WBS 3Q18 Earnings | *Supplemental Information*

- Page 17 – Interest Rate Risk PPNR Asset Sensitivity Trend
- Page 18 – Earning Asset and Funding Mix
- Page 19 to 20 – Investment Portfolio and Securities
- Pages 21 to 23 – Loan Detail
- Pages 24 to 25 – Deposit Mix and Cost
- Page 26 – Net Interest Margin – Linked Quarter
- Page 27 – Net Interest Margin – Year over Year
- Page 28 – Capital Ratios
- Page 29 to 30 – Non-GAAP

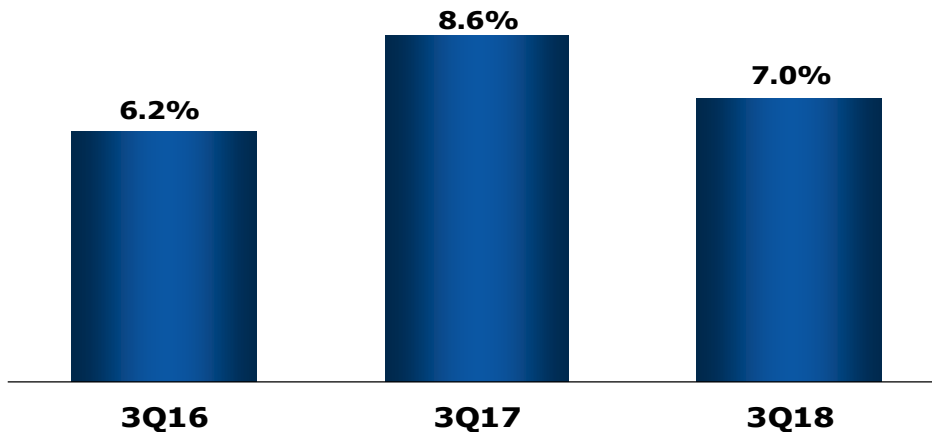


# WBS 3Q18 Earnings | Interest Rate Risk PPNR Asset Sensitivity Trend

**Short End Up 100 bps and Long End Up 0 bps vs. Flat Rates Over Next 12 Months**



**Short End Up 100 bps and Long End Up 50 bps vs. Flat Rates Over Next 12 Months**



## Key Observations:

- Webster is asset sensitive to rising interest rates
- Short end rates up 100 bps with no change in long end rates results in a 5.2% increase in PPNR
- Short end rates up 100 bps and long end rates up 50 bps results in a 7% increase in PPNR
- Results assume historical deposit betas
- Contributing to the increase in the asset sensitivity is the decline of loans at floors
  - In 3Q16 loans at floors were \$1.4 billion when Fed Funds was at 0.50% versus \$34 million in 3Q18 with Fed Funds at 2.25%

# WBS 3Q18 Earnings |

## Earning Asset and Funding Mix

(\$ in millions)

### Earning Asset Mix

Type	Balance	Total %	Floating %	Periodic %	Fixed %
Securities	\$ 7,390	29%	7%	3%	90%
Loans HFS	17	0%	100%	0%	0%
Resi / HE Loans	5,160	20%	0%	22%	78%
HE Lines	1,696	7%	98%	0%	2%
C&I Loans	6,694	26%	65%	23%	12%
CRE Loans	4,771	18%	77%	17%	6%
<b>Total</b>	<b>\$ 25,278</b>	<b>100%</b>	<b>40%</b>	<b>14%</b>	<b>46%</b>

### Funding Mix

Type	Balance	Total	< 1 Year	> 1 Year
Checking	\$ 6,841	28%		
HSA	5,578	23%		
Savings	4,107	17%		
Money Market	2,377	10%		
Time	3,095	13%	73%	27%
Borrowings	2,232	9%	75%	25%
<b>Total</b>	<b>\$ 24,230</b>	<b>100%</b>		

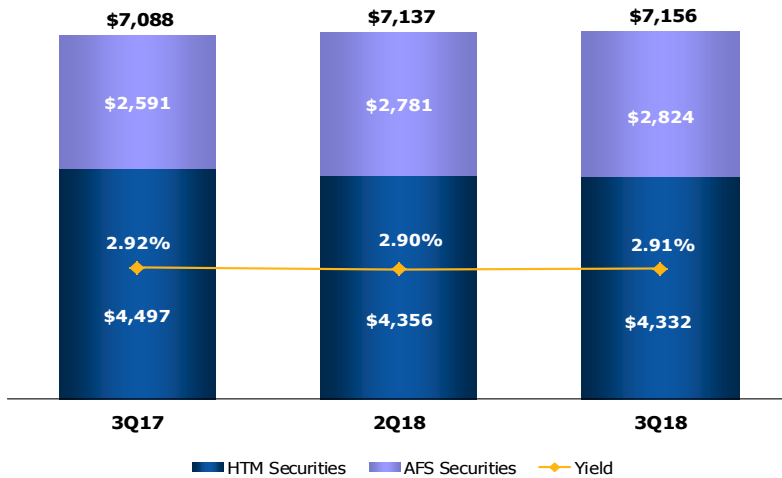
### Key Observations:

- ▶ Floating and periodic rate loans represent 72% of total loans:
  - ▶ Floating rate loans represent 53% of total loans
  - ▶ Periodic rate loans represent 19% of total loans
- ▶ LIBOR indexed loans represent 52% of total loans:
  - ▶ Loans indexed to 1 month LIBOR represent 39% of total loans
  - ▶ LIBOR indexed loans with rate reset frequencies greater than 1 month represent 13% of total loans
- ▶ CRE loans are predominantly floating rate due to customer swaps
- ▶ HSA deposits represent 23% of our funding mix

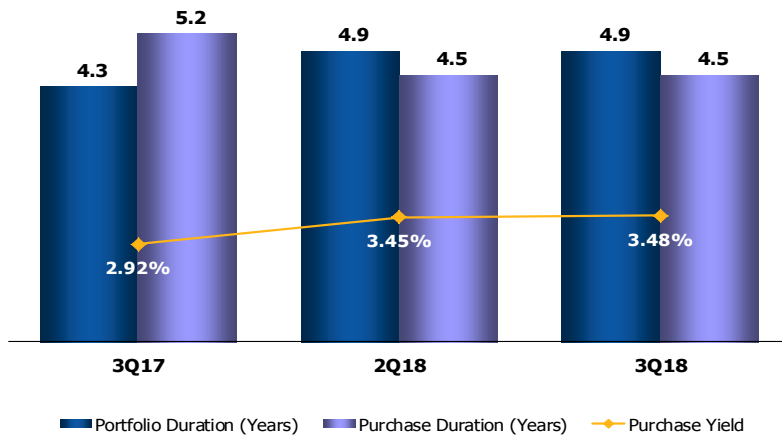
# WBS 3Q18 Earnings | Investment Portfolio

(\$ in millions)

## Investment Securities



## Duration / Yield



## Key Observations:

- Available-for-Sale portfolio includes \$105.1 million of net unrealized losses at 3Q18 compared to \$86.5 million at 2Q18
- Held-to-Maturity portfolio excludes \$168.1 million of net unrealized losses at 3Q18 compared to \$130.2 million at 2Q18
- Portfolio duration up 0.6 years vs. a year ago with 5 year swap up 107 bps
- Purchase yield increased 3 bps vs. LQ while purchase duration was flat

# WBS 3Q18 Earnings | *Investment Securities*

(\$ in millions)

End of period balances	Sept 30, 2018	June 30, 2018	Increase/ (Decrease)
<b>Available-for-Sale:</b>			
U.S. Treasury Bills	\$ 9.2	\$ 2.5	6.7
Agency CMOs	246.5	265.3	(18.8)
Agency MBS	1,409.7	1,311.8	97.9
Agency CMBS	570.5	582.7	(12.2)
Non Agency CMBS-fixed	2.8	3.7	(0.9)
Non Agency CMBS-floating	402.1	370.8	31.3
Corporate Debt Securities	55.4	55.7	(0.3)
Collateralized Loan Obligations	127.7	188.1	(60.4)
Single-issuer Trust Preferred Security	-	-	-
<b>Total Available-for-Sale</b>	<b>\$ 2,823.9</b>	<b>\$ 2,780.6</b>	<b>\$ 43.3</b>
<b>Held-to-Maturity:</b>			
Agency CMOs	\$ 218.4	\$ 231.9	\$ (13.5)
Agency MBS	2,535.0	2,520.5	14.5
Agency CMBS	672.5	677.3	(4.8)
Non Agency CMBS-fixed	222.0	229.3	(7.3)
Private Label MBS	-	0.1	(0.1)
Municipal Bonds and Notes	684.6	697.1	(12.5)
<b>Total Held-to-Maturity</b>	<b>\$ 4,332.5</b>	<b>\$ 4,356.2</b>	<b>\$ (23.7)</b>

# WBS 3Q18 Earnings | *Loans and Originations by Loan Portfolio*

(\$ in millions)

End of period balances Full quarter originations	3Q18		2Q18		3Q17	
	Balance	Originations	Balance	Originations	Balance	Originations
Commercial Non-Mortgage	\$ 5,265	\$ 678	\$ 5,099	\$ 595	\$ 4,037	\$ 397
Asset-Based Lending	<u>969</u>	<u>36</u>	<u>960</u>	<u>157</u>	<u>1,451</u>	<u>71</u>
Total Commercial	\$ 6,234	\$ 714	\$ 6,059	\$ 752	\$ 5,488	\$ 468
Commercial Real Estate	3,693	356	3,509	412	3,444	152
Business Banking	1,538	93	1,517	77	1,448	72
Residential Mortgages	4,415	92	4,456	120	4,499	238
Consumer	<u>2,441</u>	<u>120</u>	<u>2,485</u>	<u>148</u>	<u>2,567</u>	<u>155</u>
Portfolio Total	\$ <u>18,321</u>	\$ <u>1,375</u>	\$ <u>18,026</u>	\$ <u>1,509</u>	\$ <u>17,446</u>	\$ <u>1,085</u>
Residential Mortgages originated for sale		\$ <u>55</u>		\$ <u>44</u>		\$ <u>80</u>
Total Originations		\$ <u>1,430</u>		\$ <u>1,553</u>		\$ <u>1,165</u>

# WBS 3Q18 Earnings | *Loan Mix and Yield*

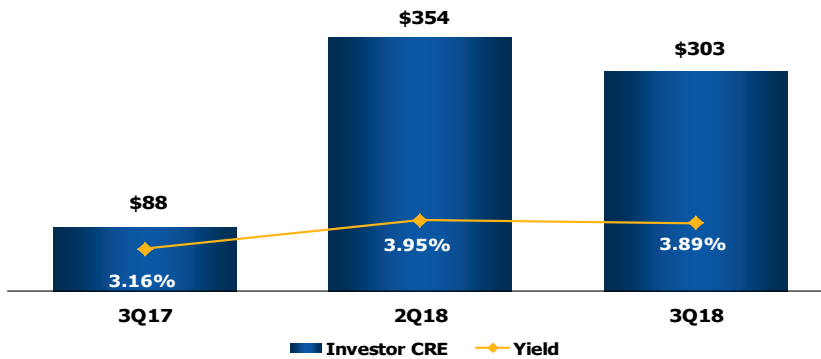
(\$ in millions)

End of period balances Full quarter yields	3Q18		2Q18		3Q17	
	Balance	Yield	Balance	Yield	Balance	Yield
Commercial	<b>6,694</b>	<b>5.41%</b>	\$ 6,504	5.34%	\$ 5,915	4.49%
CRE	<b>4,771</b>	<b>4.50%</b>	4,580	4.41%	4,465	3.91%
Residential	<b>4,415</b>	<b>3.67%</b>	4,456	3.64%	4,499	3.62%
Consumer	<u><b>2,441</b></u>	<u><b>5.14%</b></u>	<u>2,486</u>	<u>4.99%</u>	<u>2,567</u>	<u>4.64%</u>
Total	<b>\$ 18,321</b>	<b>4.71%</b>	\$ 18,026	4.63%	\$ 17,446	4.14%

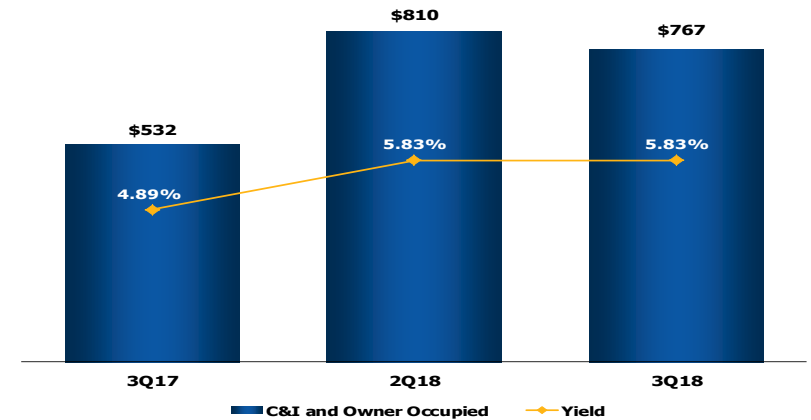
# WBS 3Q18 Earnings | *Loan Originations and Yields*

(\$ in millions)

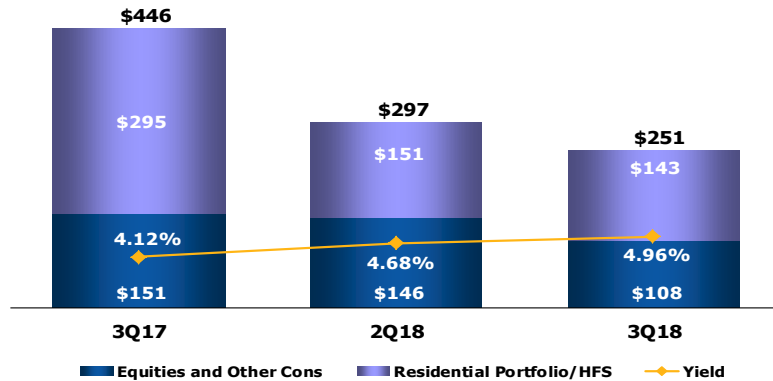
## Commercial Banking\*- Investor CRE



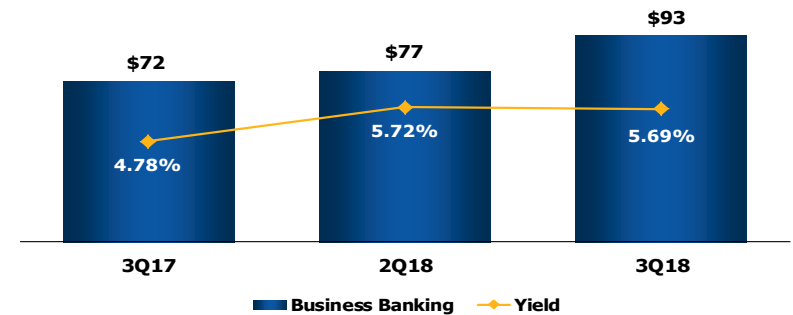
## Commercial Banking\*- C&I & Owner Occupied



## Personal Banking



## Business Banking



\* Commercial Banking yields are based on funded amounts; yields on the other business segments are based on originations

Note: Commercial Banking graphs exclude Private Banking's loan originations

# WBS 3Q18 Earnings | *Deposit Mix and Rate by Product*

(\$ in millions)

End of period balances Full quarter cost	3Q18		2Q18		3Q17	
	Balance	Rate	Balance	Rate	Balance	Rate
Demand	\$ 4,232	-	\$ 4,151	-	\$ 4,138	-
Health Savings Accounts	5,600	0.20%	5,518	0.20%	4,891	0.20%
Interest Bearing Checking	2,588	0.09%	2,637	0.07%	2,581	0.07%
Money Market	2,377	1.03%	2,016	0.86%	2,598	0.69%
Savings	<u>4,106</u>	<u>0.29%</u>	<u>4,181</u>	<u>0.25%</u>	<u>4,429</u>	<u>0.25%</u>
<b>Core Deposits</b>	\$ 18,903	0.26%	\$ 18,503	0.23%	\$ 18,637	0.22%
Time Deposits	<u>3,095</u>	<u>1.59%</u>	<u>2,840</u>	<u>1.41%</u>	<u>2,218</u>	<u>1.20%</u>
<b>Total</b>	\$ 21,998	0.44%	\$ 21,343	0.38%	\$ 20,885	0.32%
<b>Core/Total</b>	<b>86%</b>		<b>87%</b>		<b>89%</b>	



# WBS 3Q18 Earnings | *Deposit Mix and Rate by Line of Business*

(\$ in millions)

End of period balances Full quarter cost	3Q18		2Q18		3Q17	
	Balance	Rate	Balance	Rate	Balance	Rate
Personal Banking	\$ 9,175	0.53%	\$ 9,217	0.45%	\$ 8,866	0.34%
Commercial Banking	1,645	0.13%	1,510	0.10%	1,582	0.07%
Treasury & Pymt Solutions	2,424	0.88%	1,983	0.78%	2,430	0.55%
Private Banking	181	0.48%	188	0.42%	239	0.28%
Business Banking	2,624	0.22%	2,578	0.17%	2,466	0.12%
HSA Bank	5,600	0.20%	5,518	0.20%	4,891	0.20%
Other	<u>349</u>	<u>1.88%</u>	<u>349</u>	<u>1.83%</u>	<u>381</u>	<u>1.90%</u>
<b>Total</b>	<b>\$ 21,998</b>	<b>0.44%</b>	<b>\$ 21,343</b>	<b>0.38%</b>	<b>\$ 20,855</b>	<b>0.32%</b>

# WBS 3Q18 Earnings | *Net Interest Margin – Linked Quarter*

(\$ in millions)

	3Q18			Fav./ (Unfav.)		
	Avg Bal.	Int.	Yield/rate	Avg Bal.	Int.	Bps
Securities	\$ 7,105	\$ 52.3	2.91%	\$ (38)	\$ 0	1
Money Market & Other	198	1.9	3.82	(1)	0.1	22
Loans HFS	20	0.2	4.10	5	0.1	20
Commercial Loans	11,163	143.6	5.03	245	7.0	8
Consumer Loans	6,898	72.5	4.19	(71)	0.6	6
Total Loans & Leases	18,061	216.1	4.71%	174	7.6	8
<b>Interest-Earning Assets</b>	<b>\$ 25,384</b>	<b>\$ 270.5</b>	<b>4.20%</b>	<b>\$ 140</b>	<b>\$ 7.8</b>	<b>7</b>
Deposits	\$ 21,905	\$ 24.4	0.44%	\$ (502)	\$ (4.2)	(6)
Borrowings	2,111	13.6	2.53	384	1.7	(11)
<b>Interest-Bearing Liabilities</b>	<b>\$ 24,016</b>	<b>\$ 38.0</b>	<b>0.63%</b>	<b>\$ (118)</b>	<b>\$ (2.5)</b>	<b>(4)</b>
Tax-Equivalent Net Interest Income		\$ 232.5			\$ 5.4	
Less: Tax-Equivalent Adjustment		(2.2)			0.0	
<b>Net Interest Income</b>		<b>\$ 230.3</b>			<b>\$ 5.4</b>	
<b>Net Interest Margin</b>			<b>3.61%</b>			<b>4</b>

# WBS 3Q18 Earnings | *Net Interest Margin – Year over Year*

(\$ in millions)

	3Q18			Fav./ (Unfav.)		
	Avg Bal.	Int.	Yield/rate	Avg Bal.	Int.	Bps
Securities	\$ 7,105	\$ 52.3	2.91%	\$ 110	\$ 1.2	(1)
Money Market & Other	198	1.9	3.82	4	0.2	44
Loans HFS	20	0.2	4.10	(15)	(0.1)	59
Commercial Loans	11,163	143.6	5.03	838	31.8	79
Consumer Loans	6,898	72.5	4.19	(142)	2.0	19
Total Loans & Leases	18,061	216.1	4.71%	696	33.8	57
<b>Interest-Earning Assets</b>	<b>\$ 25,384</b>	<b>\$ 270.5</b>	<b>4.20%</b>	<b>\$ 796</b>	<b>\$ 35.1</b>	<b>42</b>
Deposits	\$ 21,905	\$ 24.4	0.44%	\$ (970)	\$ (7.6)	(12)
Borrowings	2,111	13.6	2.53	382	(0.2)	(42)
<b>Interest-Bearing Liabilities</b>	<b>\$ 24,016</b>	<b>\$ 38.0</b>	<b>0.63%</b>	<b>\$ (588)</b>	<b>\$ (7.9)</b>	<b>(12)</b>
Tax-Equivalent Net Interest Income		\$ 232.5			\$ 27.3	
Less: Tax-Equivalent Adjustment		(2.2)			2.2	
<b>Net Interest Income</b>		<b>\$ 230.3</b>			<b>\$ 29.5</b>	
<b>Net Interest Margin</b>			<b>3.61%</b>			<b>31</b>

# WBS 3Q18 Earnings | Webster Financial Corporation Capital Ratios

	At Sept 30, 2018*	At June 30, 2018	At Sept 30, 2017	Well Capitalized
Common Equity Tier 1 Risk-Based Capital	<b>11.23%</b>	10.99%	10.99%	6.5%
Tangible Common Equity	<b>7.86%</b>	7.75%	7.55%	na
Tangible Equity	<b>8.41%</b>	8.29%	8.03%	na
Tier 1 Leverage	<b>8.89%</b>	8.70%	8.36%	5.0%
Tier 1 Risk-Based Capital	<b>11.96%</b>	11.74%	11.65%	8.0%
Total Risk-Based Capital	<b>13.44%</b>	13.21%	13.17%	10.0%

At Sept 30, 2018*	Capital*	Excess Over Well Capitalized*
(\$ in millions)		
Common Equity Tier 1 Risk-Based Capital	\$ <b>2,216</b>	\$ <b>933</b>
Tier 1 Leverage	\$ <b>2,361</b>	\$ <b>1,033</b>
Tier 1 Risk-Based Capital	\$ <b>2,361</b>	\$ <b>782</b>
Total Risk-Based Capital	\$ <b>2,652</b>	\$ <b>679</b>

\*Preliminary

# WBS 3Q18 Earnings | *Non-GAAP – QTD*

(\$ in thousands)

	3Q18	2Q18	3Q17
<b>Efficiency Ratio</b>			
Non-interest Expense	\$ 178,783	\$ 180,459	\$ 161,823
Deposit Insurance Adjustment	(2,860)	(7,176)	0
Facilities Optimization	(99)	(1,423)	(213)
Net Foreclosed (Expense) Income	309	106	72
Amortization of Intangibles	(961)	(962)	(1,002)
Non-interest Expense (net of above)	<u>\$ 175,172</u>	<u>\$ 171,004</u>	<u>\$ 160,680</u>
Net Interest Income Before Provision	\$ 230,372	\$ 225,010	\$ 200,904
FTE Adjustment	2,172	2,217	4,340
Non-interest Income	72,284	68,374	65,846
Other	308	359	431
Total Revenue (net of above)	<u>\$ 305,136</u>	<u>\$ 295,960</u>	<u>\$ 271,521</u>
<b>Efficiency Ratio</b>	<b>57.41%</b>	<b>57.78%</b>	<b>59.18%</b>
<b>Tangible Common Equity Ratio</b>			
Shareholders' equity	\$ 2,816,198	\$ 2,761,723	\$ 2,638,787
Less: Goodwill and other intangible assets	<u>565,099</u>	<u>566,061</u>	<u>568,962</u>
Tangible shareholders' equity	2,251,099	2,195,662	2,069,825
Less: Preferred stock	145,037	145,037	122,710
Tangible common shareholders' equity	<u>\$ 2,106,062</u>	<u>\$ 2,050,625</u>	<u>\$ 1,947,115</u>
Total assets	\$ 27,346,317	\$ 27,036,737	\$ 26,350,182
Less: Goodwill and other intangible assets	<u>565,099</u>	<u>566,061</u>	<u>568,962</u>
Tangible assets	<u>\$ 26,781,218</u>	<u>\$ 26,470,676</u>	<u>\$ 25,781,220</u>
<b>Tangible Common Equity Ratio</b>	<b>7.86%</b>	<b>7.75%</b>	<b>7.55%</b>

# WBS 3Q18 Earnings | *Non-GAAP – QTD continued*

(\$ in thousands)

	3018	2018	3017
<b>Tangible Book Value per Common Share</b>			
Tangible common shareholders' equity	\$ 2,106,062	\$ 2,050,625	\$ 1,947,115
Common Shares Outstanding	<u>92,230</u>	<u>92,151</u>	<u>92,034</u>
<b>Tangible Book Value per Common Share</b>	<b>\$ 22.83</b>	<b>\$ 22.25</b>	<b>\$ 21.16</b>
<b>Return on Average Tangible Common Shareholders' Equity</b>			
Average Shareholders' equity	\$ 2,796,809	\$ 2,754,355	\$ 2,635,312
Less: Average goodwill and other intangible assets	565,559	566,522	569,538
Average preferred stock	<u>145,037</u>	<u>145,037</u>	<u>122,710</u>
Average tangible common shareholders' equity	<u>\$ 2,086,213</u>	<u>\$ 2,042,797</u>	<u>\$ 1,943,064</u>
Net income	\$ 99,673	\$ 81,682	\$ 64,496
Less: Preferred stock dividends	1,968	1,969	2,024
Add: Intangible assets amortization, tax-effected	<u>759</u>	<u>760</u>	<u>651</u>
Income adjusted for preferred stock dividends and intangible assets amortization	<u>98,464</u>	<u>80,473</u>	<u>63,123</u>
Adjusted income, annualized basis	<u>\$ 393,856</u>	<u>\$ 321,892</u>	<u>\$ 252,492</u>
<b>Return on Average Tangible Common Shareholders' Equity</b>	<b>18.88%</b>	<b>15.76%</b>	<b>12.99%</b>

# WBS 3Q18 Financial Review

## *Forward-looking Statements*

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “believes,” “anticipates,” “expects,” “intends,” “targeted,” “continue,” “remain,” “will,” “should,” “may,” “plans,” “estimates,” and similar references to future periods; however, such words are not the exclusive means of identifying such statements. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, income or loss, earnings or loss per share, and other financial items; (ii) statements of plans, objectives, and expectations of Webster or its management or Board of Directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Forward-looking statements are based on Webster’s current expectations and assumptions regarding its business, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Webster’s actual results may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. For more information about factors that could cause actual results to differ from those discussed in the forward-looking statements please refer to the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Any forward-looking statement made by the Company in this presentation speaks only as of the date on which it is made. Factors or events that could cause the Company’s actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law.

## *Non-GAAP Financial Measures*

This presentation contains both financial measures based on accounting principles generally accepted in the United States (“GAAP”) and non-GAAP based financial measures, which are used where management believes them to be helpful in understanding the Company’s results of operations or financial position. Reconciliations of these non-GAAP financial measures, to the most comparable GAAP measures are included in the Company’s earnings release available in the Investor Relations portion of the Company’s website at [www.wbst.com](http://www.wbst.com). These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. For additional information see reconciliation to GAAP financial measures presented in the Company’s Press Release.