



Webster
Financial Corporation®

Fourth Quarter 2018
Earnings Conference Call
January 24, 2019

WBS 4Q18 Earnings | Highlights

(\$ in millions, except EPS data)

Continued progress on our key strategic initiatives:

- 37 consecutive quarters of reported year-over-year revenue growth, with total revenue of \$310 million (+15%)
- Efficiency ratio¹ of 56.2% vs. 59.5% prior year
- Year-over-year commercial loan growth exceeded 10%
- HSA Bank year-over-year footings growth of 14%
- Full year 2018:
 - Revenue increased 13%
 - Pre-provision net revenue increased 23%

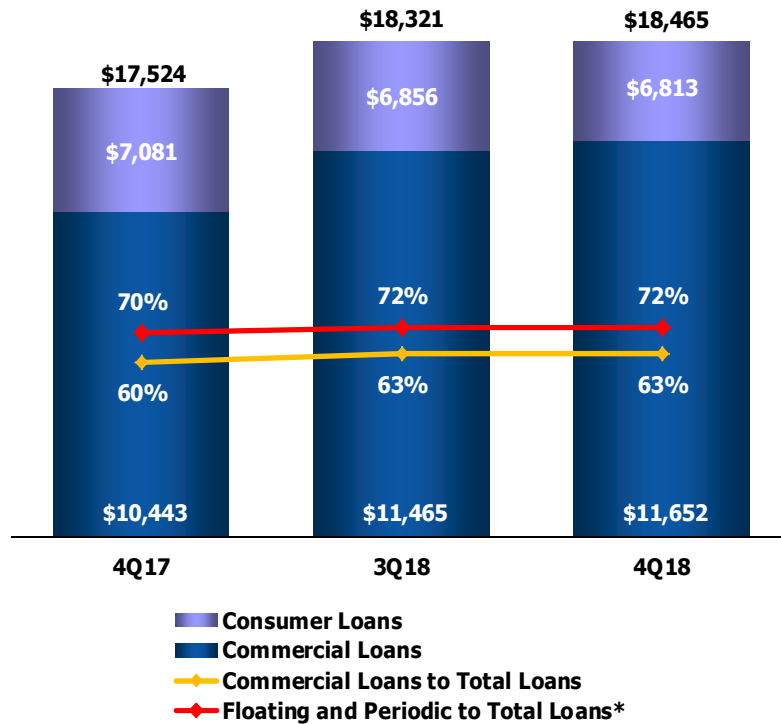
Income Available to Common	EPS	ROA	ROACE	ROATCE ¹
\$96.7	\$1.05	1.44%	14.31%	18.22%

¹ See non-GAAP reconciliation on pages 29 & 30

WBS 4Q18 Earnings | Loans & Deposits

(\$ in millions)

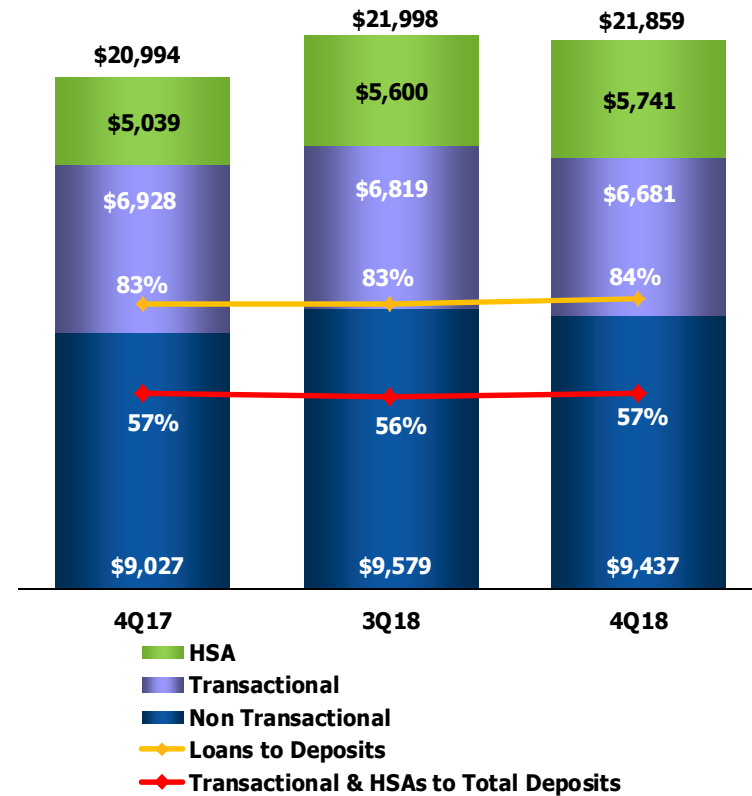
Loans: +5.4% YOY



Loan Portfolio Yield:

4.20% 4.71% 4.85%

Deposits: +4.1% YOY



Deposit Cost:

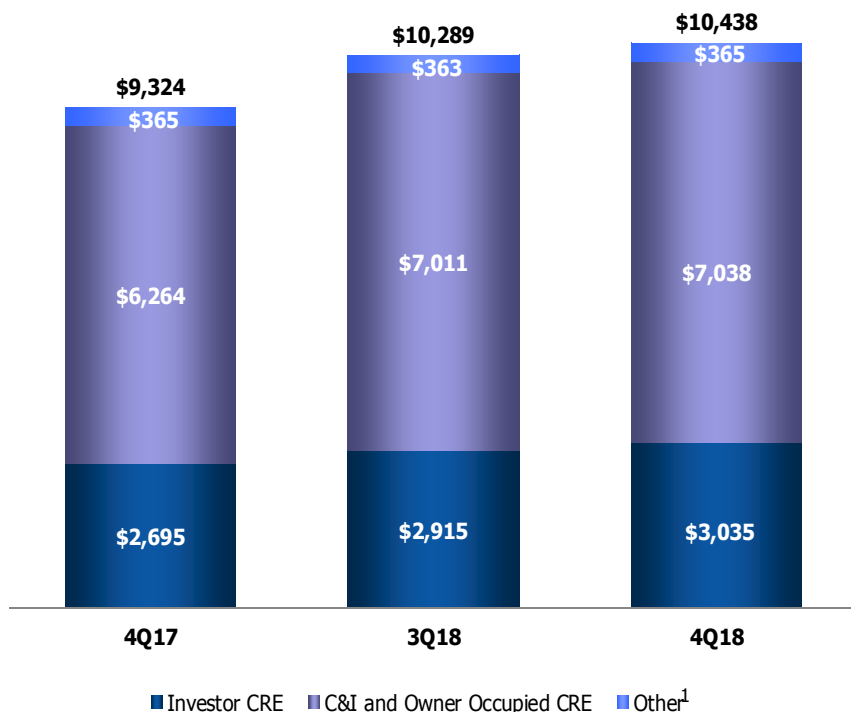
0.33% 0.44% 0.50%

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

WBS 4Q18 Earnings | Commercial Banking

(\$ in millions)

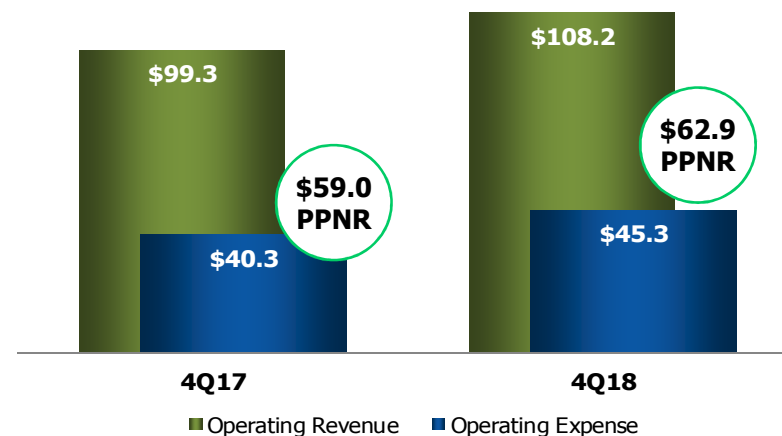
Loans: +11.9% YOY



Loan Portfolio Yield:

4.29% **5.02%** **5.18%**

PPNR: +6.6% YOY



Key Business Metrics

	4Q18	Increase / (Decrease)	
		3Q18	4Q17
Loan originations	\$ 1,325	\$ 240	\$ 351
Loan fundings	\$ 889	\$ 184	\$ 300
Yield on fundings	5.01%	-26 bps	+54 bps
Pipeline	\$ 371	\$ 55	\$ (51)
Deposits	\$ 4,031	\$ (220)	\$ (92)
Non-interest income / Total revenue	14.87%	-184 bps	-127 bps
AUM / AUA	\$ 1,930	\$ (213)	\$ (109)

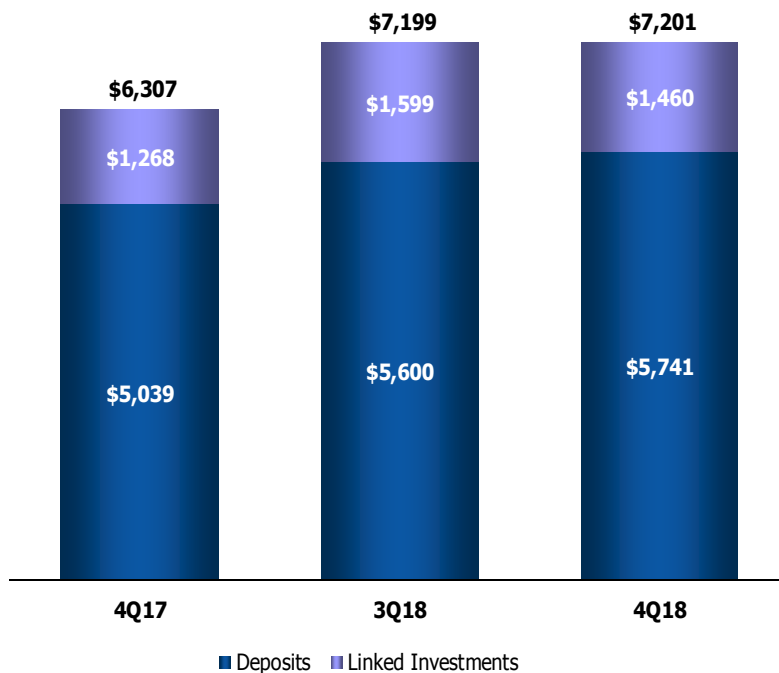
¹ Private Banking consumer loans

AUM =Assets Under Management AUA =Assets Under Administration

WBS 4Q18 Earnings | HSA Bank

(\$ in millions)

Total Footings: +14.2% YOY
Total Deposits: +13.9% YOY
Total Accounts: +10.6% YOY



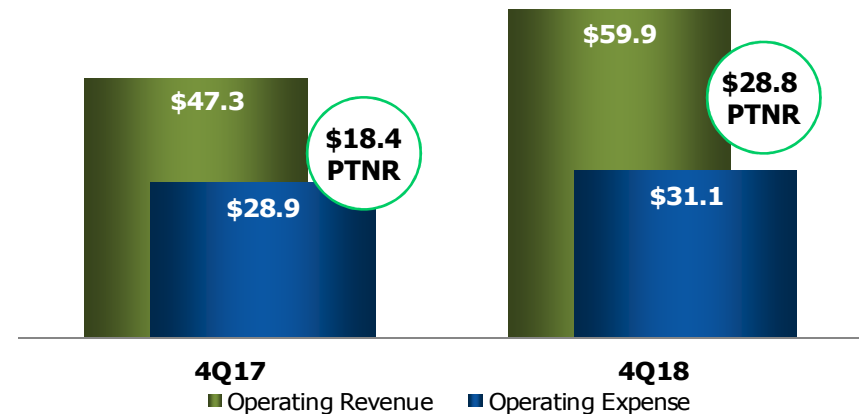
Deposit Cost:

0.20%

0.20%

0.20%

PTNR: +56.6% YOY



Key Business Metrics

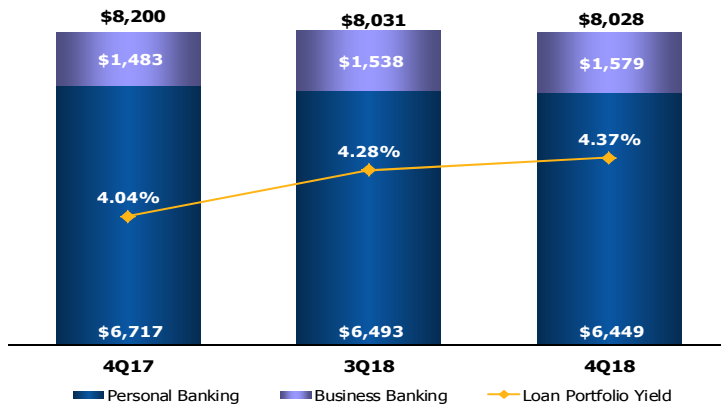
End of period	4Q18	Increase / (Decrease)	
		3Q18	4Q17
Accounts ('000)	2,722	20	261
Percent of unfunded accounts	5.82%	+18 bps	-92 bps
Footings per account	\$ 2,646	\$ (19)	\$ 83
Investments as % of total footings	20.28%	-193 bps	+17 bps
New accounts ('000)	119	(9)	(3)
PTNR/avg. account (annualized)	\$ 42.59	\$ 0.78	\$ 12.34

PTNR – Pre-Tax Net Revenue

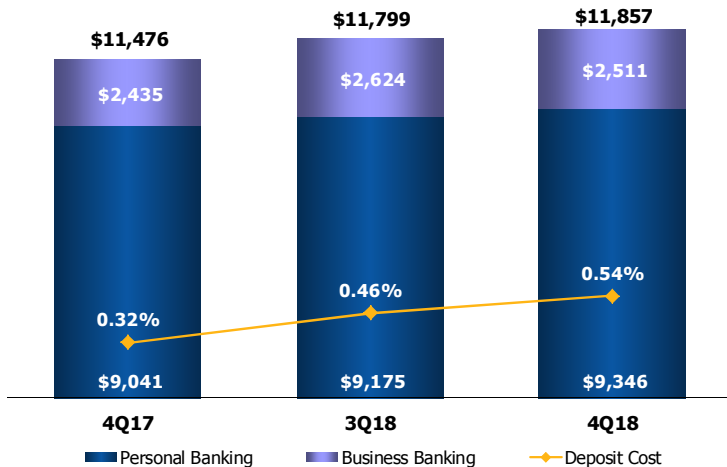
WBS 4Q18 Earnings | Community Banking

(\$ in millions)

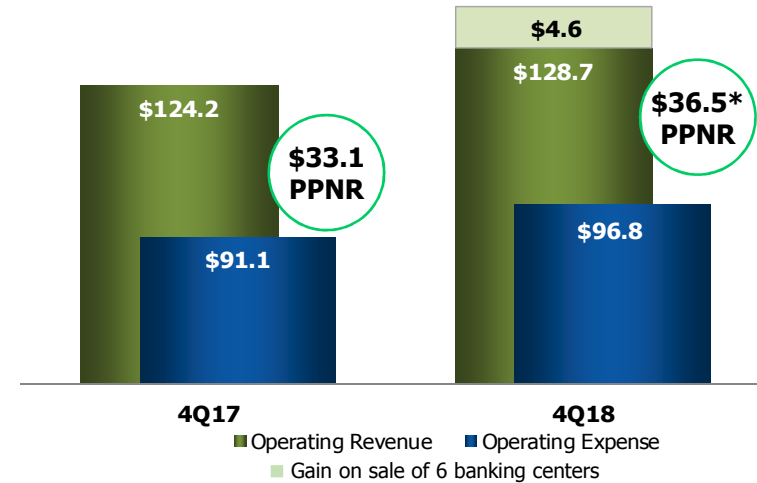
Loans: -2.1% YOY



Deposits: +3.3% YOY



PPNR: +10.3% YOY*



Key Business Metrics

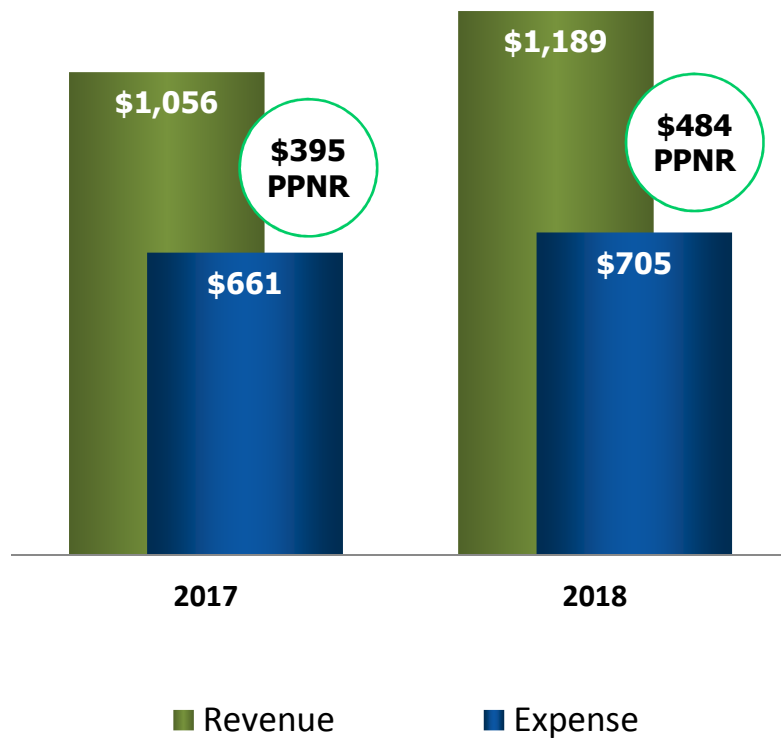
	4Q18	Increase / (Decrease)	
		3Q18	4Q17
Loan originations - Mortgage & Consumer	\$ 223	\$ (29)	\$ (79)
Loan originations - Business Banking	\$ 93	\$ (1)	\$ 3
Yield on fundings	5.30%	+14 bps	+95 bps
Transaction deposits / Total deposits	36.87%	-42 bps	-193 bps
Digitally active households / Total households	47.80%	+42 bps	+167 bps
Self-service transactions / Total transactions	70.58%	-32 bps	+38 bps
Assets Under Administration	\$ 3,392	\$ (205)	\$ 16

*4Q18 PPNR includes gain on sale of 6 banking centers. Excluding the gain PPNR was \$31.9 million or declined 3.5% YOY

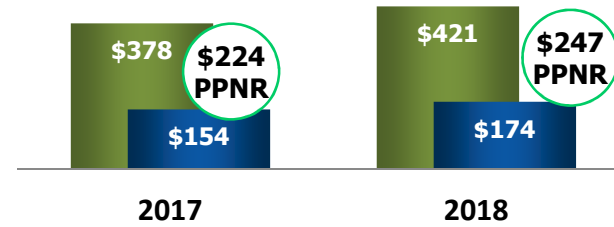
WBS 4Q18 Earnings | Full Year PPNR Performance

(\$ in millions)

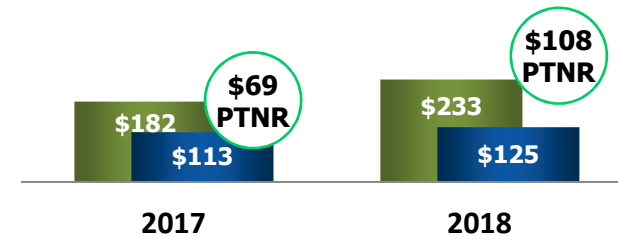
Consolidated PPNR +22.5%



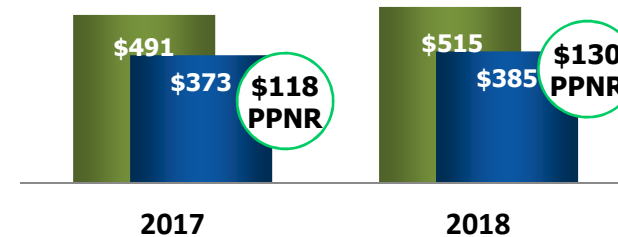
Commercial PPNR +10.6%



HSA PTNR +56.6%



Community PPNR +10.1%



WBS 4Q18 Earnings | Average Balance Sheet

(\$ in millions)

	4Q18	Increase / (Decrease)	
		3Q18	4Q17
Securities	\$ 7,144	\$ 39	\$ 49
Commercial loans	\$ 11,581	\$ 418	\$ 1,179
Consumer loans	<u>6,843</u>	<u>(55)</u>	<u>(257)</u>
Total loans	\$ 18,424	\$ 364	\$ 922
Transactional & HSA Deposits	\$ 12,389	\$ (47)	\$ 668
All Other Deposits	<u>9,536</u>	<u>67</u>	<u>302</u>
Total Deposits	\$ 21,925	\$ 20	\$ 970
Borrowings	\$ 2,386	\$ 275	\$ (264)
Common equity	\$ 2,708	\$ 56	\$ 164

(At end of period)

Key Ratios:

Loans / total deposits	84.5%	+120 bps	+100 bps
Transactional & HSAs / total deposits	56.8%	+30 bps	-20 bps
Common Equity Tier 1	11.44%	+21 bps	+30 bps
Tangible common equity ¹	8.05%	+19 bps	+38 bps
Tangible book value per common share ¹	\$ 23.60	\$ 0.77	\$ 2.01

Key Observations:

Modest YOY increase of 0.7%; portfolio duration of 4.3 years

LQ - CRE +\$242 million (+5.2%), C&I +\$177 million (+2.7%)

LQ - HELOC -\$41 million (-1.7%), Residential -\$14 million (-0.3%)

Growth of 2.0% LQ, 5.3% YOY

Combined cost of 11 bps in 4Q18 (LQ unchanged; YOY +1 bp)

LQ and YOY increase primarily in CDs

Growth of 0.1% LQ, 4.6% YOY

Short term borrowings funded majority of LQ loan increase

Growth reflects earnings strength

Favorable ratio provides significant flexibility

HSA deposits are 26.3% of total deposits vs. 24.0% prior year

\$987 million in excess of well-capitalized level

Tangible common equity of \$2.2 billion increased 9.5% YOY

Increased for the 15th consecutive quarter

¹ See non-GAAP reconciliation on pages 29 & 30

WBS 4Q18 Earnings | *Income Statement*

(\$ in millions)

	Favorable / (Unfavorable)		
	4Q18	3Q18	4Q17
Net interest income	\$ 237.1	\$ 6.8	\$ 32.2
Total non-interest income	<u>73.2</u>	<u>0.9</u>	<u>7.1</u>
Total revenue	\$ 310.3	\$ 7.7	\$ 39.3
Total non-interest expense	\$ <u>174.8</u>	\$ <u>4.0</u>	\$ <u>(3.7)</u>
Pre-provision net revenue	\$ 135.5	\$ 11.7	\$ 35.6
Provision for loan losses	\$ 10.0	\$ 0.5	\$ 3.0
Pre-tax income	\$ 125.5	\$ 12.2	\$ 38.6
Income available to common shareholders	\$ 96.7	\$ (0.8)	\$ 29.0
Tax rate	21.3%	(919 bps)	(168 bps)
Efficiency ratio ¹	56.19%	122 bps	329 bps

Key Observations:

LQ increase driven by NIM expansion of 5 bps and average loan growth of 2.0%

4Q18 includes gain on sale of banking centers of \$4.6 million; 3Q18 included higher loan fees

37 consecutive quarters of YOY revenue growth (+14.5% from a year ago)

3Q18 include \$2.9 million related to deposit insurance assessments for prior years; lower ongoing assessment beginning in 4Q18

Record level; growth of 36% from a year ago

ALLL / total loans and leases of 1.15%; NCO 21 bps

Record level; growth of 44.4% from a year ago

Growth of 42.8% from a year ago

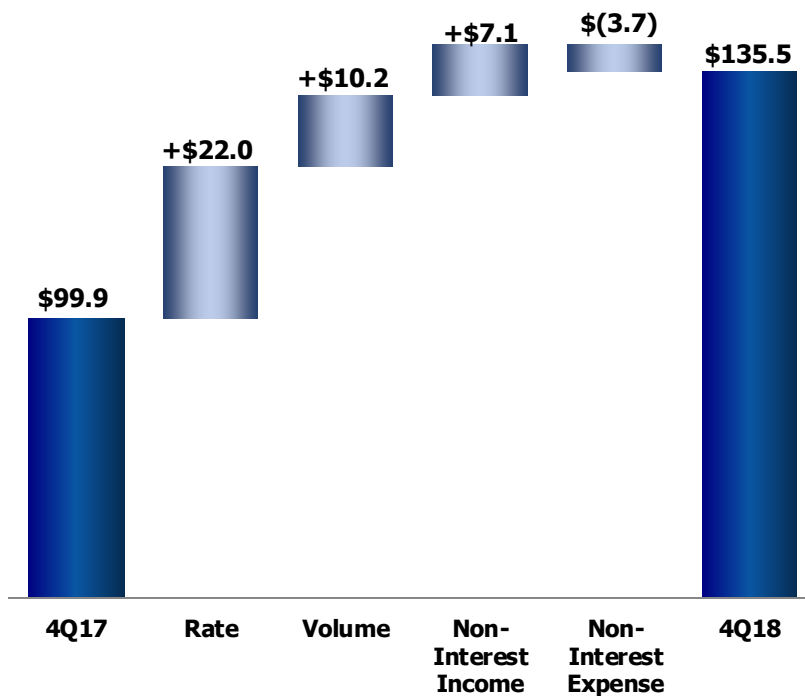
6 consecutive quarters below 60%

¹ See non-GAAP reconciliation on pages 29 & 30

WBS 4Q18 Earnings | PPNR Performance

(\$ in millions)

PPNR: +35.6% YOY



- Non-interest expense impact includes \$6.1 million of one time expenses recorded in 4Q17.
- Non-interest income impact includes \$4.6 million related to the gain on sale of banking centers.

Key Observations

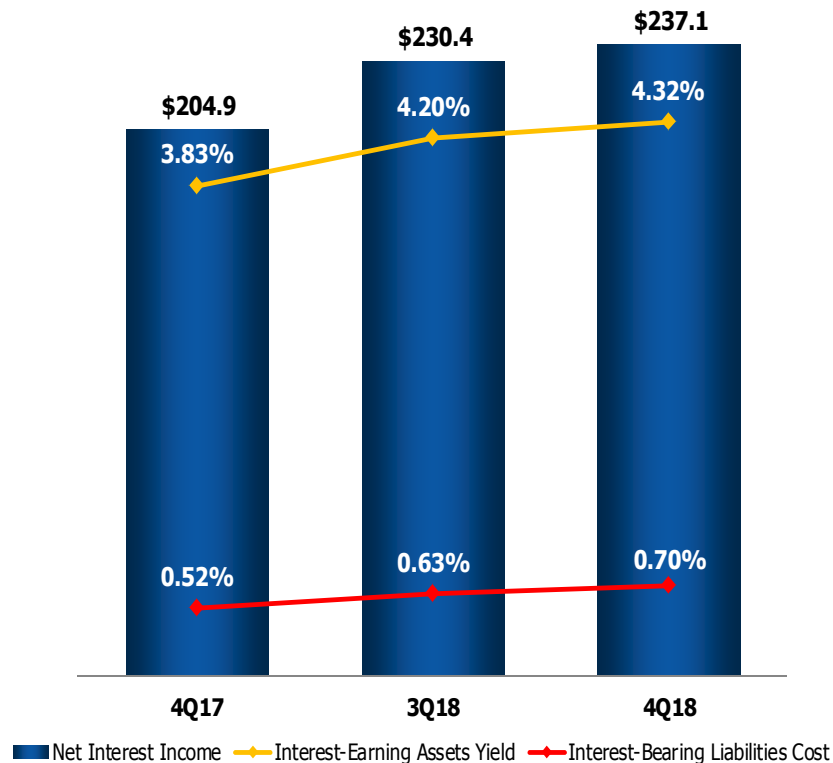
- ▶ Loan beta of 66% and deposit beta of 17% driving NIM expansion of 33bps
 - ▶ 52% of loans indexed to LIBOR
- ▶ Commercial Banking PPNR up 6.6%
 - ▶ 12.0% average loan growth coupled with 29bps improvement in deposit spreads and 2bps improvement in loan spreads driving \$9.3 million growth in net interest income
- ▶ HSA Bank PTNR up 56.6%
 - ▶ 14.3% growth in average deposits and 41bps improvement in spread led to \$10.0 million increase in net interest income
- ▶ Community Banking PPNR up 10.3%
 - ▶ Includes \$4.6 million related to the banking center sale. Excluding the banking center sale, PPNR declined 3.5%.
 - ▶ Growth in average deposits and spread improvement partially offset by higher expenses.

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 4Q18 Earnings | Net Interest Income

(\$ in millions)

+15.7% YOY



NIM:

3.33% 3.61% 3.66%

Linked Quarter Drivers:

- NII: +\$6.8 million (non-FTE)
 - ▶ +\$7.3 million due to loan and securities yield (1 month LIBOR +24 bps)
 - ▶ +\$4.9 million due to loan and securities volume
 - ▶ -\$2.9 million increase in deposit costs
 - ▶ -\$2.1 million due to borrowing volume and rates

- NIM: +5 bps
 - ▶ +12 bps due to loan and securities yields
 - ▶ -5 bps increase in deposit costs
 - ▶ -2 bps due to loan and securities volume

WBS 4Q18 Earnings | *Non-interest Income*

(\$ in thousands)

Diverse Sources

	4Q18	Favorable / (Unfavorable)	
		3Q18	4Q17
Deposit service fees	\$ 19,574	\$ 267	\$ 228
HSA fee income	21,613	(546)	2,627
Wealth & investment services	8,105	(307)	(50)
Loan related fees	7,914	(2,868)	1,364
Mortgage banking activities	740	(565)	(1,159)
Other	15,217	4,898	4,114
Total	\$ 73,163	\$ 879	\$ 7,124

Key Observations:

- ▀ \$0.9 million increase quarter-over-quarter
 - ▶ Other includes a \$4.6 million gain related to the sale of six banking centers
 - ▶ Decrease in loan related fees of \$2.9 million primarily due to higher third quarter syndication fees
 - ▶ Decrease in HSA fee income of \$0.5 million primarily due to seasonal decreases in interchange fees

- ▀ \$7.1 million increase year-over-year
 - ▶ Other includes a \$4.6 million gain related to the sale of six banking centers
 - ▶ Increase in HSA fee income of \$2.6 million driven primarily by account growth of 11%
 - ▶ Increase in loan related fees of \$1.4 million due to prepayment, line of credit and loan servicing fees
 - ▶ Decrease in mortgage banking activities of \$1.2 million driven by lower origination volume

WBS 4Q18 Earnings | *Non-interest Expense*

(\$ in thousands)

Maintaining discipline while investing for growth

	4Q18	Favorable / (Unfavorable)	
		3Q18	4Q17
Compensation and benefits	\$ 97,039	\$ (399)	\$ (2,822)
Technology and equipment	24,858	(305)	(2,040)
Occupancy	13,974	528	(441)
Deposit insurance	4,651	5,043	1,297
Marketing	4,345	(293)	(1,025)
Other	29,892	(550)	1,321
Total	\$ 174,759	\$ 4,024	\$ (3,710)

Key Observations:

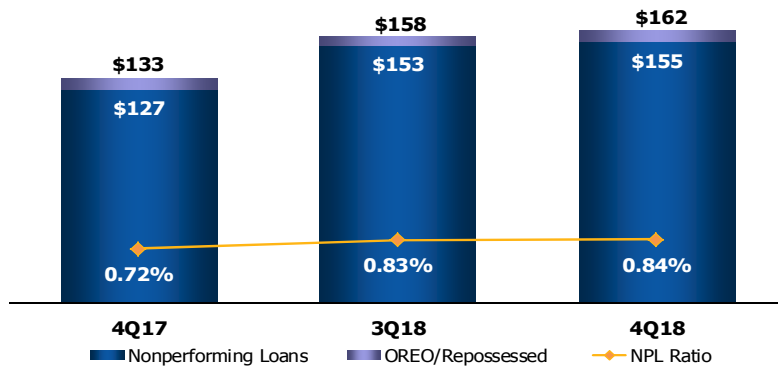
- ▀ \$4.0 million decrease linked-quarter
 - ▶ Decrease in deposit insurance primarily related to the final accrual of \$2.9 million for prior period deposit insurance assessments in the third quarter
 - ▶ Lower deposit insurance assessment of \$1.7 million in 4Q18 due to fully funded deposit insurance fund

- ▀ \$3.7 million increase year-over-year
 - ▶ Prior year included \$3.8 million preferred stock redemption costs (in other) and \$2.6 million for a one time cash bonus paid to employees (in compensation and benefits)
 - ▶ Excluding the cash bonus to employees, compensation and benefits were up \$5.4 million due to strategic hires, annual merit increases, and higher medical costs
 - ▶ \$2.0 million increase in technology/equipment due to higher service contracts and depreciation to support infrastructure
 - ▶ \$1.0 million increase in marketing due to advertising and promotions.
 - ▶ \$1.3 million decrease in deposit insurance primarily related to the fully funded deposit insurance fund

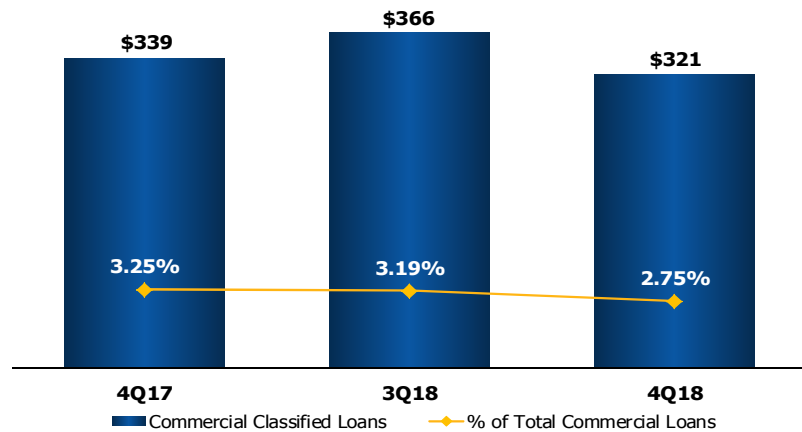
WBS 4Q18 Earnings | Key Asset Quality Metrics

(\$ in millions)

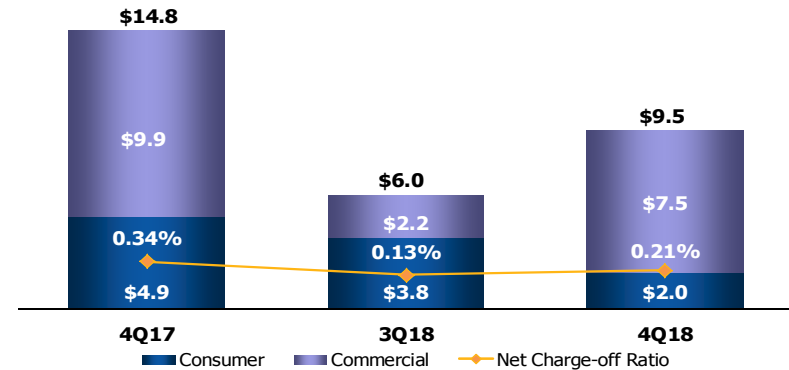
Nonperforming Loans, OREO, NPL Ratio



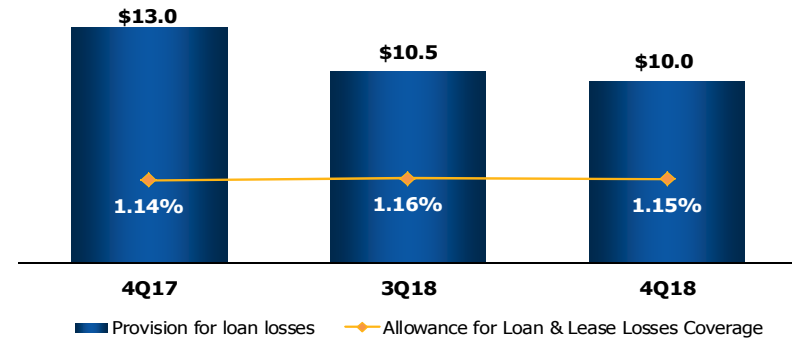
Commercial Classified Loans



Net Charge-offs



Provision for Loan Losses



WBS 4Q18 Earnings | 1Q19 Outlook Relative to 4Q18

Balance Sheet

Average Loans ~ +1%

Average Earning Assets ~ +1%

Net Interest Margin + 7 to 9 bps

Income Statement

Net Interest Income \$4 to \$6 million higher

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

Efficiency Ratio < 58%

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

Tax Rate Approx. 21%

Avg. Diluted Share Count Approx. 92 million

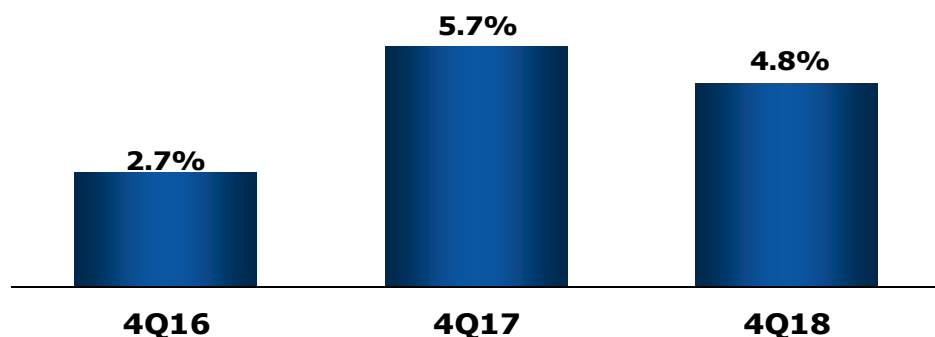
*4Q18 includes a \$4.6 million gain on sale of banking centers.

WBS 4Q18 Earnings | *Supplemental Information*

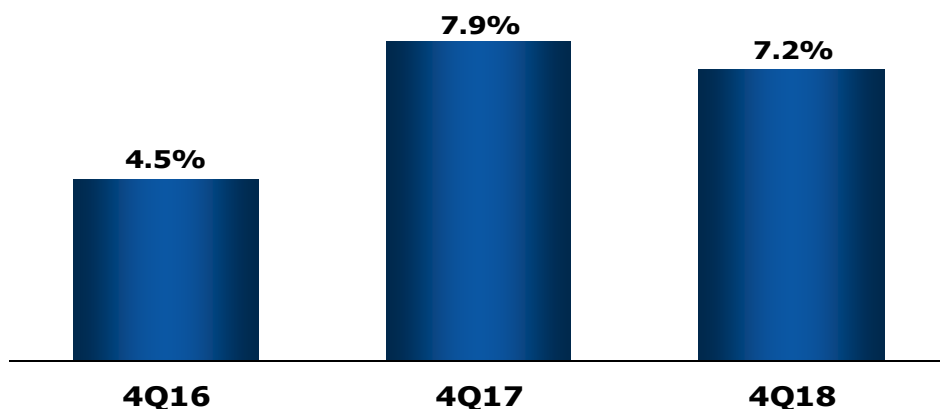
- Page 17 – Interest Rate Risk PPNR Asset Sensitivity Trend
- Page 18 – Earning Asset and Funding Mix
- Page 19 to 20 – Investment Portfolio and Securities
- Pages 21 to 23 – Loan Detail
- Pages 24 to 25 – Deposit Mix and Cost
- Page 26 – Net Interest Margin – Linked Quarter
- Page 27 – Net Interest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

WBS 4Q18 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's asset sensitivity peaked in 3Q17
 - Sensitivity reduced due primarily to changes in the size and duration of securities and borrowings
- Short end rates up 100 bps with no change in long end rates results in a 4.8% increase in PPNR
- Short end rates up 100 bps and long end rates up 50 bps results in a 7.2% increase in PPNR
- Results assume historical deposit betas
- Contributing to the increase in the asset sensitivity is the decline of loans at floors as market rates increase
 - In 4Q16 loans at floors were \$1.3 billion when Fed Funds was at 0.75% versus \$38 million in 4Q18 with Fed Funds at 2.50%

WBS 4Q18 Earnings | Earning Asset and Funding Mix

(\$ in millions)

Earning Asset Mix

Type	Balance	Total %	Floating %	Periodic %	Fixed %
Securities	\$ 7,443	29%	7%	3%	90%
Loans HFS	12	0%	100%	0%	0%
Resi / HE Loans	5,162	20%	0%	21%	79%
HE Lines	1,651	6%	98%	0%	2%
C&I Loans	6,736	26%	65%	23%	12%
CRE Loans	4,927	19%	78%	16%	6%
Total	\$ 25,931	100%	40%	14%	46%

Funding Mix

Type	Balance	Total	< 1 Year	> 1 Year
Checking	\$ 6,768	27%		
HSA	5,653	23%		
Savings	4,141	17%		
Money Market	2,100	9%		
Time	3,197	13%	74%	26%
Borrowings	2,635	11%	81%	19%
Total	\$ 24,494	100%		

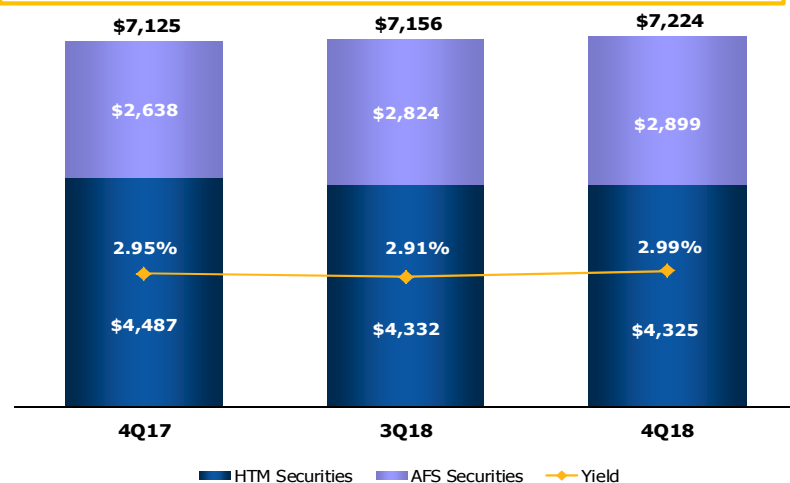
Key Observations:

- ▶ 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

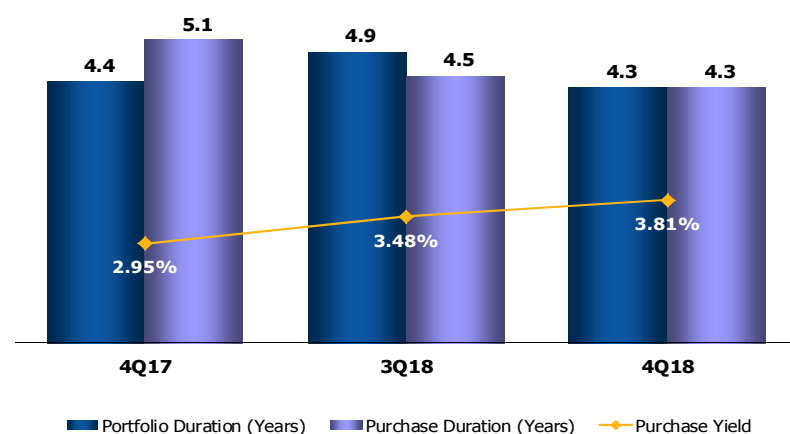
WBS 4Q18 Earnings | Investment Portfolio

(\$ in millions)

Investment Securities



Duration / Yield



Key Observations:

- Available-for-Sale portfolio includes \$95.9 million of net unrealized losses at 4Q18 compared to \$105.1 million at 3Q18
- Held-to-Maturity portfolio excludes \$116.3 million of net unrealized losses at 4Q18 compared to \$168.1 million at 3Q18
- Portfolio duration down 0.1 years vs. a year ago with 5 year swap up 33 bps; LQ duration decreased by 0.6 years due primarily to a reduction in rates
- Purchase yield increased 33 bps vs. LQ while purchase duration down 0.2 years

WBS 4Q18 Earnings | *Investment Securities*

(\$ in millions)

End of period balances	Dec 31, 2018	Sept 30, 2018	Increase/ (Decrease)
Available-for-Sale:			
U.S. Treasury Bills	\$ 7.5	\$ 9.2	(1.7)
Agency CMOs	234.9	246.5	(11.6)
Agency MBS	1,481.1	1,409.7	71.4
Agency CMBS	566.2	570.5	(4.3)
Non Agency CMBS-fixed	2.4	2.8	(0.4)
Non Agency CMBS-floating	443.2	402.1	41.1
Corporate Debt Securities	50.6	55.4	(4.8)
Collateralized Loan Obligations	112.8	127.7	(14.9)
Single-issuer Trust Preferred Security	-	-	-
Total Available-for-Sale	\$ 2,898.7	\$ 2,823.9	\$ 74.8
Held-to-Maturity:			
Agency CMOs	\$ 208.1	\$ 218.4	\$ (10.3)
Agency MBS	2,517.8	2,535.0	(17.2)
Agency CMBS	667.5	672.5	(5.0)
Non Agency CMBS-fixed	216.9	222.0	(5.1)
Private Label MBS	-	-	-
Municipal Bonds and Notes	715.1	684.6	30.5
Total Held-to-Maturity	\$ 4,325.4	\$ 4,332.5	\$ (7.1)

WBS 4Q18 Earnings | Loans and Originations by Loan Portfolio

(\$ in millions)

End of period balances Full quarter originations	4Q18		3Q18		4Q17	
	Balance	Originations	Balance	Originations	Balance	Originations
Commercial Non-Mortgage	\$ 5,273	\$ 543	\$ 5,265	\$ 678	\$ 4,648	\$ 467
Asset-Based Lending	<u>969</u>	<u>147</u>	<u>969</u>	<u>36</u>	<u>835</u>	<u>90</u>
Total Commercial	\$ 6,242	\$ 690	\$ 6,234	\$ 714	\$ 5,483	\$ 557
Commercial Real Estate	3,830	625	3,693	356	3,477	395
Business Banking	1,579	93	1,538	93	1,483	90
Residential Mortgages	4,417	111	4,415	92	4,491	117
Consumer	<u>2,397</u>	<u>92</u>	<u>2,441</u>	<u>120</u>	<u>2,590</u>	<u>143</u>
Portfolio Total	\$ 18,465	\$ 1,611	\$ 18,321	\$ 1,375	\$ 17,524	\$ 1,302
Residential Mortgages originated for sale		\$ 30		\$ 55		\$ 60
Total Originations		\$ 1,641		\$ 1,430		\$ 1,362

WBS 4Q18 Earnings | *Loan Mix and Yield*

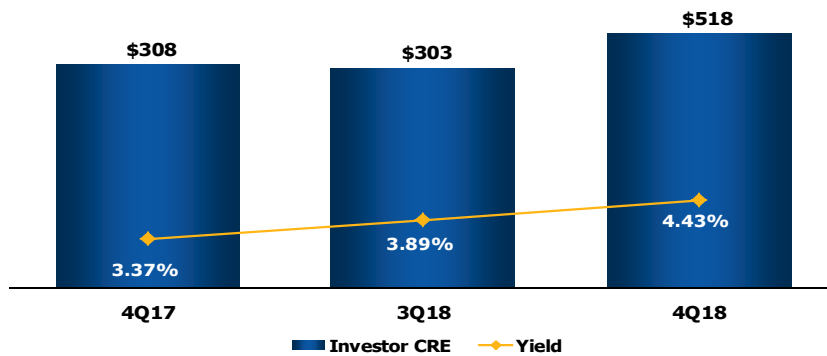
(\$ in millions)

End of period balances Full quarter yields	4Q18		3Q18		4Q17	
	Balance	Yield	Balance	Yield	Balance	Yield
Commercial	6,724	5.55%	\$ 6,694	5.41%	\$ 5,919	4.61%
CRE	4,927	4.68%	4,771	4.50%	4,524	3.95%
Residential	4,417	3.69%	4,415	3.67%	4,491	3.63%
Consumer	<u>2,397</u>	<u>5.34%</u>	<u>2,441</u>	<u>5.14%</u>	<u>2,590</u>	<u>4.67%</u>
Total	\$ 18,465	4.85%	\$ 18,321	4.71%	\$ 17,524	4.20%

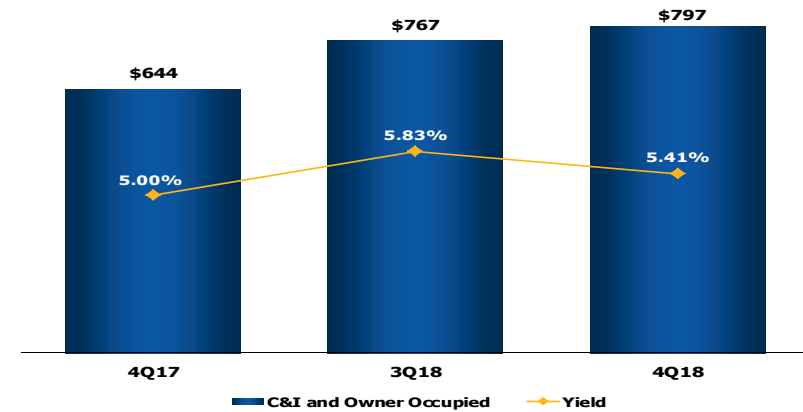
WBS 4Q18 Earnings | *Loan Originations and Yields*

(\$ in millions)

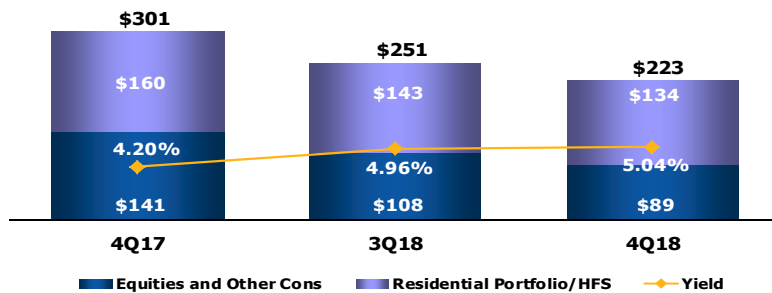
Commercial Banking* - Investor CRE



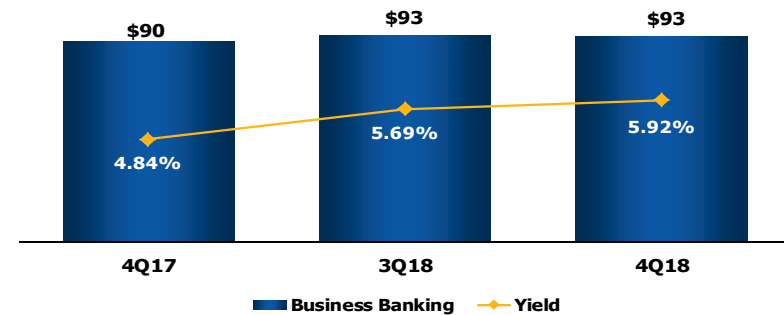
Commercial Banking* - C&I & Owner Occupied



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 4Q18 Earnings | *Deposit Mix and Rate by Product*

(\$ in millions)

End of period balances Full quarter cost	4Q18		3Q18		4Q17	
	Balance	Rate	Balance	Rate	Balance	Rate
Demand	\$ 4,162	-	\$ 4,232	-	\$ 4,191	-
Health Savings Accounts	5,741	0.20%	5,600	0.20%	5,039	0.20%
Interest Bearing Checking	2,518	0.11%	2,588	0.09%	2,737	0.07%
Money Market	2,100	1.15%	2,377	1.03%	2,209	0.69%
Savings	<u>4,141</u>	<u>0.37%</u>	<u>4,106</u>	<u>0.29%</u>	<u>4,350</u>	<u>0.25%</u>
Core Deposits	\$ 18,662	0.30%	\$ 18,903	0.26%	\$ 18,526	0.22%
Time Deposits	<u>3,197</u>	<u>1.72%</u>	<u>3,095</u>	<u>1.59%</u>	<u>2,468</u>	<u>1.24%</u>
Total	\$ 21,859	0.50%	\$ 21,998	0.44%	\$ 20,994	0.33%
Core/Total	85%		86%		88%	

WBS 4Q18 Earnings | *Deposit Mix and Rate by Line of Business*

(\$ in millions)

End of period balances Full quarter cost	4Q18		3Q18		4Q17	
	Balance	Rate	Balance	Rate	Balance	Rate
Personal Banking	\$ 9,346	0.63%	\$ 9,175	0.53%	\$ 9,041	0.37%
Commercial Banking	1,732	0.17%	1,645	0.13%	1,666	0.08%
Treasury & Pymt Solutions	2,102	1.02%	2,424	0.88%	2,197	0.58%
Private Banking	196	0.74%	181	0.48%	259	0.29%
Business Banking	2,511	0.25%	2,624	0.22%	2,435	0.13%
HSA Bank	5,741	0.20%	5,600	0.20%	5,039	0.20%
Other	<u>231</u>	<u>1.86%</u>	<u>349</u>	<u>1.88%</u>	<u>357</u>	<u>1.90%</u>
Total	\$ 21,859	0.50%	\$ 21,998	0.44%	\$ 20,994	0.33%

WBS 4Q18 Earnings | *Net Interest Margin – Linked Quarter*

(\$ in millions)

	4Q18			Fav./ (Unfav.)		
	Avg Bal.	Int.	Yield/rate	Avg Bal.	Int.	Bps
Securities	\$ 7,144	\$ 54.2	2.99%	\$ 39	\$ 1.9	8
Money Market & Other	200	1.8	3.63	2	(0.1)	(19)
Loans HFS	10	0.1	5.04	(10)	(0.1)	94
Commercial Loans	11,581	153.4	5.19	418	9.8	16
Consumer Loans	6,843	73.3	4.28	(55)	0.8	9
Total Loans & Leases	18,424	226.7	4.85%	363	10.6	14
Interest-Earning Assets	\$ 25,778	\$ 282.8	4.32%	\$ 394	\$ 12.3	12
Deposits	\$ 21,925	\$ 27.7	0.50%	\$ (20)	\$ (3.3)	(6)
Borrowings	2,386	15.6	2.57	(275)	(2.0)	(4)
Interest-Bearing Liabilities	\$ 24,311	\$ 43.3	0.70%	\$ (295)	\$ (5.3)	(7)
Tax-Equivalent Net Interest Income		\$ 239.5			\$ 7.0	
Less: Tax-Equivalent Adjustment		(2.4)			(0.2)	
Net Interest Income		\$ 237.1			\$ 6.8	
Net Interest Margin			3.66%			5

WBS 4Q18 Earnings | *Net Interest Margin – Year over Year*

(\$ in millions)

	4Q18			Fav./ (Unfav.)		
	Avg Bal.	Int.	Yield/rate	Avg Bal.	Int.	Bps
Securities	\$ 7,144	\$ 54.2	2.99%	\$ 49	\$ 1.7	4
Money Market & Other	200	1.8	3.63	(4)	0.3	75
Loans HFS	10	0.1	5.04	(15)	(0.1)	165
Commercial Loans	11,581	153.4	5.19	1,179	38.4	86
Consumer Loans	6,843	73.3	4.28	(257)	1.9	27
Total Loans & Leases	18,424	226.7	4.85%	922	40.3	65
Interest-Earning Assets	\$ 25,778	\$ 282.8	4.32%	\$ 952	\$ 42.2	49
Deposits	\$ 21,925	\$ 27.7	0.50%	\$ (970)	\$ (10.3)	(17)
Borrowings	2,386	15.6	2.57	264	(1.8)	(52)
Interest-Bearing Liabilities	\$ 24,311	\$ 43.3	0.70%	\$ (706)	\$ (12.1)	(18)
Tax-Equivalent Net Interest Income		\$ 239.5			\$ 30.2	
Less: Tax-Equivalent Adjustment		(2.4)			2.0	
Net Interest Income		\$ 237.1			\$ 32.2	
Net Interest Margin			3.66%			33

WBS 4Q18 Earnings | Webster Financial Corporation Capital Ratios

	At Dec 31, 2018*	At Sept 30, 2018	At Dec 31, 2017	Well Capitalized
Common Equity Tier 1 Risk-Based Capital	11.44%	11.23%	11.14%	6.5%
Tangible Common Equity	8.05%	7.86%	7.67%	na
Tangible Equity	8.59%	8.41%	8.23%	na
Tier 1 Leverage	9.02%	8.89%	8.63%	5.0%
Tier 1 Risk-Based Capital	12.17%	11.96%	11.91%	8.0%
Total Risk-Based Capital	13.63%	13.44%	13.40%	10.0%

At Dec 31, 2018*	Capital*	Excess Over Well Capitalized*
(\$ in millions)		
Common Equity Tier 1 Risk-Based Capital	\$ 2,285	\$ 987
Tier 1 Leverage	\$ 2,430	\$ 1,083
Tier 1 Risk-Based Capital	\$ 2,430	\$ 832
Total Risk-Based Capital	\$ 2,722	\$ 725

*Preliminary

WBS 4Q18 Earnings | *Non-GAAP – QTD*

(\$ in thousands)

	4Q18	3Q18	4Q17
Efficiency Ratio			
Non-interest Expense	\$ 174,759	\$ 178,783	\$ 171,049
Deposit Insurance Adjustment	0	(2,860)	0
Facilities Optimization	(320)	(99)	301
Net Foreclosed (Expense) Income	(191)	309	97
Amortization of Intangibles	(962)	(961)	(977)
Equity Related One Time Costs	0	0	(3,823)
Cash Bonus to Employees	0	0	(2,584)
Non-interest Expense (net of above)	\$ 173,286	\$ 175,172	\$ 164,063
Net Interest Income Before Provision	\$ 237,131	\$ 230,372	\$ 204,932
FTE Adjustment	2,407	2,172	4,444
Non-interest Income	73,163	72,284	66,039
Other	282	308	421
Gain on the sale of banking centers	(4,596)	0	0
Total Revenue (net of above)	\$ 308,387	\$ 305,136	\$ 275,836
Efficiency Ratio	56.19%	57.41%	59.48%
Tangible Common Equity Ratio			
Shareholders' equity	\$ 2,886,515	\$ 2,816,198	\$ 2,701,958
Less: Goodwill and other intangible assets	564,137	565,099	567,984
Tangible shareholders' equity	2,322,378	2,251,099	2,133,974
Less: Preferred stock	145,037	145,037	145,056
Tangible common shareholders' equity	\$ 2,177,341	\$ 2,106,062	\$ 1,988,918
Total assets	\$ 27,610,315	\$ 27,346,317	\$ 26,487,645
Less: Goodwill and other intangible assets	564,137	565,099	567,984
Tangible assets	\$ 27,046,178	\$ 26,781,218	\$ 25,919,661
Tangible Common Equity Ratio	8.05%	7.86%	7.67%

WBS 4Q18 Earnings | *Non-GAAP – QTD continued*

(\$ in thousands)

	4Q18	3Q18	4Q17
Tangible Book Value per Common Share			
Tangible common shareholders' equity	\$ 2,177,341	\$ 2,106,062	\$ 1,988,918
Common Shares Outstanding	92,247	92,230	92,101
Tangible Book Value per Common Share	\$ 23.60	\$ 22.83	\$ 21.59
Return on Average Tangible Common Shareholders' Equity			
Average Shareholders' equity	\$ 2,853,176	\$ 2,796,809	\$ 2,675,733
Less: Average goodwill and other intangible assets	564,601	565,559	568,546
Average preferred stock	145,037	145,037	131,707
Average tangible common shareholders' equity	\$ 2,143,538	\$ 2,086,213	\$ 1,975,480
Net income	\$ 98,838	\$ 99,673	\$ 69,893
Less: Preferred stock dividends	1,969	1,968	2,112
Add: Intangible assets amortization, tax-effected	760	759	635
Income adjusted for preferred stock dividends and intangible assets amortization	97,629	98,464	68,416
Adjusted income, annualized basis	\$ 390,516	\$ 393,856	\$ 273,664
Return on Average Tangible Common Shareholders' Equity	18.22%	18.88%	13.85%

WBS 4Q18 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. 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.