



Webster
Financial Corporation®

Second Quarter 2018
Earnings Conference Call
July 19, 2018

WBS 2Q18 Earnings | Highlights

(\$ in millions, except EPS data)

Significant progress on our key strategic initiatives:

- 35 consecutive quarters of reported year-over-year revenue growth with total revenue of \$293 million (+11.8%)
- Efficiency ratio of 57.8% vs. 60.7% prior year
- Earned in excess of cost of capital, for the fifth consecutive quarter
- Commercial Banking revenue exceeded \$100 million
- HSA Bank year-over-year footings growth of over \$1 billion (+18.5%)

**Income Available
to Common**

\$79.5

EPS

\$0.86

ROA

1.22%

ROACE

12.22%

ROATCE¹

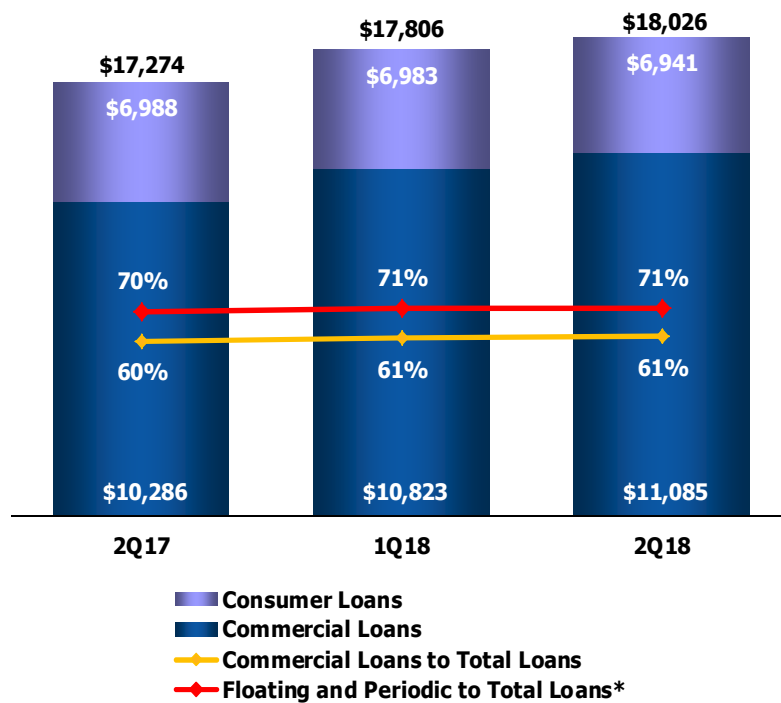
15.76%

¹ See non-GAAP reconciliation on pages 16 & 17

WBS 2Q18 Earnings | Loans & Deposits

(\$ in millions)

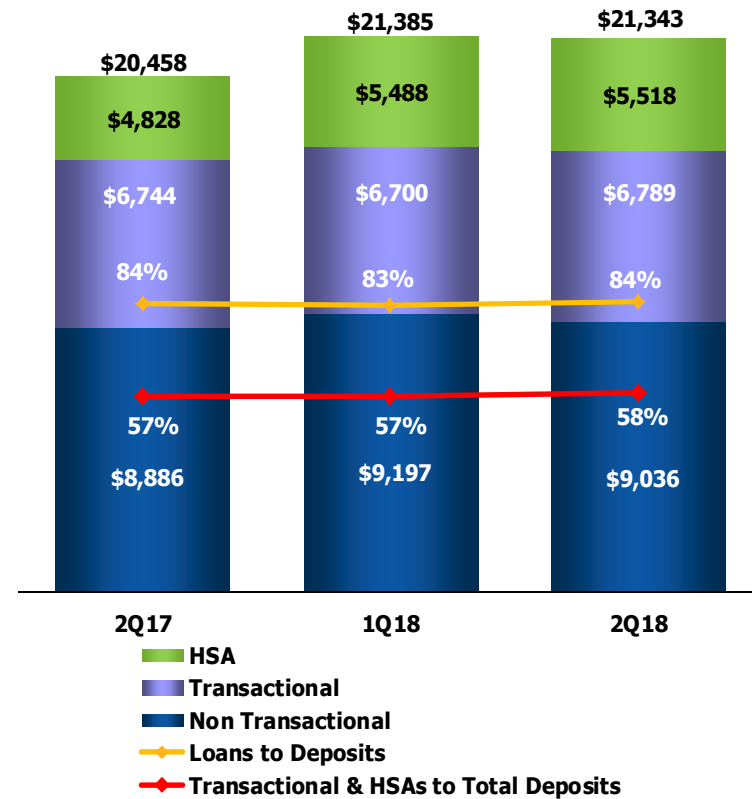
Loans: +4.4% YOY



Loan Portfolio Yield:

4.04% 4.37% 4.63%

Deposits: +4.3% YOY



Deposit Cost:

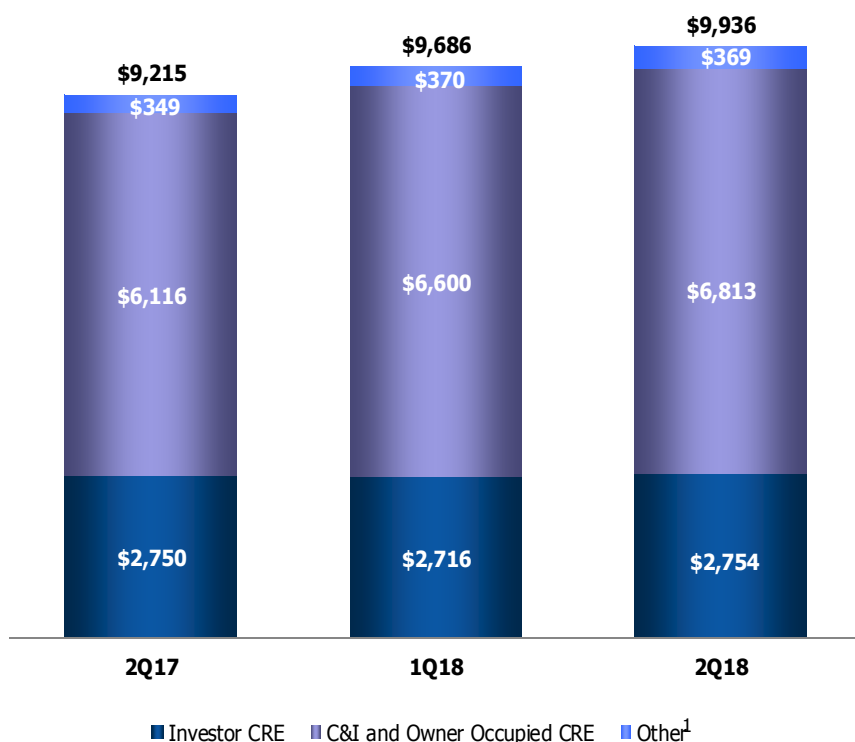
0.29% 0.34% 0.38%

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

WBS 2Q18 Earnings | Commercial Banking*

(\$ in millions)

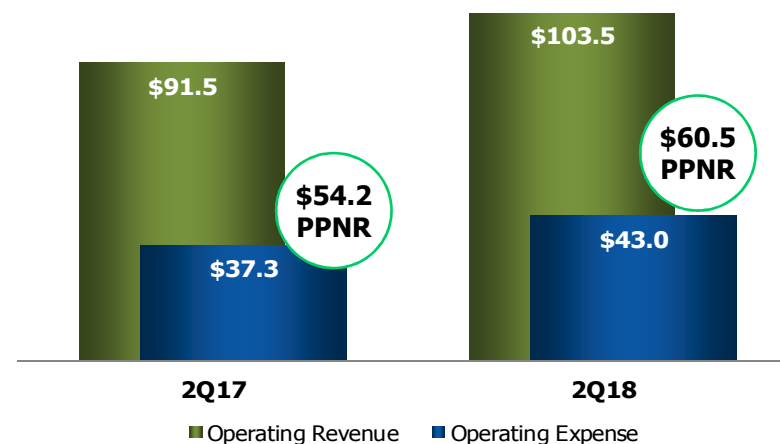
Loans: +7.8% YOY



Loan Portfolio Yield:

4.04% **4.55%** **4.95%**

PPNR: +11.7% YOY



Key Business Metrics

	2Q18	Increase / (Decrease)	
		1Q18	2Q17
Loan originations	\$ 1,179	\$ 332	\$ 284
Loan fundings	\$ 779	\$ 162	\$ 244
Yield on fundings	5.28%	+52 bps	+74 bps
Pipeline	\$ 474	\$ 70	\$ 196
Deposits	\$ 3,681	\$ (360)	\$ (146)
Non-interest income / Total revenue	14.53%	-79 bps	+83 bps
AUM / AUA	\$ 2,058	\$ 43	\$ 158

* As of 2Q17, due to segment realignment, Private Banking results are now reflected in Commercial Banking

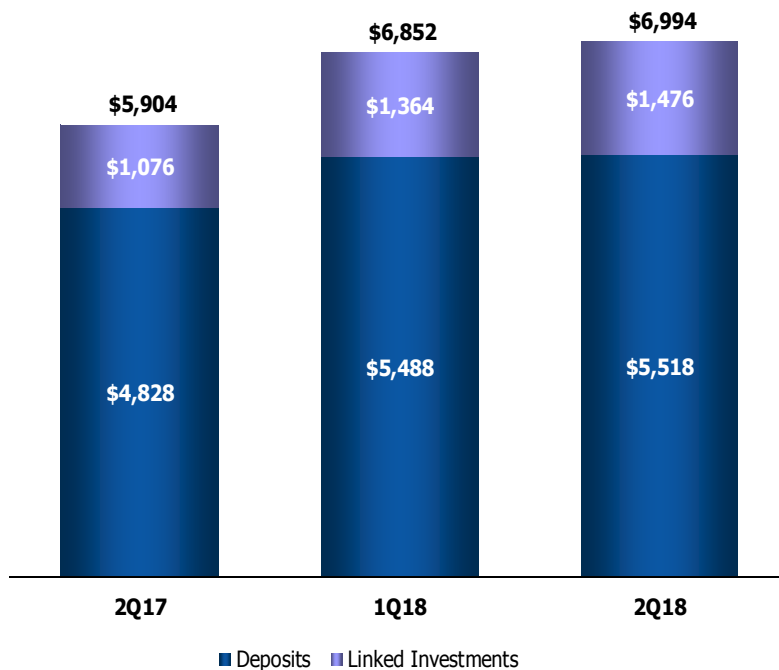
¹ Private Banking consumer loans

AUM =Assets Under Management AUA =Assets Under Administration

WBS 2Q18 Earnings | HSA Bank

(\$ in millions)

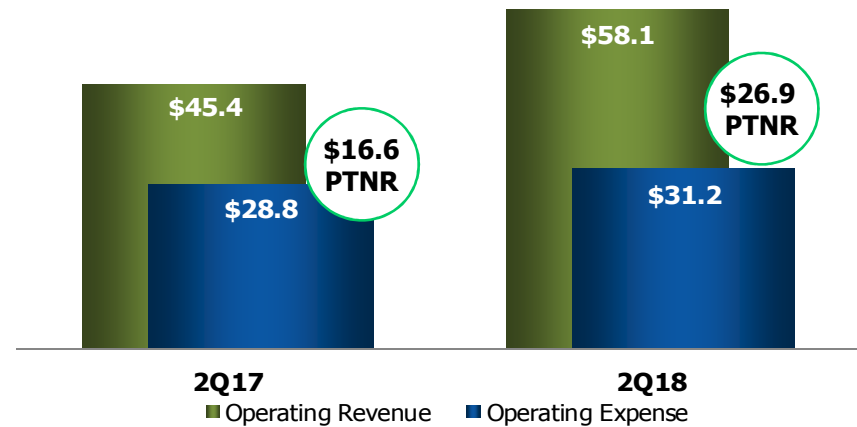
Total Footings: +18.5% YOY
Total Deposits: +14.3% YOY
Total Accounts: +12.9% YOY



Deposit Cost:

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

PTNR: +62.5% YOY



Key Business Metrics

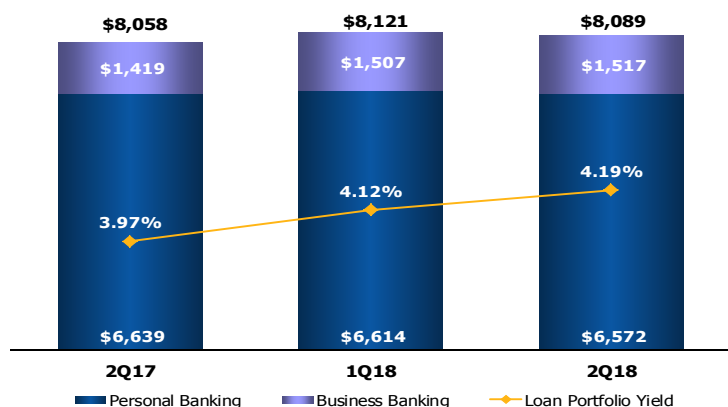
End of period	2Q18	Increase / (Decrease)	
		1Q18	2Q17
Accounts ('000)	2,674	31	306
Percent of unfunded accounts	5.61%	+41 bps	-59 bps
Footings per account	\$ 2,616	\$ 23	\$ 123
Investments as % of total footings	21.10%	+119 bps	+287 bps
New accounts ('000)	119	(216)	19
PTNR/avg. account	\$ 40.57	\$ 3.57	\$ 12.55

PTNR – Pre-Tax Net Revenue

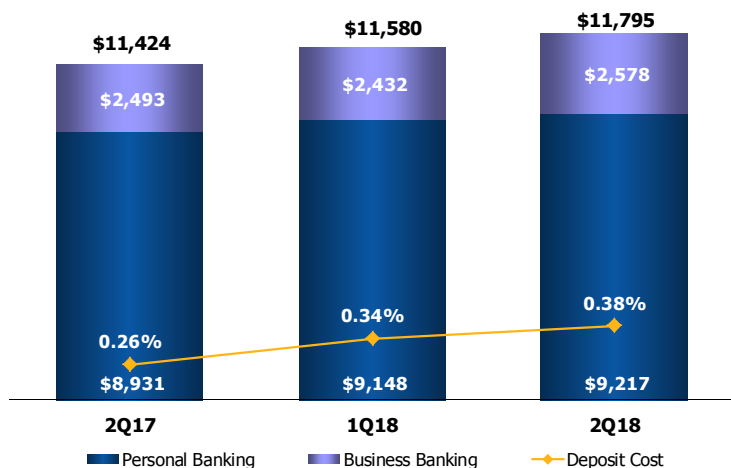
WBS 2Q18 Earnings | Community Banking

(\$ in millions)

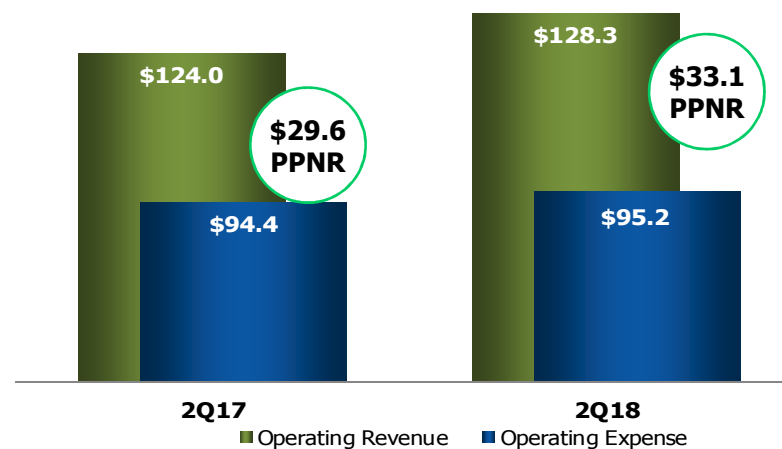
Loans: +0.4% YOY



Deposits: +3.3% YOY



PPNR: +11.6% YOY



Key Business Metrics

	2Q18	Increase / (Decrease)	
		1Q18	2Q17
Loan originations - Mortgage & Consumer	\$ 297	\$ 77	\$ (176)
Loan originations - Business Banking	\$ 77	\$ (10)	\$ (3)
Yield on fundings	4.89%	+27 bps	+65 bps
Transaction deposits / Total deposits	38.62%	+44 bps	-47 bps
Digitally active households / Total households	47.28%	-34 bps	+168 bps
Self-service transactions / Total transactions	70.75%	-20 bps	+75 bps
Assets Under Administration	\$ 3,451	\$ 65	\$ 292

Note: PPNR above includes \$1.4 million in 2Q18 and \$1.2 million in 2Q17 of expenses related to branch optimization.

WBS 2Q18 Earnings | Average Balance Sheet

(\$ in millions)

		Increase / (Decrease)	
	2Q18	1Q18	2Q17
Securities	\$ 7,143	\$ (16)	\$ 112
Commercial loans	\$ 10,918	\$ 208	\$ 612
Consumer loans	<u>6,968</u>	<u>(77)</u>	<u>8</u>
Total loans	\$ 17,887	\$ 132	\$ 620
Transactional & HSA Deposits	\$ 12,203	\$ (9)	\$ 781
All Other Deposits	<u>9,200</u>	<u>20</u>	<u>284</u>
Total Deposits	\$ 21,403	\$ 11	\$ 1,065
Borrowings	\$ 2,494	\$ 81	\$ (574)
Common equity	\$ 2,609	\$ 32	\$ 134

(At end of period)

Key Ratios:			
Loans / total deposits	84.5%	+120 bps	+10 bps
Transactional & HSAs / total deposits	57.7%	+70 bps	+110 bps
Common Equity Tier 1	11.03%	+4 bps	+19 bps
Tangible common equity ¹	7.75%	+9 bps	+28 bps
Tangible book value per common share ¹	\$ 22.25	\$ 0.47	\$ 1.51

Key Observations:

Maintaining size of portfolio; duration of 4.9 years due to rise in rates
C&I +\$197 million, CRE +\$11 million LQ
Consumer loans reflects continued paydowns in Home Equity
Growth of 0.7% LQ, 3.6% YOY
Combined cost of 11 bps in 2Q18 unchanged from a year ago
LQ mix shift to CDs from savings
Growth of 0.1% LQ, 5.2% YOY
LQ increase in short term funding; YOY excess deposits used to pay down borrowings
Growth reflects solid earnings; 27% increase in common dividend in 2Q18

Ratio continues well below industry averages
HSA deposits are 25.8% of total deposits vs. 23.6% prior year
Ratio remains in excess of Basel III 6.5% well-capitalized level
Tangible common equity of \$2.1 billion increased 7.2% YOY
Increased for the 13 th consecutive quarter

¹ See non-GAAP reconciliation on pages 29 & 30

WBS 2Q18 Earnings | *Income Statement*

(\$ in millions)

	Favorable / (Unfavorable)		
	2Q18	1Q18	2Q17
Net interest income	\$ 225.0	\$ 10.8	\$ 27.2
Total non-interest income	<u>68.4</u>	<u>(0.4)</u>	<u>3.7</u>
Total revenue	\$ 293.4	\$ 10.5	\$ 30.9
Total non-interest expense	\$ 180.5	\$ (8.8)	\$ (16.0)
Pre-provision net revenue	\$ 112.9	\$ 1.6	\$ 14.9
Provision for loan losses	\$ 10.5	\$ 0.5	\$ (3.3)
Pre-tax income	\$ 102.4	\$ 2.1	\$ 11.8
Income available to common shareholders	\$ 79.5	\$ 1.4	\$ 20.0
Tax rate	20.3%	(23 bps)	1183 bps
Efficiency ratio ¹	57.78%	198 bps	287 bps

Key Observations:

LQ increase driven by NIM expansion of 13 bps and average loan growth of 0.7%

LQ decrease primarily due to loan related fees and other

35 consecutive quarters of YOY revenue growth

2Q18 includes a \$7.2 million accrual related to deposit insurance assessments in prior years and \$1.4 million of facilities optimization costs

Record level; growth of 15% from a year ago

ALLL / NPLs of 148%, NCO 19 bps annualized

Record level; growth of 13.0% from a year ago

Record level; growth of 33.6% from a year ago

YOY decrease reflects new federal tax legislation

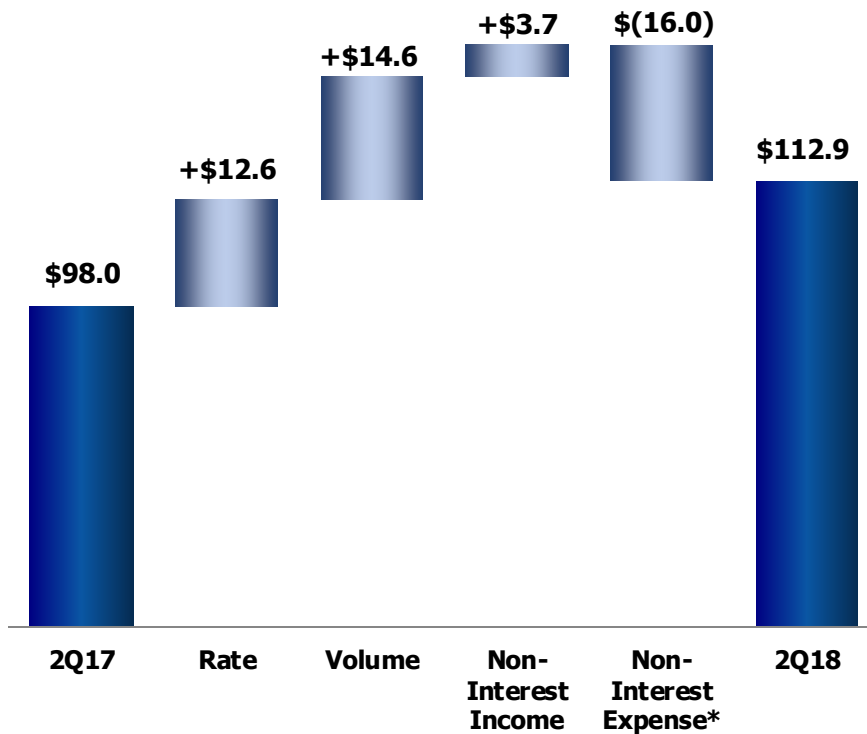
YOY improvement driven by significant positive operating leverage

¹ See non-GAAP reconciliation on pages 29 & 30

WBS 2Q18 Earnings | PPNR Performance

(\$ in millions)

PPNR: +15.2% YOY



* Non-interest expense impact includes \$7.2 million related to FDIC insurance.

Key Observations

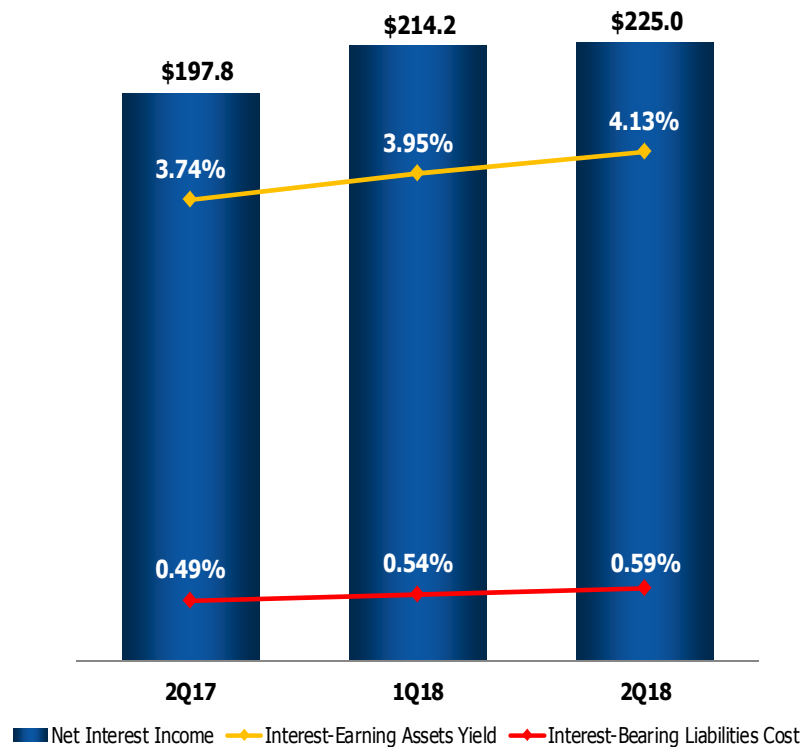
- Loan beta of 78% and deposit beta of 12% driving NIM expansion of 30bps
 - 50% of loans indexed to LIBOR with 38% tied to 1 month LIBOR
- Commercial Banking PPNR up 11.7%
 - 5.8% average loan growth coupled with 30bps improvement in deposit spreads and 12bps improvement in loan spreads driving \$9.5 million growth in net interest income
- HSA Bank PTNR up 62.5%
 - 14.5% growth in average deposits and 44bps improvement in spreads led to \$9.7 million increase in net interest income
- Community Banking PPNR up 11.6%
 - 3.4% growth in average deposits and 20bps improvement in deposit spreads led to \$6.0 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 2Q18 Earnings | Net Interest Income

(\$ in millions)

+13.8% YOY



NIM:

3.27%

3.44%

3.57%

Linked Quarter Drivers:

- ▀ NII: +\$10.8 million (non-FTE)
 - +\$9.7 million due to loan yield (1 month LIBOR +31 bps)
 - +\$1.8 million due to deferred fees and discount accretion
 - +\$1.6 million due to loan volume
 - +\$1.3 million due to one extra day in 2Q18
 - \$(1.9) million due to deposit rates
 - \$(1.7) million due to borrowing rates

- ▀ NIM: +13 bps
 - +15 bps due to higher loan yields
 - +2 bps due to deferred fees and discount accretion
 - (2) bps due to deposit rates
 - (2) bps due to borrowing rates

WBS 2Q18 Earnings | *Non-interest Income*

(\$ in thousands)

Diverse Sources

	2Q18	Favorable / (Unfavorable)	
		1Q18	2Q17
Deposit service fees	\$ 18,854	\$ 215	\$ (304)
HSA fee income	22,882	213	3,132
Wealth & investment services	8,456	586	579
Loan related fees	6,333	(663)	(11)
Mortgage banking activities	1,235	91	(2,116)
Other	10,614	(815)	2,543
Total	\$ 68,374	\$ (373)	\$ 3,823

Key Observations:

- ▀ \$0.4 million decrease quarter-over-quarter
 - Decrease in other of \$0.8 million driven by lower client hedging
 - Decrease in loan related fees of \$0.7 million due to lower prepayment penalties and loan servicing fees
 - Increase in wealth and investment of \$0.6 million driven by increased investing activity
- ▀ \$3.8 million increase year-over-year
 - Increase in HSA fee income of \$3.1 million driven by account growth
 - Increase in other of \$2.5 million includes \$1.2 million additional client hedging income
 - Decrease in mortgage banking activities of \$2.1 million driven by lower originations

WBS 2Q18 Earnings | *Non-interest Expense*

(\$ in thousands)

Maintaining discipline while investing for growth

	2Q18	Favorable / (Unfavorable)	
		1Q18	2Q17
Compensation and benefits	\$ 93,052	\$ 1,713	\$ (6,658)
Technology and equipment	24,604	(742)	(2,146)
Occupancy	15,842	(697)	192
Deposit insurance	13,687	(6,970)	(7,062)
Marketing	4,889	(1,337)	(274)
Other	28,385	(811)	(92)
Total	\$ 180,459	\$ (8,844)	\$ (16,040)

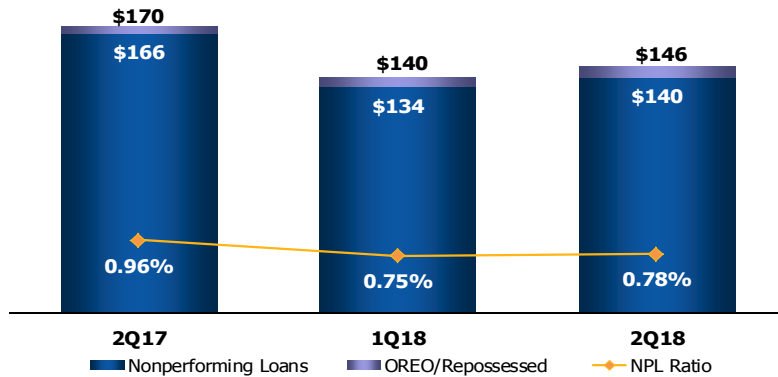
Key Observations:

- ▀ \$8.8 million increase linked-quarter
 - \$7.2 million increase in deposit insurance related to an accrual for prior period deposit insurance assessments
 - \$1.3 million increase in marketing due to additional campaigns in the quarter
 - \$0.7 million increase in occupancy driven by facilities optimization costs
- ▀ \$16.0 million increase year-over-year
 - \$7.2 million increase in deposit insurance related to an accrual for prior period deposit insurance assessments
 - \$6.7 million increase in compensation due to strategic hires and annual merit increases
 - \$2.1 million increase in technology/equipment due to higher depreciation and service contracts to support infrastructure

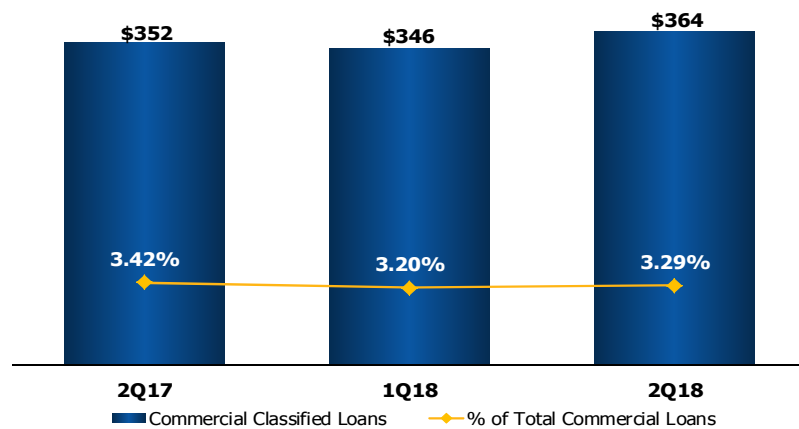
WBS 2Q18 Earnings | Key Asset Quality Metrics

(\$ in millions)

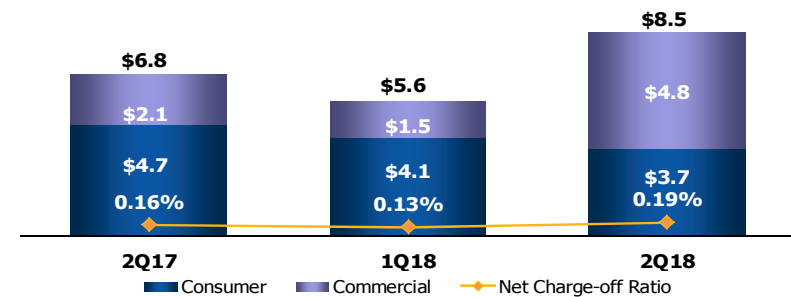
Nonperforming Loans, OREO, NPL Ratio



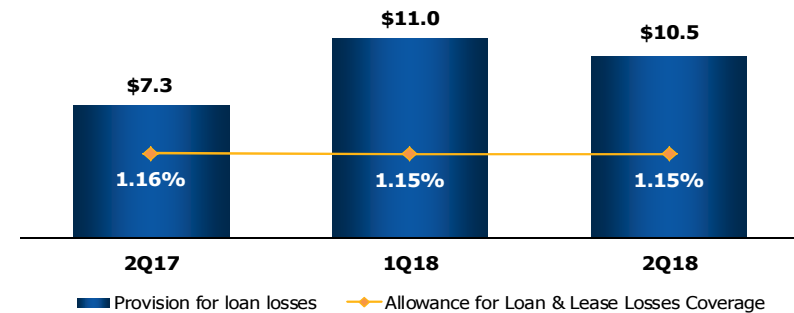
Commercial Classified Loans



Net Charge-offs



Provision for Loan Losses



WBS 2Q18 Earnings | 3Q18 Outlook Relative to 2Q18

Balance Sheet

Average Loans +1% to 2%

Average Earning Assets +0% to 1%

Net Interest Margin +1 to 3 bps

Income Statement

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

Non-interest Income + \$1 to \$3 million

Efficiency Ratio < 60%

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

Tax Rate ~ 20%

Avg. Diluted Share Count Approx. 92.3 million

WBS 2Q18 Earnings | *Concluding Comments*

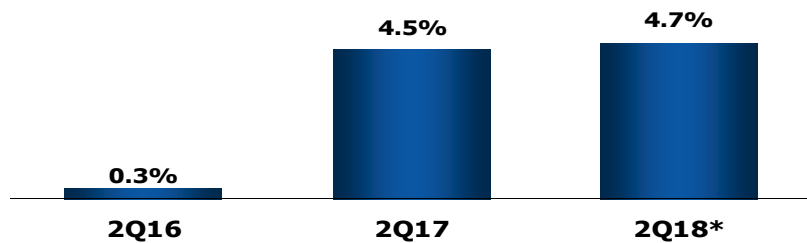
- Investing capital and resources in strategies that maximize value to customers and shareholders:
 - ▶ Aggressively grow HSA Bank
 - ▶ Expand Commercial Banking
 - ▶ Optimize Community Banking
- Continued progress toward high performance goals measured by:
 - ▶ Financial performance
 - ▶ Growth in key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

WBS 2Q18 Earnings | *Supplemental Information*

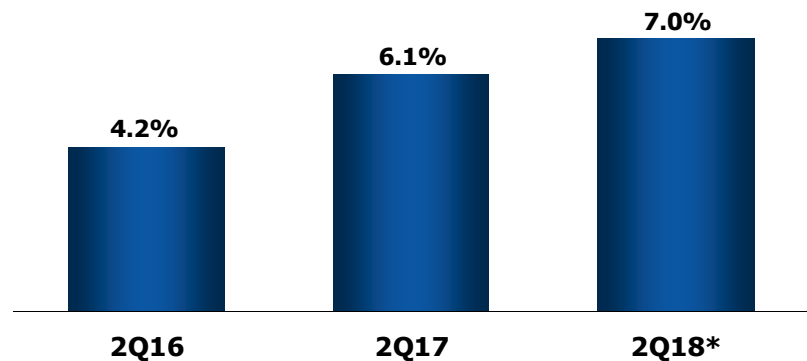
- Page 17 – Interest Rate Risk PPNR Asset Sensitivity Trend
- Page 18 – Earning Asset and Funding Mix
- Page 19 to 20 – Investment Portfolio and Securities
- Pages 21 to 23 – Loan Detail
- Pages 24 to 25 – Deposit Mix and Cost
- Page 26 – Net Interest Margin – Linked Quarter
- Page 27 – Net Interest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

WBS 2Q18 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 increasingly asset sensitive to rising interest rates
- Fed Funds up 100 bps and LIBOR up 100 bps with no change in long end rates creates a flat yield curve in 2018 at around 3.00% with PPNR 4.7% higher than PPNR given no change in rates from June 30 ("flat rates")
- Alternatively if the ten year rate increases 50 bps to approximately 3.45%, PPNR is 7.0% higher than a flat rate scenario
- Results assume historical deposit betas
- Contributing to the increase in the asset sensitivity is the decline of loans at floors
 - In 2Q16 loans at floors were \$1.4 billion when Fed Funds was at 0.50% versus \$32 million in 2Q18 with Fed Funds at 2.00%

* Preliminary

WBS 2Q18 Earnings | Earning Asset and Funding Mix

(\$ in millions)

Earning Asset Mix

Type	Balance	Total %	Floating %	Periodic %	Fixed %
Securities	\$ 7,349	29%	6%	4%	90%
Loans HFS	19	0%	100%	0%	0%
Resi / HE Loans	5,202	20%	0%	22%	78%
HE Lines	1,738	7%	98%	0%	2%
C&I Loans	6,505	26%	68%	20%	12%
CRE Loans	4,580	18%	76%	17%	7%
Total	\$ 25,393	100%	40%	14%	46%

Funding Mix

Type	Balance	Total	< 1 Year	> 1 Year
Checking	\$ 6,818	28%		
HSA	5,499	23%		
Savings	4,181	18%		
Money Market	2,016	8%		
Time	2,840	12%	69%	31%
Borrowings	2,666	11%	75%	25%
Total	\$ 24,020	100%		

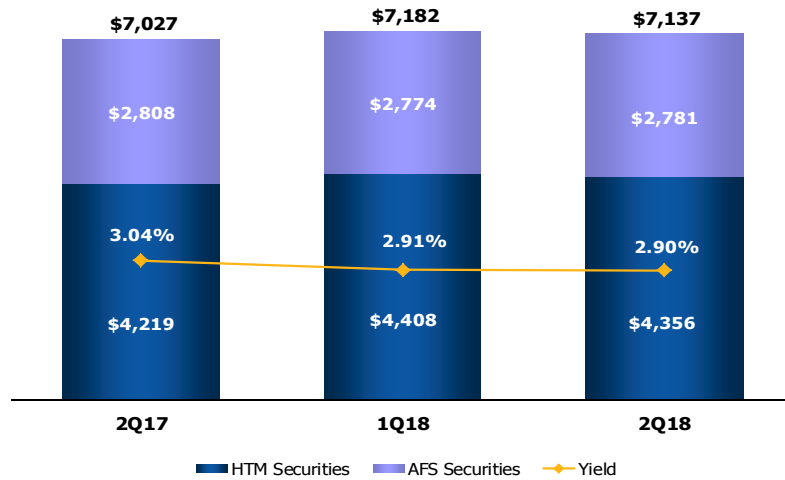
Key Observations:

- ▶ Floating and periodic rate loans represent 71% of total loans:
 - ▶ Floating rate loans represent 53% of total loans
 - ▶ Periodic rate loans represent 18% of total loans
- ▶ LIBOR indexed loans represent 50% of total loans:
 - ▶ Loans indexed to 1 month LIBOR represent 38% of total loans
 - ▶ LIBOR indexed loans with rate reset frequencies greater than 1 month represent 12% of total loans
- ▶ CRE loans are predominantly floating rate due to customer swaps
- ▶ HSA deposits represent 23% of our funding mix

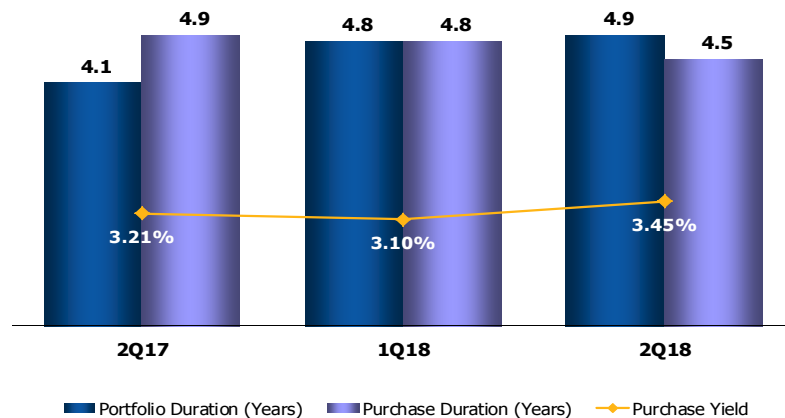
WBS 2Q18 Earnings | Investment Portfolio

(\$ in millions)

Investment Securities



Duration / Yield



Key Observations:

- Available-for-Sale portfolio includes \$86.5 million of net unrealized losses at 2Q18 compared to \$74.0 million at 1Q18
- Held-to-Maturity portfolio excludes \$130.2 million of net unrealized losses at 2Q18 compared to \$111.3 million at 1Q18
- Portfolio duration up 0.8 years vs. a year ago with 5 year swap up 93 bps
- Purchase yield increased 32 bps vs. LQ while purchase duration down 0.3 years

WBS 2Q18 Earnings | *Investment Securities*

(\$ in millions)

End of period balances	June 30, 2018	March 31, 2018	Increase/ (Decrease)
Available-for-Sale:			
U.S. Treasury Bills	\$ 2.5	\$ 0.5	2.0
Agency CMOs	265.3	284.6	(19.3)
Agency MBS	1,311.8	1,265.3	46.5
Agency CMBS	582.7	591.3	(8.6)
Non Agency CMBS-fixed	3.7	4.5	(0.8)
Non Agency CMBS-floating	370.8	362.4	8.4
Corporate Debt Securities	55.7	56.1	(0.4)
Collateralized Loan Obligations	188.1	201.8	(13.7)
Single-issuer Trust Preferred Security	-	7.0	(7.0)
Total Available-for-Sale	\$ 2,780.6	\$ 2,773.5	\$ 7.1
Held-to-Maturity:			
Agency CMOs	\$ 231.9	\$ 245.7	\$ (13.8)
Agency MBS	2,520.5	2,544.1	(23.6)
Agency CMBS	677.3	689.6	(12.3)
Non Agency CMBS-fixed	229.3	236.2	(6.9)
Private Label MBS	0.1	0.2	(0.1)
Municipal Bonds and Notes	697.1	692.5	4.6
Total Held-to-Maturity	\$ 4,356.2	\$ 4,408.3	\$ (52.1)

WBS 2Q18 Earnings | *Loans and Originations by Loan Portfolio*

(\$ in millions)

End of period balances Full quarter originations	2Q18		1Q18		2Q17	
	Balance	Originations	Balance	Originations	Balance	Originations
Commercial Non-Mortgage	\$ 5,099	\$ 595	\$ 4,962	\$ 597	\$ 4,453	\$ 492
Asset-Based Lending	<u>960</u>	<u>157</u>	<u>874</u>	<u>48</u>	<u>861</u>	<u>234</u>
Total Commercial	\$ 6,059	\$ 752	\$ 5,836	\$ 645	\$ 5,314	\$ 726
Commercial Real Estate	3,509	412	3,480	189	3,554	151
Business Banking	1,517	77	1,507	87	1,419	80
Residential Mortgages	4,456	120	4,460	77	4,388	230
Consumer	<u>2,485</u>	<u>148</u>	<u>2,523</u>	<u>113</u>	<u>2,599</u>	<u>187</u>
Portfolio Total	\$ <u>18,026</u>	\$ <u>1,509</u>	\$ 17,806	\$ 1,111	\$ 17,274	\$ 1,374
Residential Mortgages originated for sale		\$ <u>44</u>		\$ <u>43</u>		\$ <u>74</u>
Total Originations		\$ <u>1,553</u>		\$ <u>1,154</u>		\$ <u>1,448</u>

WBS 2Q18 Earnings | *Loan Mix and Yield*

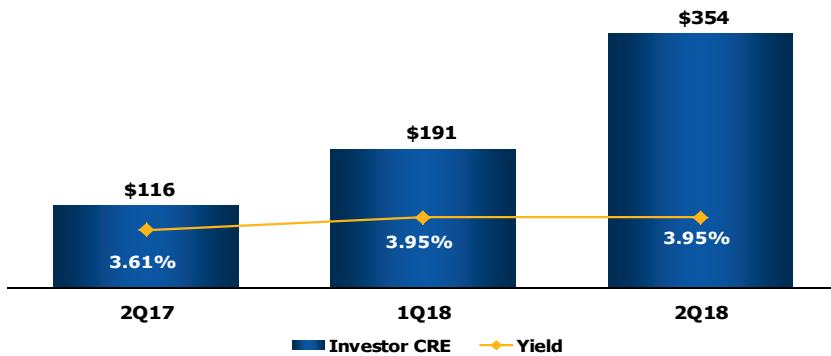
(\$ in millions)

End of period balances Full quarter yields	2Q18		1Q18		2Q17	
	Balance	Yield	Balance	Yield	Balance	Yield
Commercial	6,504	5.34%	\$ 6,279	4.86%	\$ 5,731	4.38%
CRE	4,580	4.41%	4,545	4.18%	4,556	3.73%
Residential	4,456	3.64%	4,460	3.64%	4,388	3.61%
Consumer	<u>2,486</u>	<u>4.99%</u>	<u>2,522</u>	<u>4.84%</u>	<u>2,599</u>	<u>4.54%</u>
Total	\$ 18,026	4.63%	\$ 17,806	4.37%	\$ 17,274	4.04%

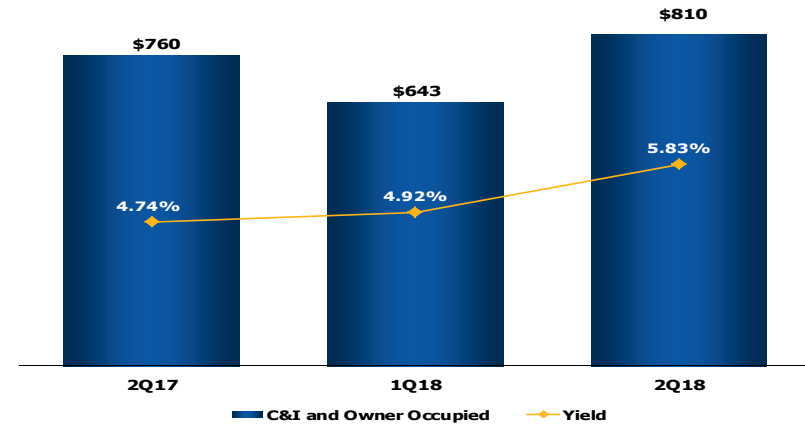
WBS 2Q18 Earnings | *Loan Originations and Yields*

(\$ in millions)

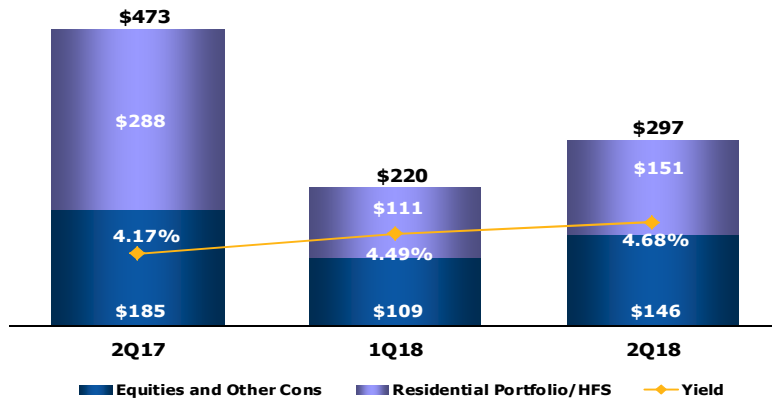
Commercial Banking* - Investor CRE



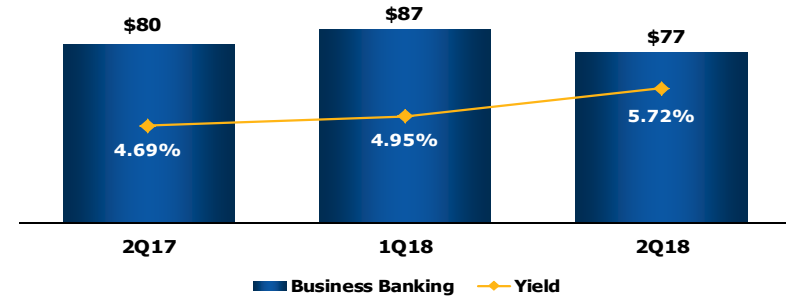
Commercial Banking* - C&I & Owner Occupied



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 2Q18 Earnings | *Deposit Mix and Rate by Product*

(\$ in millions)

End of period balances Full quarter cost	2Q18		1Q18		2Q17	
	Balance	Rate	Balance	Rate	Balance	Rate
Demand	\$ 4,151	-	\$ 4,075	-	\$ 4,075	-
Health Savings Accounts	\$ 5,518	0.20%	5,488	0.20%	4,828	0.20%
Interest Bearing Checking	\$ 2,637	0.07%	2,625	0.07%	2,669	0.07%
Money Market	\$ 2,016	0.86%	2,344	0.77%	2,316	0.58%
Savings	\$ 4,181	0.25%	4,300	0.25%	4,474	0.22%
Core Deposits	\$ 18,503	0.23%	\$ 18,832	0.22%	\$ 18,362	0.19%
Time Deposits	2,840	1.41%	2,553	1.29%	2,096	1.16%
Total	\$ 21,343	0.38%	\$ 21,385	0.34%	\$ 20,458	0.29%
Core/Total	87%		88%		90%	

WBS 2Q18 Earnings | *Deposit Mix and Rate by Line of Business*

(\$ in millions)

End of period balances Full quarter cost	2Q18		1Q18		2Q17	
	Balance	Rate	Balance	Rate	Balance	Rate
Personal Banking	\$ 9,217	0.45%	\$ 9,147	0.40%	\$ 8,930	0.31%
Commercial Banking	1,510	0.10%	1,481	0.08%	1,520	0.07%
Treasury & Pymt Solutions	1,983	0.78%	2,337	0.65%	2,065	0.47%
Private Banking	188	0.42%	223	0.38%	241	0.27%
Business Banking	2,578	0.17%	2,432	0.14%	2,493	0.10%
HSA Bank	5,518	0.20%	5,488	0.20%	4,828	0.20%
Other	<u>349</u>	<u>1.83%</u>	<u>277</u>	<u>1.90%</u>	<u>381</u>	<u>1.92%</u>
Total	\$ 21,343	0.38%	\$ 21,385	0.34%	\$ 20,458	0.29%

WBS 2Q18 Earnings | *Net Interest Margin – Linked Quarter*

(\$ in millions)

	2Q18			Fav./ (Unfav.)		
	Avg Bal.	Int.	Yield/rate	Avg Bal.	Int.	Bps
Securities	\$ 7,143	\$ 52.3	2.90%	\$ (16)	\$ (0.2)	(1)
Money Market & Other	199	1.8	3.60	13	0.1	(1)
Loans HFS	15	0.1	3.90	(1)	0.0	41
Commercial Loans	10,918	136.6	4.95	208	14.2	38
Consumer Loans	6,969	71.9	4.13	(76)	0.4	6
Total Loans & Leases	17,887	208.5	4.63%	132	14.6	26
Interest-Earning Assets	\$ 25,244	\$ 262.7	4.13%	\$ 128	\$ 14.5	18
Deposits	\$ 21,403	\$ 20.2	0.38%	\$ (11)	\$ (2.0)	(4)
Borrowings	2,495	15.3	2.42	(81)	(1.7)	(17)
Interest-Bearing Liabilities	\$ 23,898	\$ 35.5	0.59%	\$ (92)	\$ (3.7)	(5)
Tax-Equivalent Net Interest Income		\$ 227.2			\$ 10.7	
Less: Tax-Equivalent Adjustment		(2.2)			0.1	
Net Interest Income		\$ 225.0			\$ 10.8	
Net Interest Margin			3.57%			13

WBS 2Q18 Earnings | *Net Interest Margin – Year over Year*

(\$ in millions)

	2Q18			Fav./ (Unfav.)		
	Avg Bal.	Int.	Yield/rate	Avg Bal.	Int.	Bps
Securities	\$ 7,143	\$ 52.3	2.90%	\$ 113	\$ (1.3)	(14)
Money Market & Other	199	1.8	3.60	(31)	0.1	58
Loans HFS	15	0.1	3.90	(8)	(0.1)	37
Commercial Loans	10,918	136.6	4.95	612	30.1	86
Consumer Loans	6,969	71.9	4.13	9	3.0	17
Total Loans & Leases	17,887	208.5	4.63%	621	33.1	59
Interest-Earning Assets	\$ 25,244	\$ 262.7	4.13%	\$ 695	\$ 31.8	39
Deposits	\$ 21,403	\$ 20.2	0.38%	\$ (1,065)	\$ (5.5)	(9)
Borrowings	2,495	15.3	2.42	573	(1.0)	(57)
Interest-Bearing Liabilities	\$ 23,898	\$ 35.5	0.59%	\$ (492)	\$ (6.5)	(10)
Tax-Equivalent Net Interest Income		\$ 227.2			\$ 25.3	
Less: Tax-Equivalent Adjustment		(2.2)			1.9	
Net Interest Income		\$ 225.0			\$ 27.2	
Net Interest Margin			3.57%			30

WBS 2Q18 Earnings | Webster Financial Corporation Capital Ratios

	At June 30, 2018*	At March 31, 2018	At June 30, 2017	Well Capitalized
Common Equity Tier 1 Risk-Based Capital	11.03%	10.99%	10.84%	6.5%
Tangible Common Equity	7.75%	7.65%	7.47%	na
Tangible Equity	8.29%	8.21%	7.95%	na
Tier 1 Leverage	8.70%	8.54%	8.28%	5.0%
Tier 1 Risk-Based Capital	11.77%	11.75%	11.51%	8.0%
Total Risk-Based Capital	13.25%	13.24%	13.02%	10.0%

	Excess Over Well	
At June 30, 2018*	Capital*	Capitalized*
(\$ in millions)		
Common Equity Tier 1 Risk-Based Capital	\$ 2,149	\$ 882
Tier 1 Leverage	\$ 2,294	\$ 976
Tier 1 Risk-Based Capital	\$ 2,294	\$ 735
Total Risk-Based Capital	\$ 2,581	\$ 633

*Preliminary

WBS 2Q18 Earnings | *Non-GAAP – QTD*

(\$ in thousands)

	2Q18	1Q18	2Q17
Efficiency Ratio			
Non-interest Expense	\$ 180,459	\$ 171,615	\$ 164,419
Deposit Insurance Adjustment	(7,176)	0	0
Facilities Optimization	(1,423)	0	(1,587)
Net Foreclosed (Expense) Income	106	(85)	143
Amortization of Intangibles	(962)	(962)	(1,028)
Non-interest Expense (net of above)	<u>\$ 171,004</u>	<u>\$ 170,568</u>	<u>\$ 161,947</u>
Net Interest Income Before Provision	\$ 225,010	\$ 214,168	\$ 197,787
FTE Adjustment	2,217	2,230	4,136
Non-interest Income	68,374	68,747	64,551
Other	359	295	555
Total Revenue (net of above)	<u>\$ 295,960</u>	<u>\$ 285,440</u>	<u>\$ 267,029</u>
Efficiency Ratio	57.78%	59.76%	60.65%
Tangible Common Equity Ratio			
Shareholders' equity	\$ 2,761,723	\$ 2,716,142	\$ 2,605,126
Less: Goodwill and other intangible assets	<u>566,061</u>	<u>567,023</u>	<u>569,964</u>
Tangible shareholders' equity	2,195,662	2,149,119	2,035,162
Less: Preferred stock	<u>145,037</u>	<u>145,037</u>	<u>122,710</u>
Tangible common shareholders' equity	<u>\$ 2,050,625</u>	<u>\$ 2,004,082</u>	<u>\$ 1,912,452</u>
Total assets	\$ 27,036,736	\$ 26,752,147	\$ 26,174,930
Less: Goodwill and other intangible assets	<u>566,061</u>	<u>567,023</u>	<u>569,964</u>
Tangible assets	<u>\$ 26,470,675</u>	<u>\$ 26,185,124</u>	<u>\$ 25,604,966</u>
Tangible Common Equity Ratio	7.75%	7.65%	7.47%

WBS 2Q18 Earnings | *Non-GAAP – QTD continued*

(\$ in thousands)

	2018	1018	2017
Tangible Book Value per Common Share			
Tangible common shareholders' equity	\$ 2,050,625	\$ 2,004,082	\$ 1,912,452
Common Shares Outstanding	<u>92,151</u>	<u>92,016</u>	<u>92,195</u>
Tangible Book Value per Common Share	\$ 22.25	\$ 21.78	\$ 20.74
Return on Average Tangible Common Shareholders' Equity			
Average Shareholders' equity	\$ 2,754,356	\$ 2,722,591	\$ 2,597,222
Less: Average goodwill and other intangible assets	<u>566,522</u>	<u>567,547</u>	<u>570,560</u>
Average preferred stock	<u>145,037</u>	<u>145,161</u>	<u>122,710</u>
Average tangible common shareholders' equity	\$ 2,042,797	\$ 2,009,883	\$ 1,903,952
Net income	\$ 81,683	\$ 80,225	\$ 61,579
Less: Preferred stock dividends	<u>1,969</u>	<u>1,947</u>	<u>2,024</u>
Add: Intangible assets amortization, tax-effected	<u>760</u>	<u>760</u>	<u>668</u>
Income adjusted for preferred stock dividends and intangible assets amortization	<u>80,474</u>	<u>79,038</u>	<u>60,223</u>
Adjusted income, annualized basis	\$ 321,896	\$ 316,152	\$ 240,892
Return on Average Tangible Common Shareholders' Equity	15.76%	15.73%	12.65%

WBS 2Q18 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.