



Webster
Financial Corporation

LIVING UP TO YOU™

Barclays Global Financial Services Conference

September 13, 2016

Webster Financial Corporation

James C. Smith

Chairman and
Chief Executive Officer

Glenn MacInnes

Executive Vice President and
Chief Financial Officer

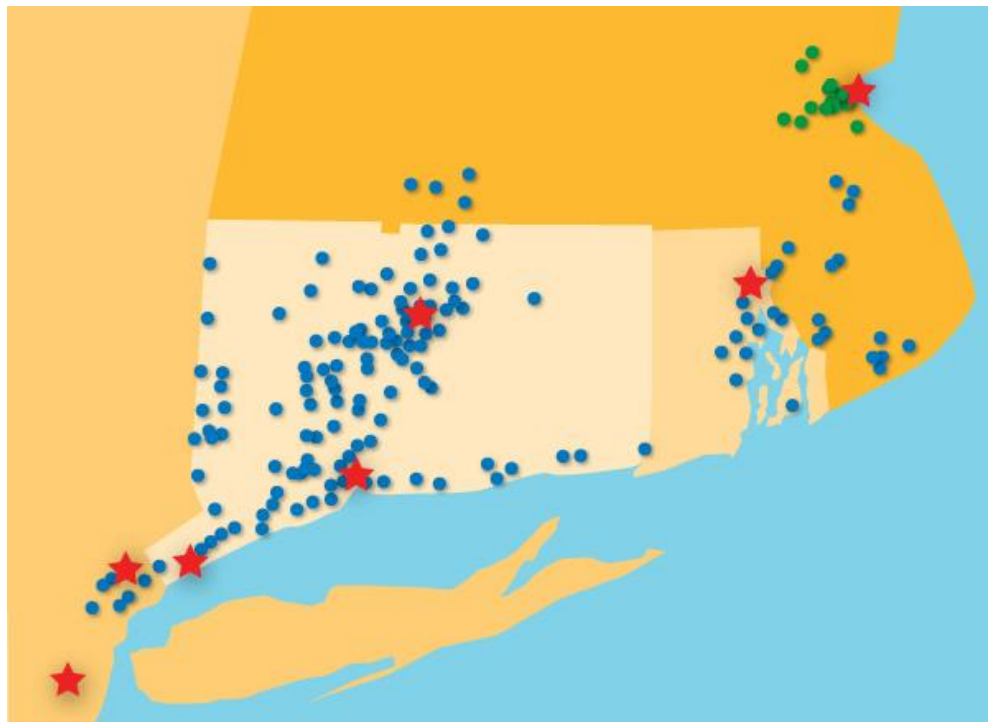
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Webster at a Glance

Strong, Growing, High Performing Regional Bank

Highly Desirable Retail Footprint Covers Westchester County, NY to Boston, MA

Provide Commercial Bank Services Across the Northeast and HSA Accounts Nationally



Corporate Profile (\$ billions)

Assets	\$25.1
Loans	\$16.3
Deposits	\$18.8
Market Cap	\$3.5
NYSE	WBS
Banking Centers	176
ATMs	349

Webster's Strategic Management Framework

Overarching Goal

Investing capital and resources to support strategies that create value for customers in chosen segments and maximize Economic Profit over time

Performance Objective

To be a high performing regional bank measured by:

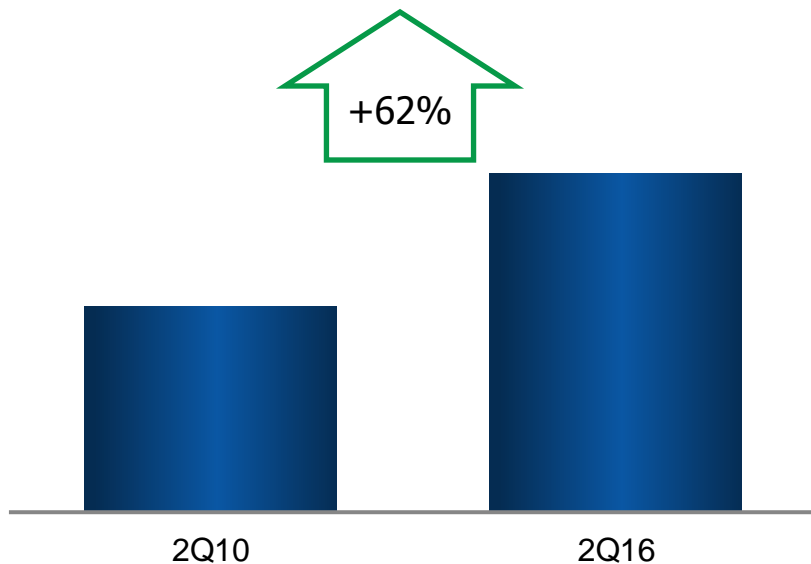
- Financial performance
- Growth in key customer segments
- Customer satisfaction

Strong alignment among strategy execution, financial performance and compensation

Disciplined Approach Allocates Capital to Highest Performing Units

Allocated Capital, High Growth Businesses

HSA Bank & Commercial Banking

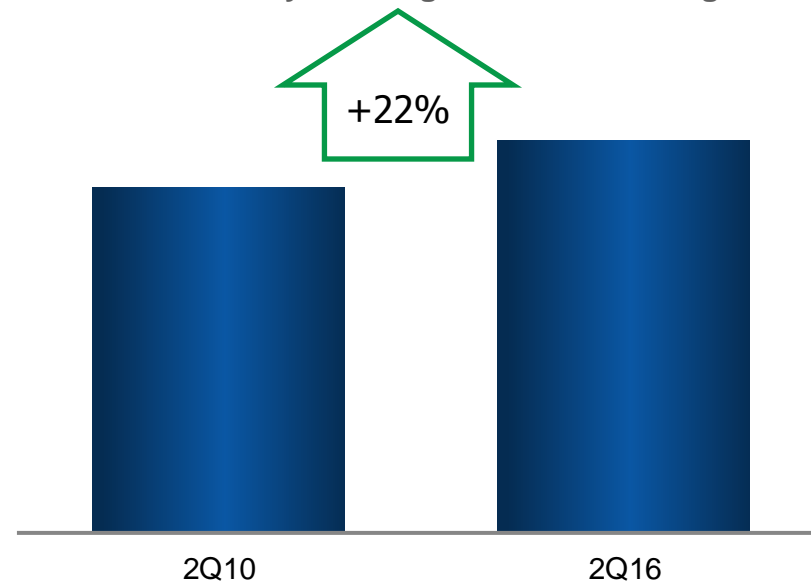


Aggressively Growing HSA Bank

Expanding Commercial Banking

Allocated Capital, Transformation Businesses

Community Banking & Private Banking



Transforming Community Banking

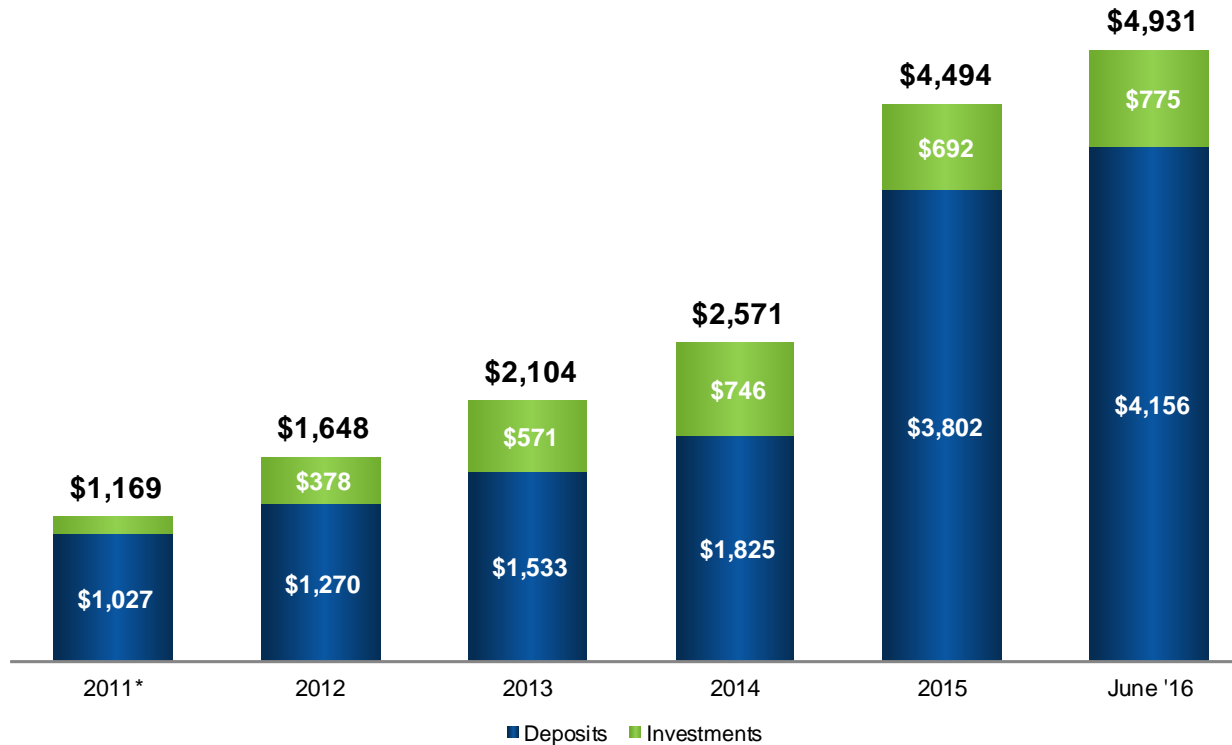
Repositioned Private Banking

Line of Business Review

- ▶ Investing capital and resources in strategies that maximize value to customers and shareholders:
 - ▶ ***Aggressively Growing*** HSA Bank
 - ▶ ***Expanding*** Commercial Banking
 - ▶ ***Transforming*** Community Banking
 - ▶ ***Repositioned*** Private Banking

HSA Bank | *Aggressively Growing*

Deposits & Investments (\$ millions)



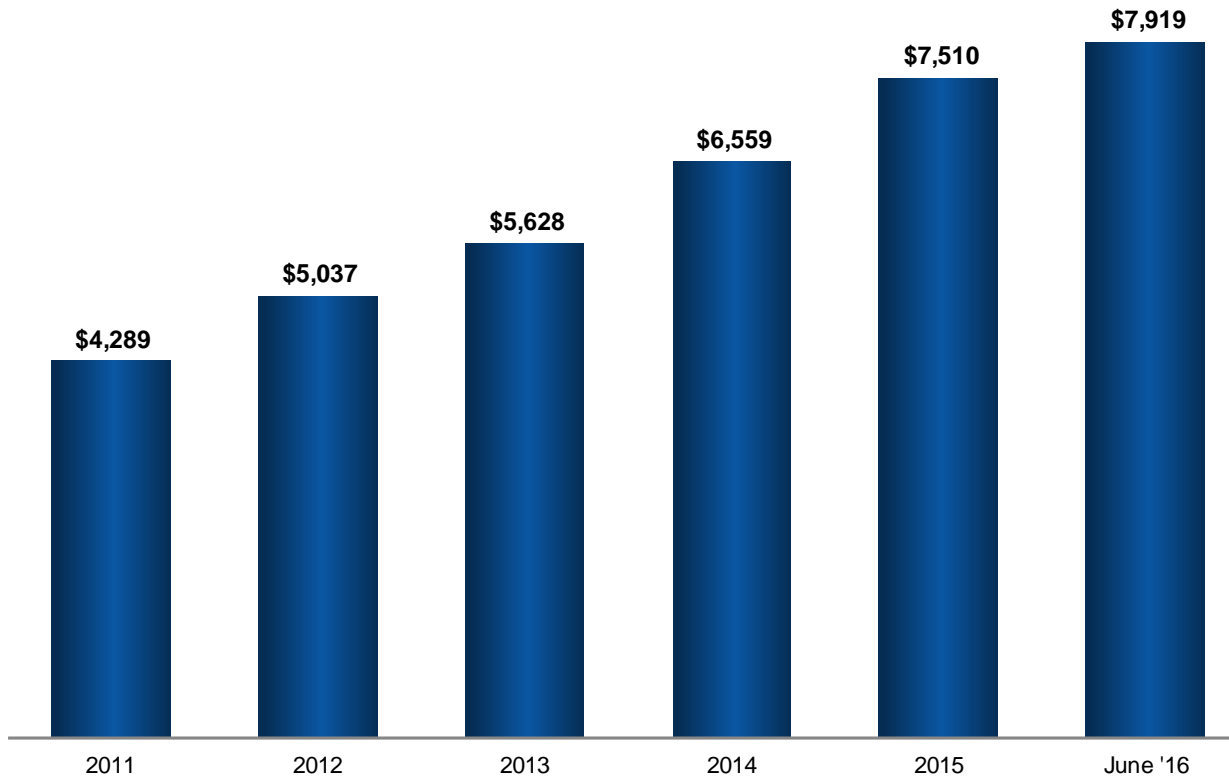
***Compound annual deposit growth rate of 36%;
PPNR CAGR of 51% (2011 – 2015)***

- ▀ Delivering nationwide health care account administration services to individuals and employers
- ▀ Integrated with multiple health plans and insurance exchanges
- ▀ Increasing penetration into mid-sized/larger group employer segment
- ▀ #2 in the HSA industry
- ▀ Pre-provision Net Revenue of \$54.5 million in 2015 and \$29.0 million in 1H16

* 2011 investments were under \$150 million
 Note: Deposit CAGR is 29% excluding JPM acquisition

Commercial Banking | *Expanding*

Loans (\$ millions)

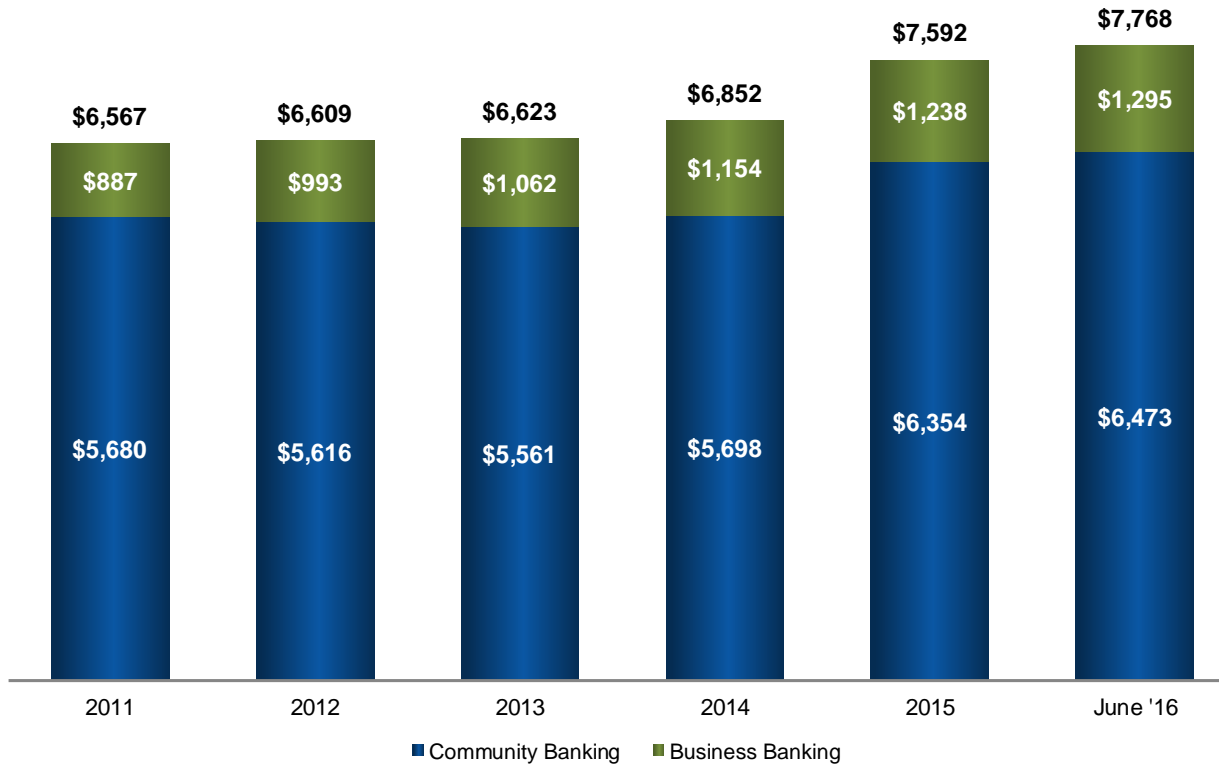


- Middle Market, Commercial Real Estate, Asset Based Lending, Equipment Finance and Treasury & Payment Solutions
- Greenwich Excellence awards from 2012 - 2015 for Middle Market Banking
- Pre-provision Net Revenue of \$183.9 million in 2015 and \$95.1 million in 1H16

***Compound annual growth rate of 15%;
PPNR CAGR of 20% (2011 – 2015)***

Community Banking | *Transforming*

Loans (\$ millions)



***Compound annual growth rate of 4%;
PPNR CAGR of 9% (2011 – 2015)***

- Consumer Deposits, Business Banking, Webster Investment Services, Mortgage Banking, Consumer Lending and Distribution network

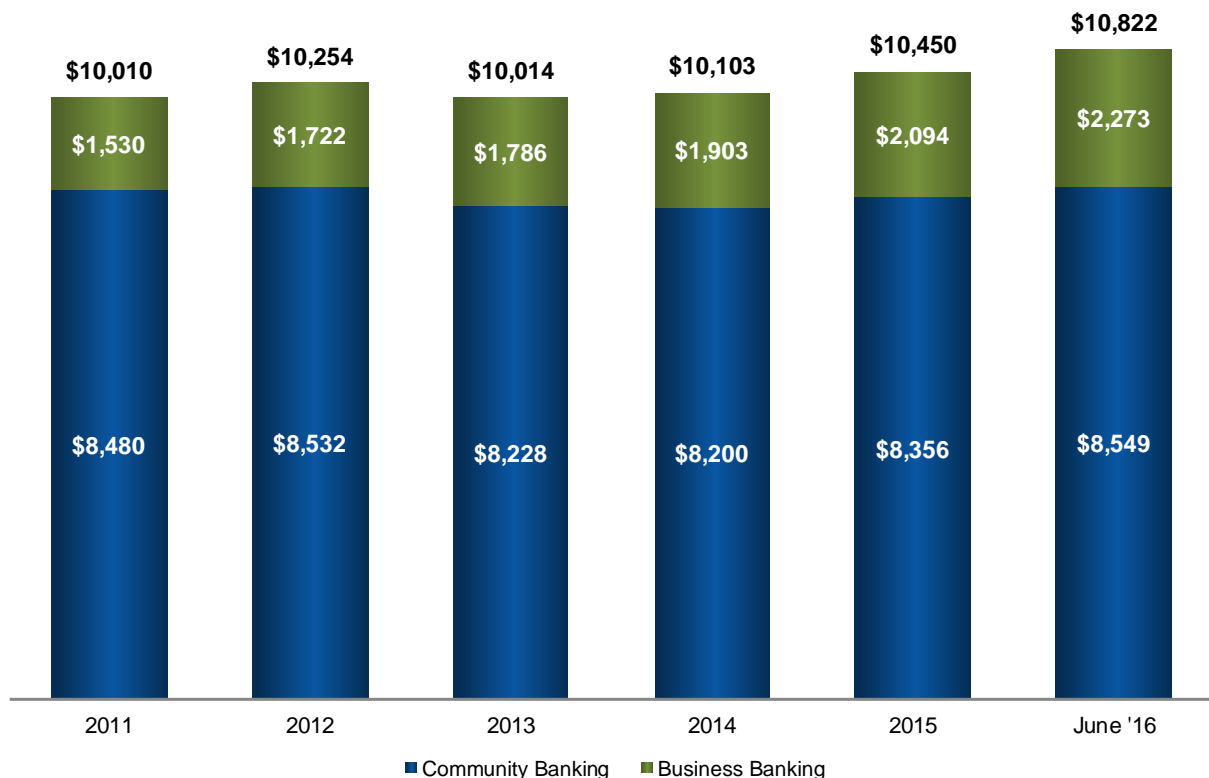
- Top SBA lender in Connecticut for the 8th consecutive year

- Pre-provision Net Revenue of \$132.6 million in 2015 and \$53.9 million in 1H16

- Boston expansion reduced PPNR by \$11.0 million in 1H16

Community Banking | *Transforming*

Deposits (\$ millions)

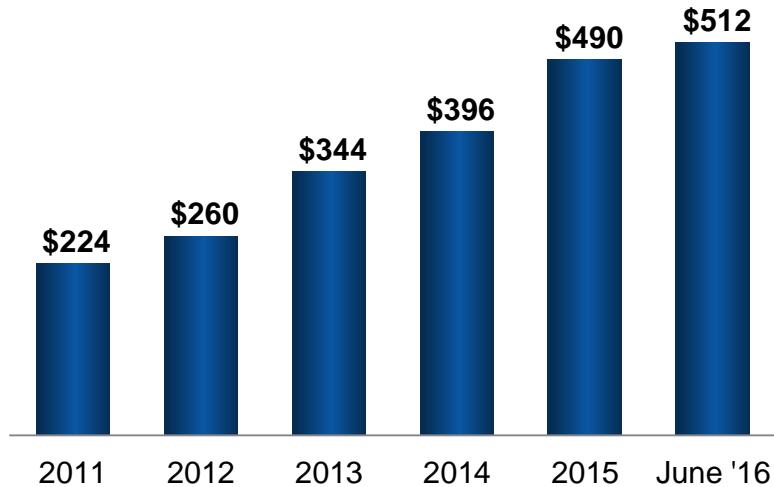


- Compound annual growth rate in Business Banking deposits of 9%
- Transactional Deposits increased by \$1.2 billion from the end of 2011 while CDs decreased by \$1.0 billion
- Investing in electronic infrastructure, optimizing our banking centers and improving sales force productivity

Compound annual growth rate of 8% in Transactional Deposits, which now represent 39% of total deposits compared to 29% at the end of 2011

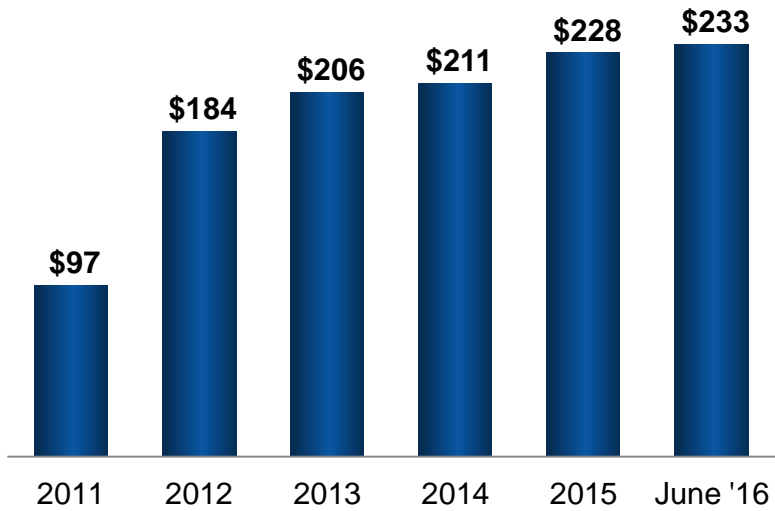
Private Banking | *Repositioned Business Model*

Loans (\$ millions)

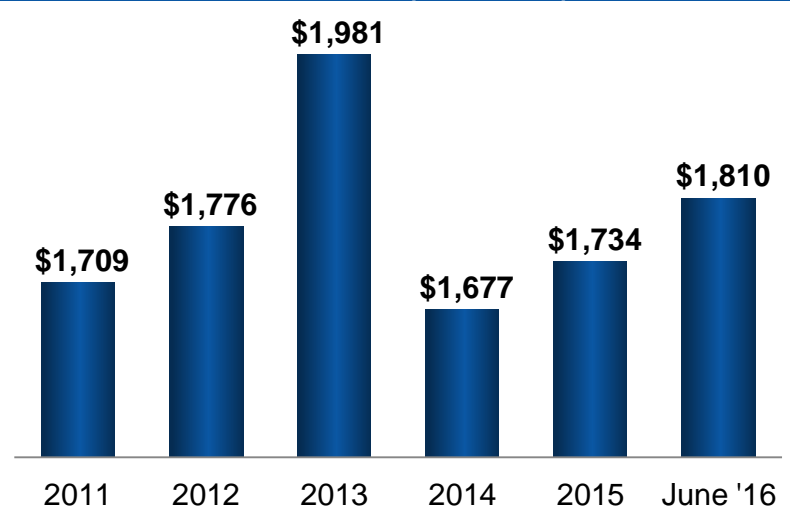


- Provides premium banking and customized credit, investment management, financial planning, and fiduciary services to individuals with investable assets of at least \$1 million
- Driving greater client acquisition by expanding capabilities and leveraging planning expertise
- Voted Best Private Bank by readers of the Connecticut Law Tribune in 2015

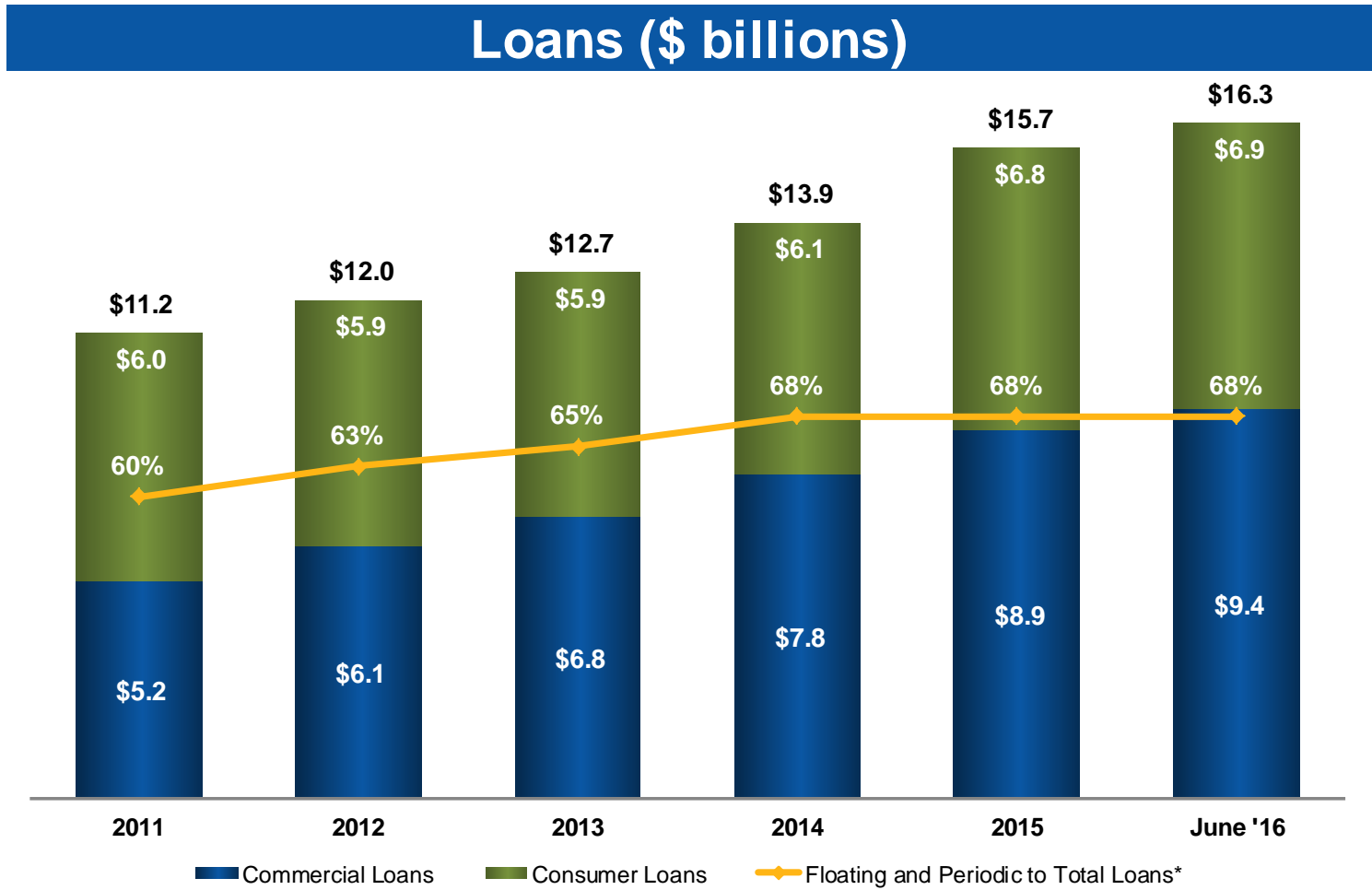
Deposits (\$ millions)



AUM & AUA (\$ millions)



Transforming Our Loan Mix

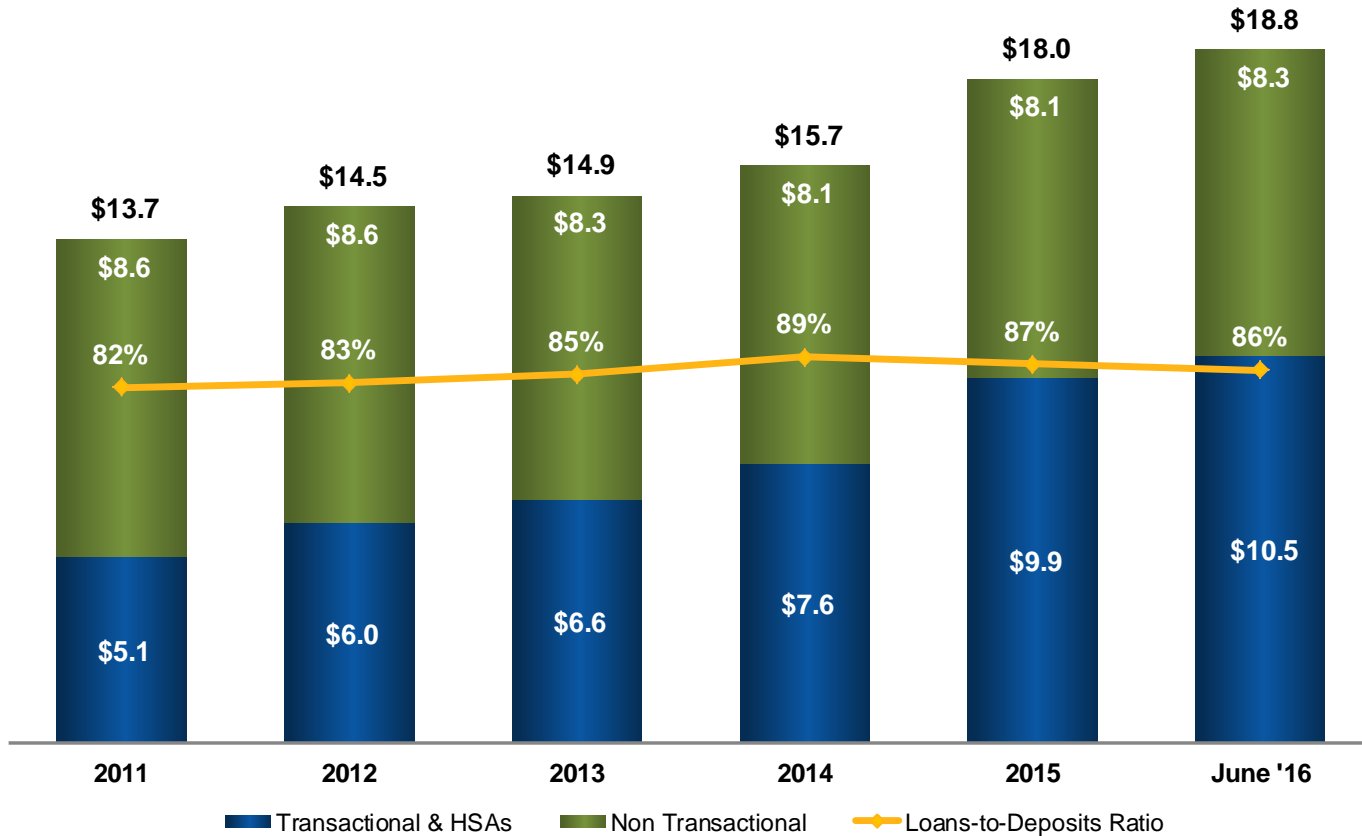


***Compound annual growth rate of 9%;
Commercial loans to total loans shift from 47% to 58%***

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

Transforming Our Deposit Profile

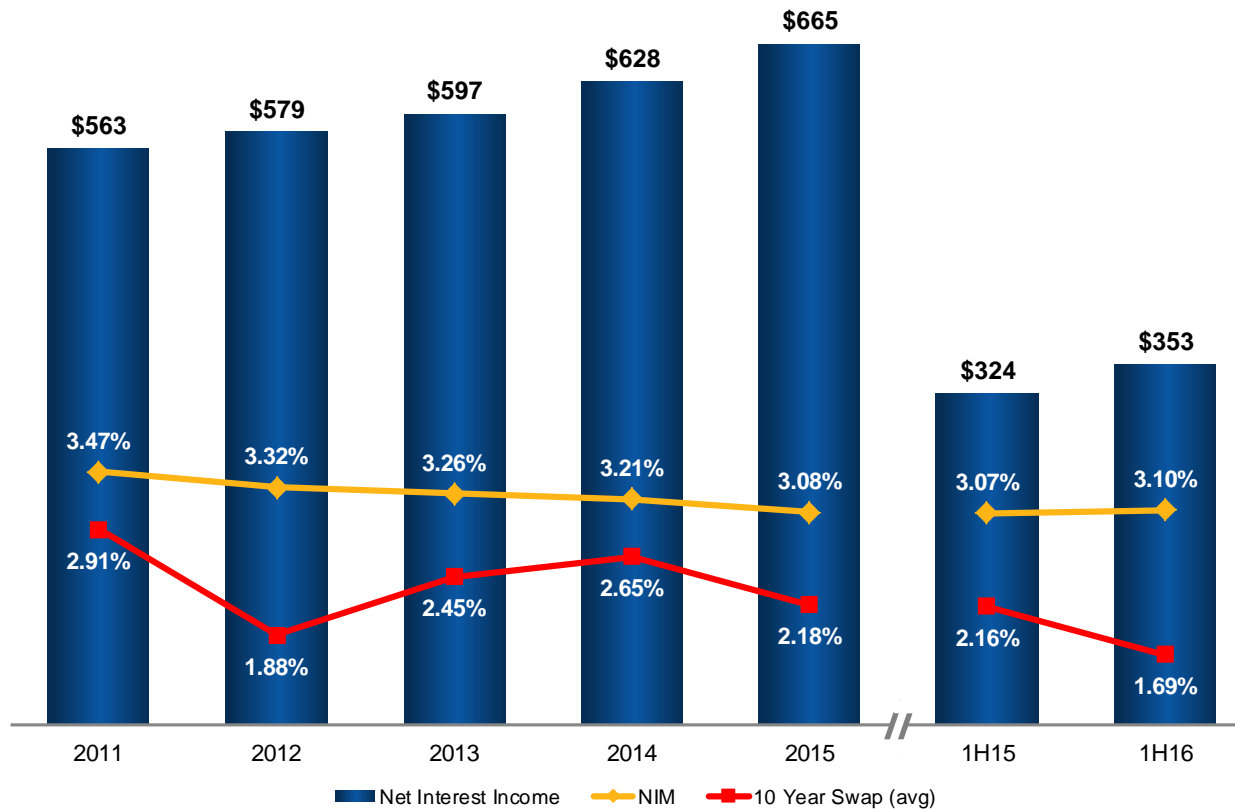
Deposits (\$ billions)



***Compound annual growth rate of 7%;
Transactional and HSA deposits shift from 37% to 56%***

Growth in Net Interest Income Despite the Challenging Environment

Net Interest Income (\$ millions)



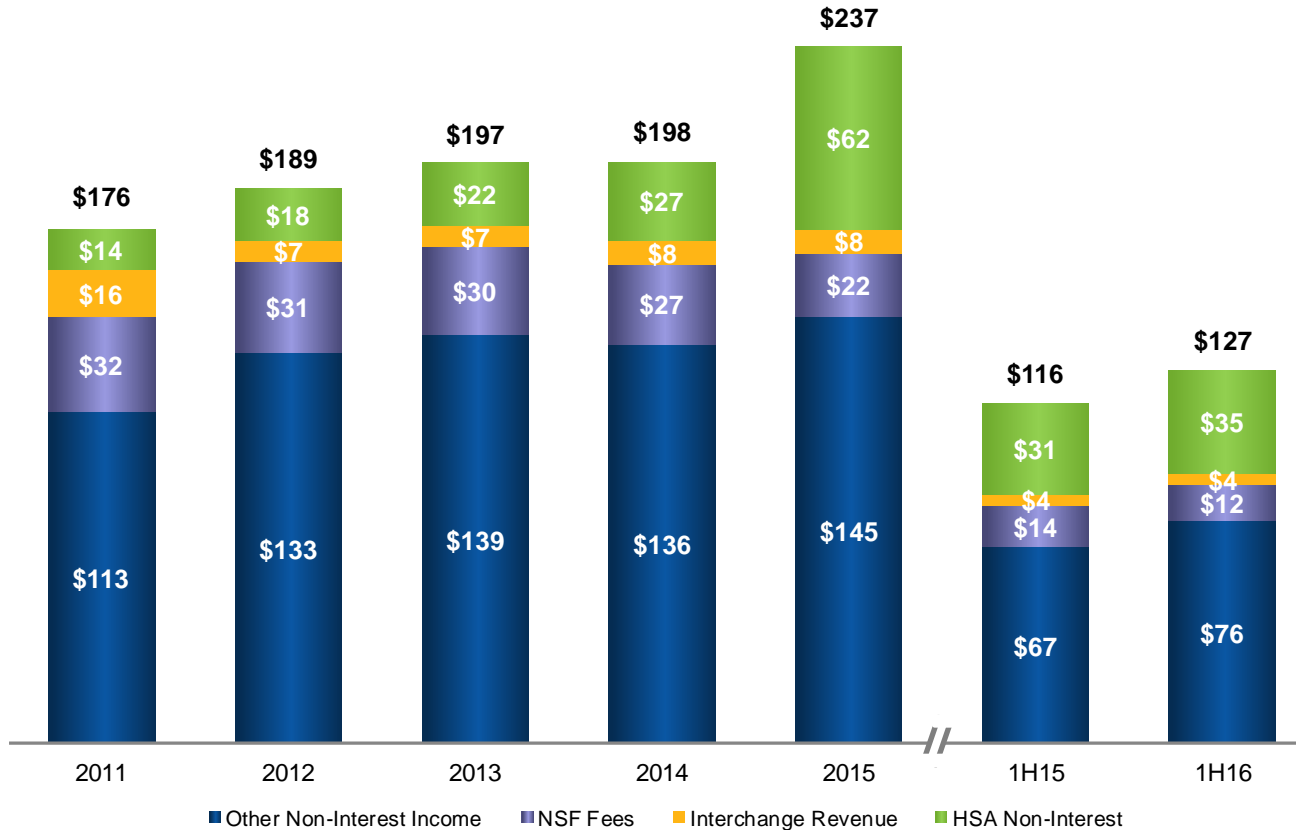
Net Interest Income growth drivers:

- ▶ Strong loan growth
- ▶ Low funding costs
- ▶ Balance sheet positioning

**Compound annual growth rate in NII of 4% for 2011 - 2015;
Growth of 9% in 1H16**

Adapting to Revenue Headwinds

Non-Interest Income* (\$ millions)



2015 vs. 2011:

- ▶ \$48 million increase in HSA fees
- ▶ \$18 million lower NSF and Interchange Revenue

1H16 vs. 1H15:

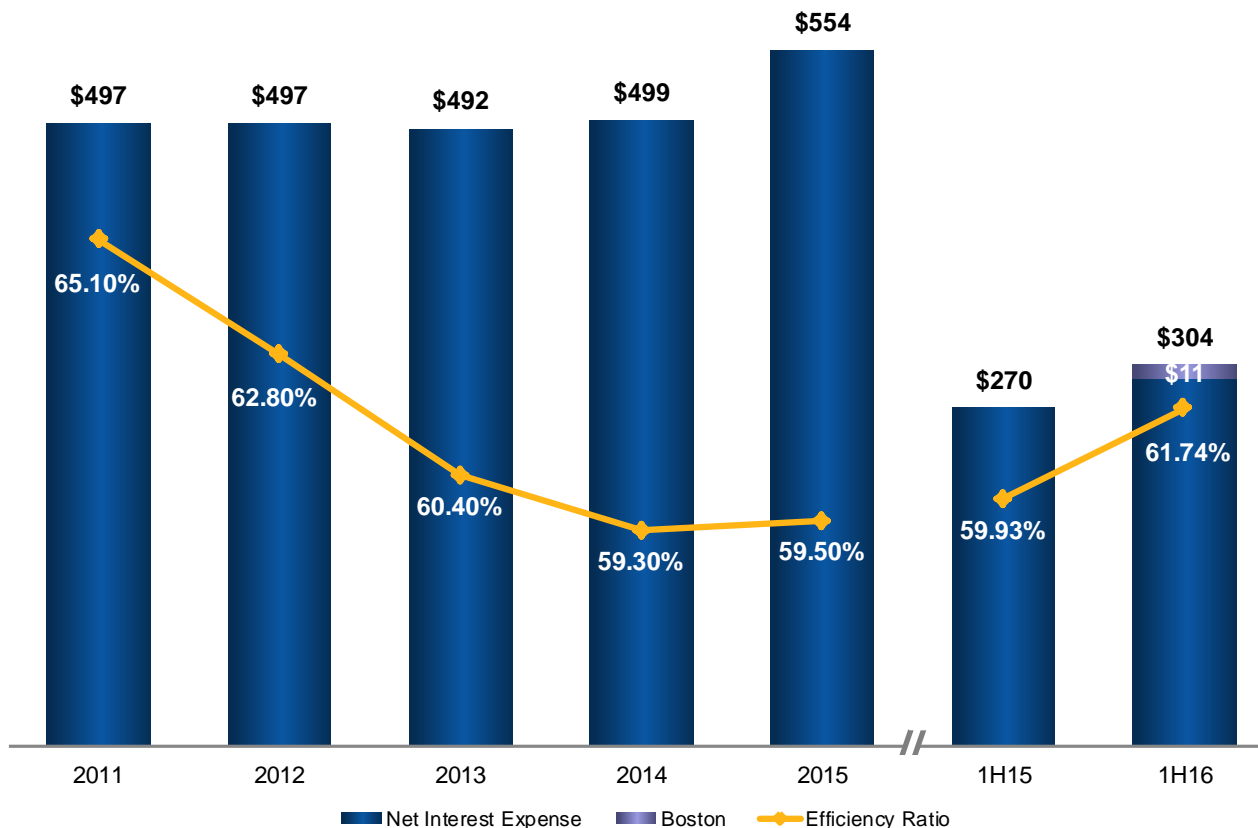
- ▶ \$9 million increase in HSA fees
- ▶ Net increase of \$2 million in all other fees

Growth of 9% in 1H16

* Does not include securities gains

Disciplined Expense Management

Non-Interest Expense* (\$ millions)

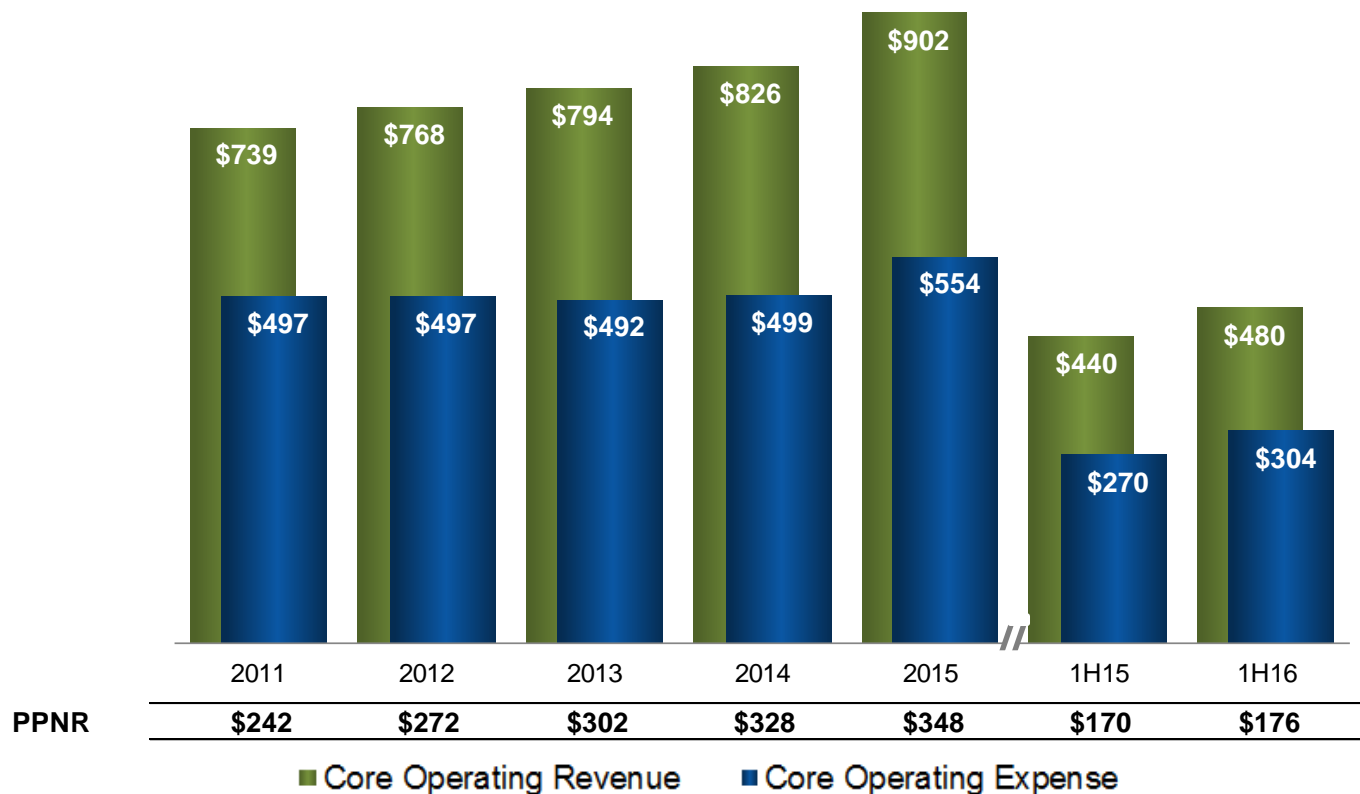


- \$40 million of increase in 2015 reflects HSA Bank and its JPM acquisition
- Boston expansion represents \$11 million of increase in 1H16

Investing for the future while maintaining expense discipline

Ongoing Growth in Consolidated PPNR

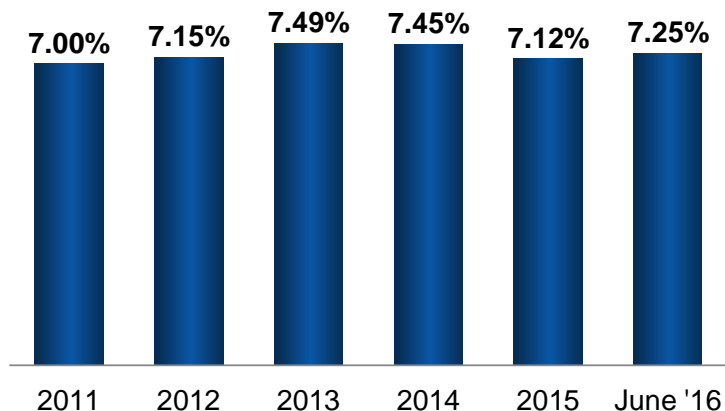
Pre-Provision Net Revenue* (\$ millions)



***Compound annual growth rate of 9% for 2011 – 2015;
Growth of 4% in 1H16, or 10% apart from Boston expansion***

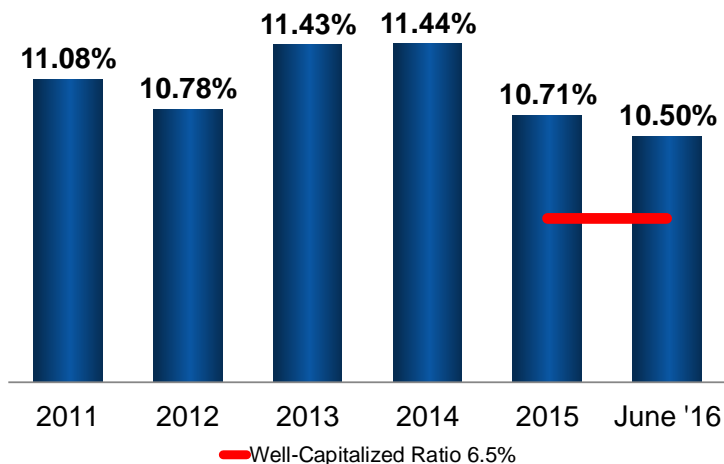
Webster Capital Strength and Flexibility

Tangible Common Equity

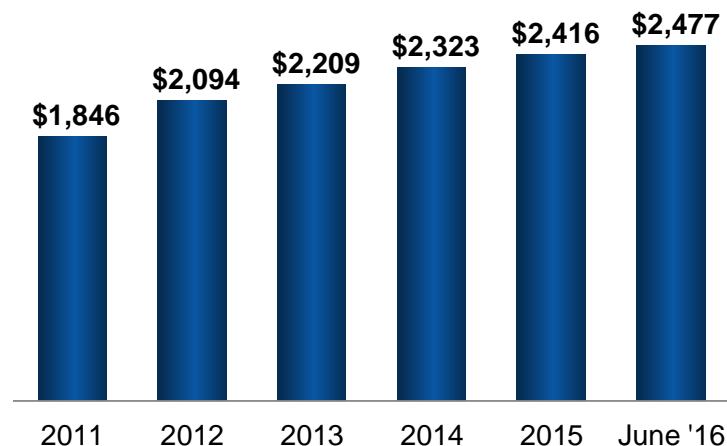


- Capital levels remain well in excess of regulatory requirements and internal operating ranges
- Returned \$98.8 million of capital to shareholders in 2015 (\$81.0 million in dividends, \$17.8 million through share repurchases)
- Quarterly cash dividend increased to \$0.25 per share in April 2016

Common Equity Tier 1 Ratio



Shareholders' Equity (\$ millions)



Celebrating 80+ Years of Values-Guided Performance

1935

- ▀ **Missions Evolve**
- ▀ **Visions Expand**
- ▀ **Values Endure**

2016

Transforming ... Expanding ... Growing

Webster Financial Corporation | *Concluding Comments*

- Investing capital and resources in strategies that maximize value to customers and shareholders:
 - ▶ Aggressively growing HSA Bank
 - ▶ Expanding Commercial Banking
 - ▶ Boston expansion
 - ▶ Transforming Community Banking to meet changing customer preferences and improve economic returns
- Continued progress toward high performance goals measured by:
 - ▶ Financial performance
 - ▶ Growth in key customer segments
 - ▶ Customer satisfaction
- Sustained revenue growth
- Target efficiency ratio at or below 60 percent
- Strong capital position

Supplemental Information

HSA Bank | Highlights

(\$ millions)

Overview:

- ▀ Delivers health savings account administration services to individuals and employers in all 50 states, with a focus on mid-sized/larger group employer segment
- ▀ \$4.9 billion in footings

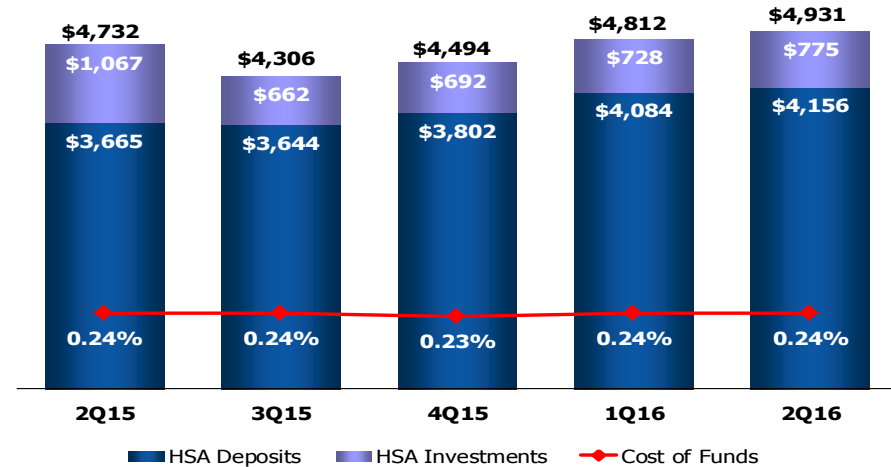
Year Over Year:

- ▀ 13.4% increase in deposits
 - ▶ 19.9% increase adjusted for acquisition impacts**
- ▀ 18.3% increase in accounts
 - ▶ 25.9% increase adjusted for acquisition impacts**

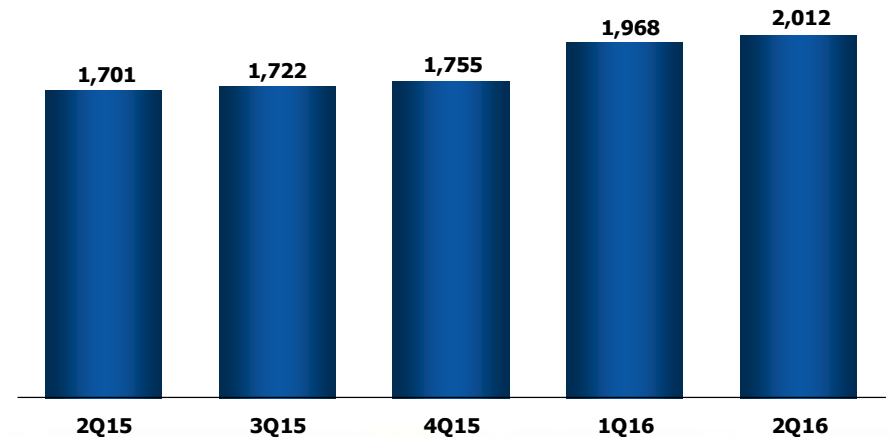
Linked Quarter:

- ▀ 1.8% increase in deposits
- ▀ 2.2% increase in accounts
 - ▶ 4.4% increase adjusted for acquisition impacts**

Total Footings



Number of Deposit Accounts*



*All investment accounts have a deposit account

**Adjusted for acquisition excludes out-of-scope and contingent consideration accounts

Commercial Banking | Highlights

(\$ millions)

Overview:

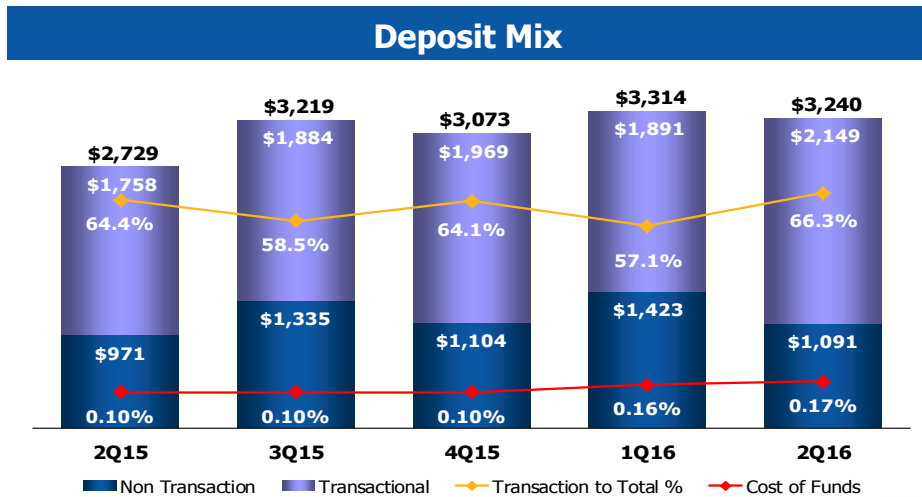
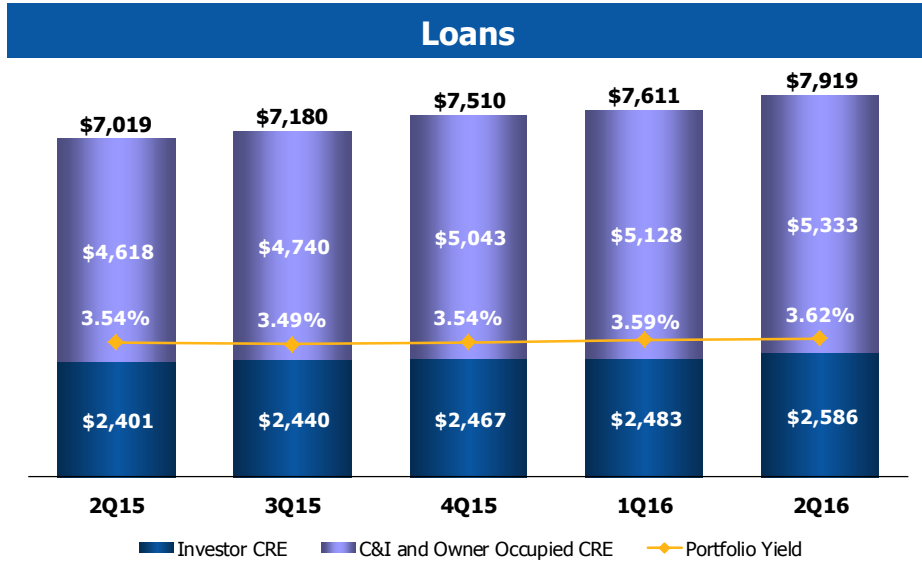
- Middle Market, Commercial Real Estate, Equipment Financing, Asset-Based Lending, and Treasury & Payment Solutions
- Loan originations of \$838 million
- Loan pipeline of \$344 million

Year Over Year:

- 12.8% increase in loans
- 21.3% increase in loan originations
- 7.6% increase in loan pipeline
- 18.7% increase in deposits primarily attributable to Government deposits

Linked Quarter:

- 4.0% increase in loans
- 69.0% increase in loan originations
- 25.5% decrease in loan pipeline
- 2.2% decrease in deposits primarily attributable to Government deposits



Business Banking | Highlights

(\$ millions)

Overview:

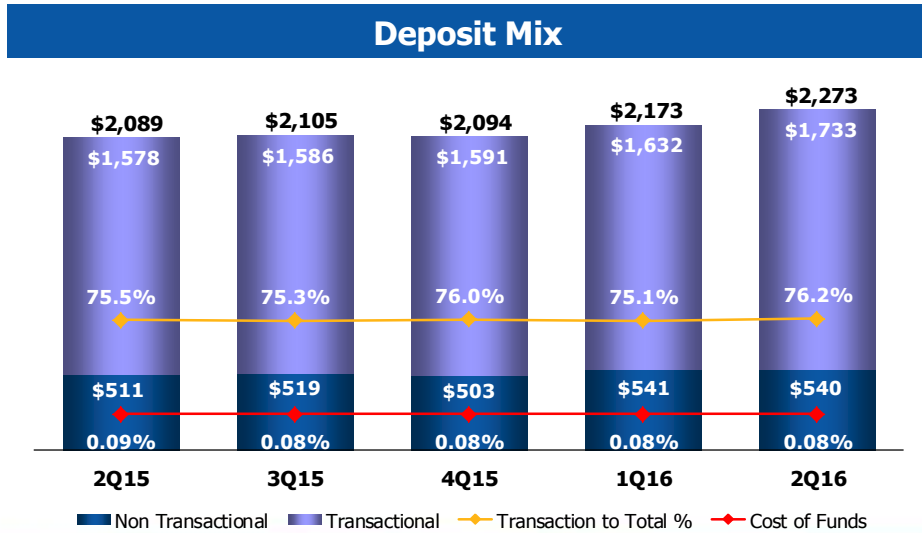
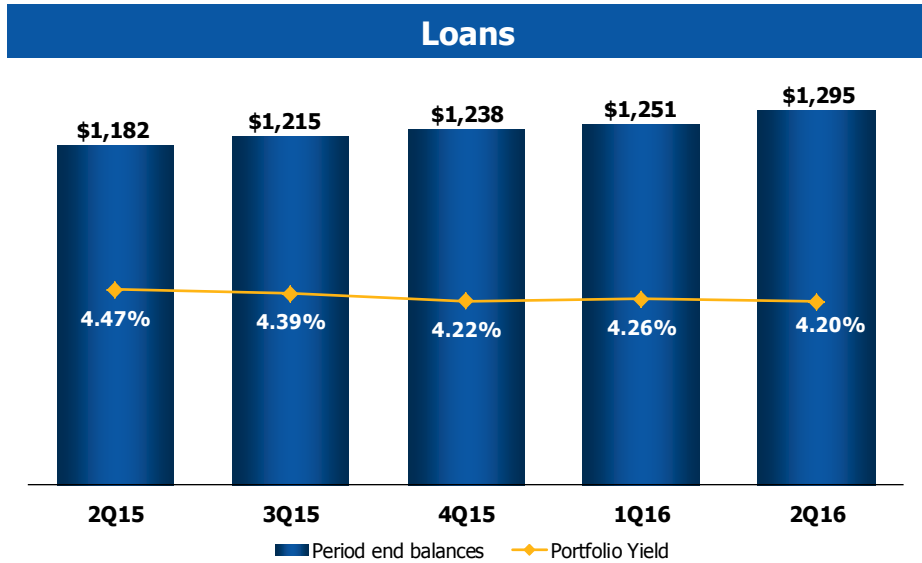
- Credit, deposit, and cash management products for small businesses and professional service firms with annual revenues of up to \$20 million
- Loan originations of \$90 million
- Loan pipeline of \$64 million

Year Over Year:

- 9.5% increase in loans
- 10.9% increase in loan originations
- 26.5% decrease in loan pipeline
- 8.8% increase in deposits

Linked Quarter:

- 3.4% increase in loans
- 10.9% increase in loan originations
- 7.9% decrease in loan pipeline
- 4.6% increase in deposits



Personal Banking | Highlights

(\$ millions)

Overview:

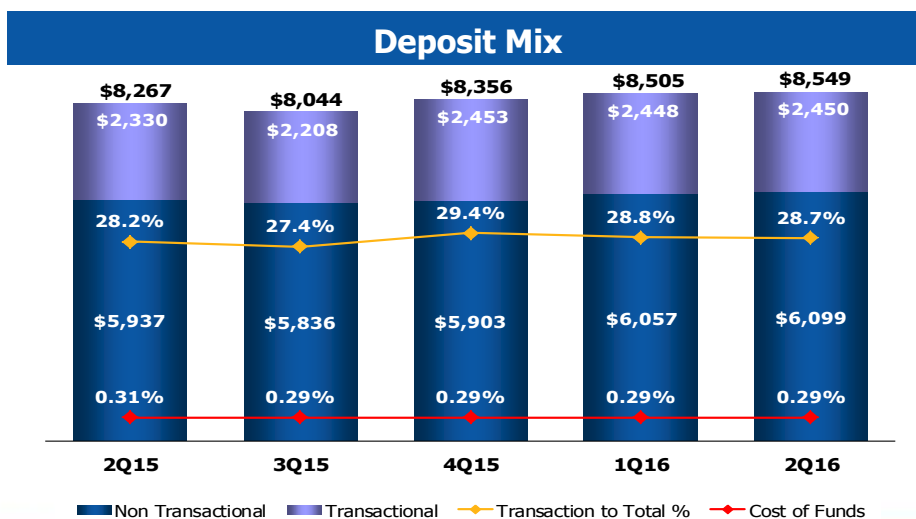
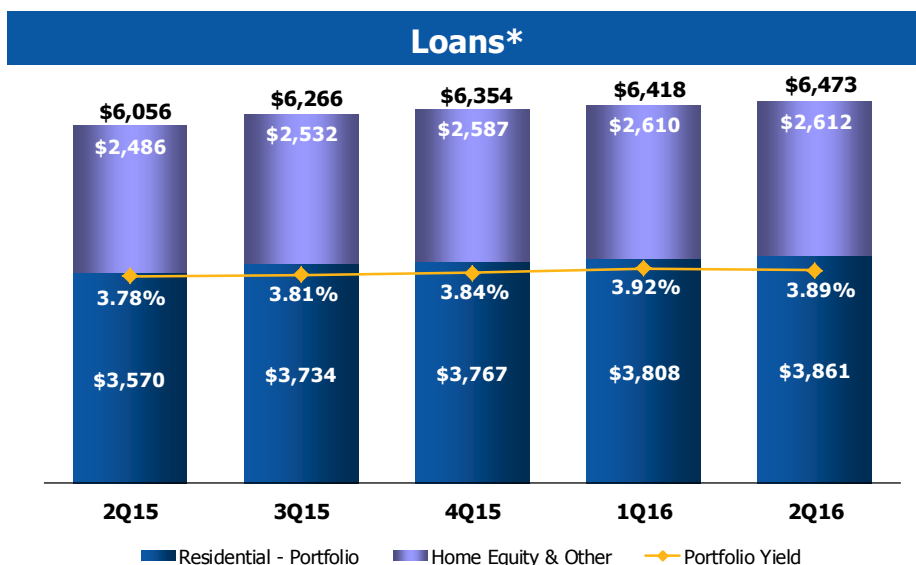
- Deposits, investments, and lending for consumers in the footprint
- Loan originations of \$468 million
- Loan pipeline of \$682 million
- Assets Under Administration (AUA) of \$2.8 billion

Year Over Year:

- 6.9% increase in loans
- 32.2% decrease in loan originations
- 4.6% increase in loan pipeline
- 3.4% increase in deposits
- 1.0% increase in AUA

Linked Quarter:

- 0.9% increase in loans
- 27.0% increase in loan originations
- 32.8% increase in loan pipeline
- 0.5% increase in deposits
- 2.3% increase in AUA



* Excludes liquidating portfolio

Personal Banking | Residential Mortgage Production Trends

(\$ millions)

Overview:

- \$291 million in 2Q16 total originations
- \$182 million originated for portfolio (87% jumbo)
- \$109 million originated for sale; gain on sale of \$2.9 million

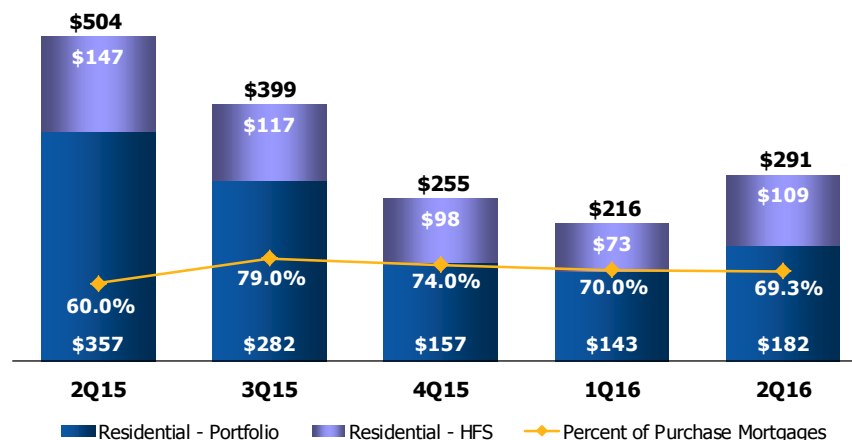
Year Over Year:

- 42.2% decrease in total residential mortgage production
- 48.9% decrease in mortgages originated for portfolio
- Portfolio originated purchase percent 69% vs. 60%
- 26.0% decrease in mortgages originated for sale

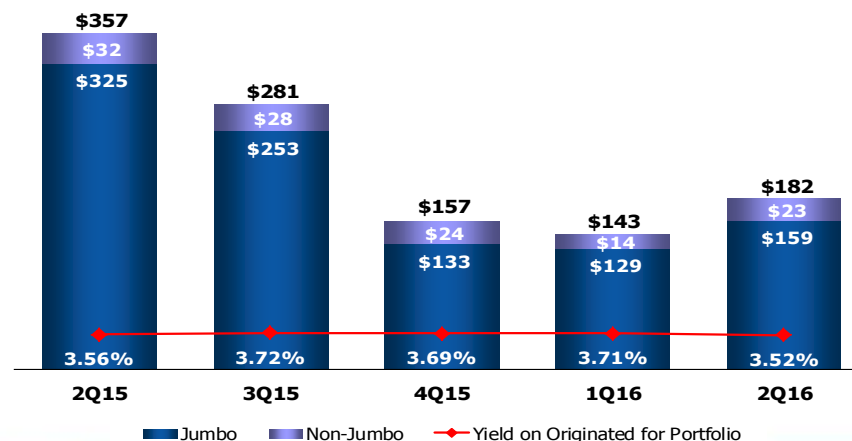
Linked Quarter:

- 34.6% increase in total residential mortgage production
- 27.6% increase in mortgages originated for portfolio
- Portfolio originated purchase percent 69% vs. 70%
- 48.2% increase in mortgages originated for sale

Total Residential Mortgage Production



Residential Mortgage Production – for Portfolio



Private Banking | Highlights

(\$ millions)

Overview:

- Premium banking, credit, investment management, planning and trust services for high net worth individuals and nonprofits
- Loan pipeline of \$115 million
- AUM pipeline of \$81 million

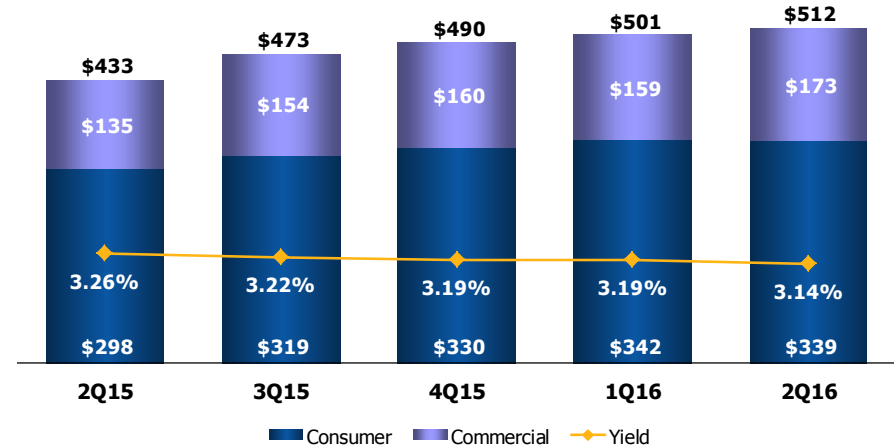
Year Over Year:

- 18.2% increase in loans
- 44.6% decrease in loan originations
- 70.4% increase in loan pipeline
- 7.6% increase in AUM/AUA
- 1.0% decrease in AUM pipeline

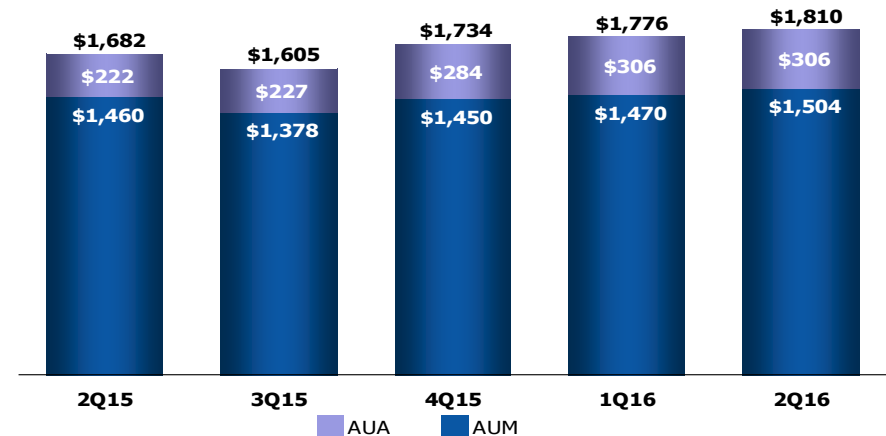
Linked Quarter:

- 2.2% increase in loans
- 3.9% decrease in loan originations
- 100.0% increase in loan pipeline
- 1.9% increase in AUM/AUA
- 1.2% decrease in AUM pipeline

Loans



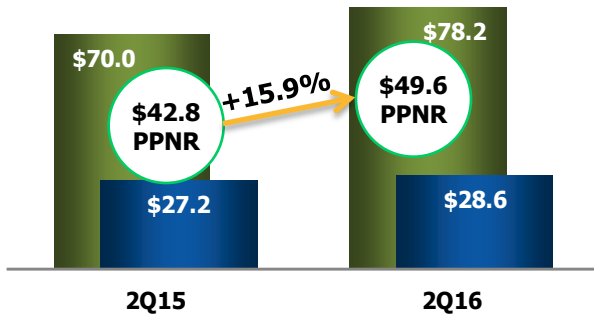
Assets Under Management & Administration



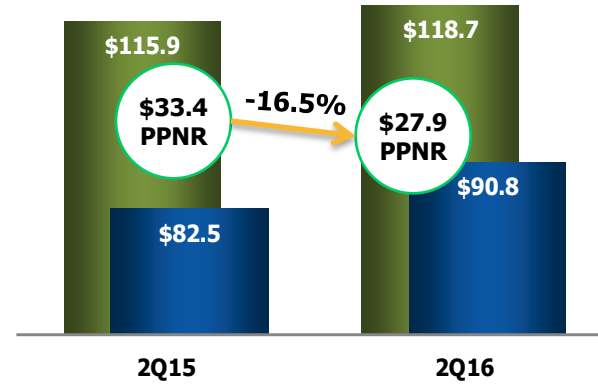
PPNR | *By Line of Business QTD*

(\$ millions)

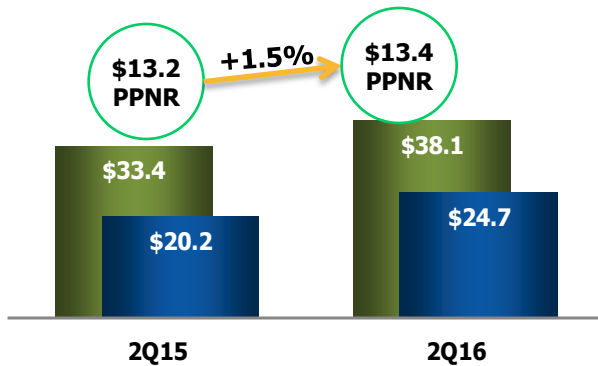
Commercial Banking



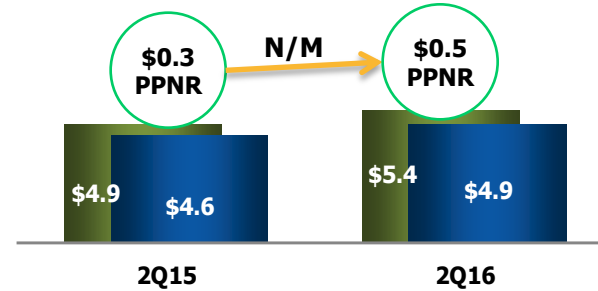
Community Banking



HSA Bank



Private Banking

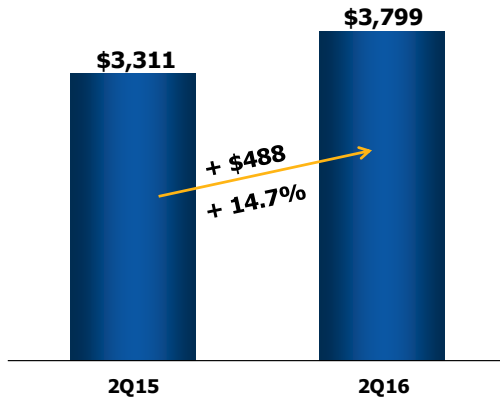


■ Operating Revenue
■ Operating Expense

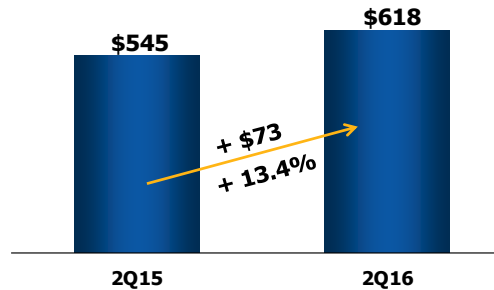
Year-over-year Loan Growth | +10.1%

(\$ millions)

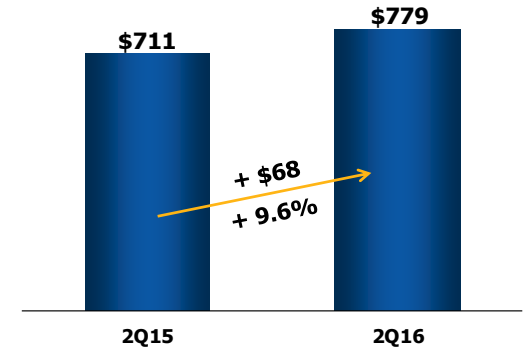
Commercial Non-Mortgage



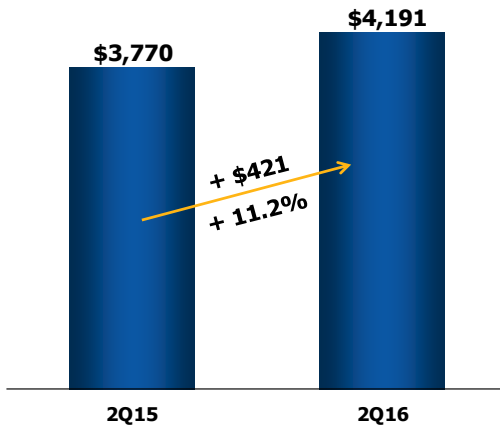
Equipment Financing



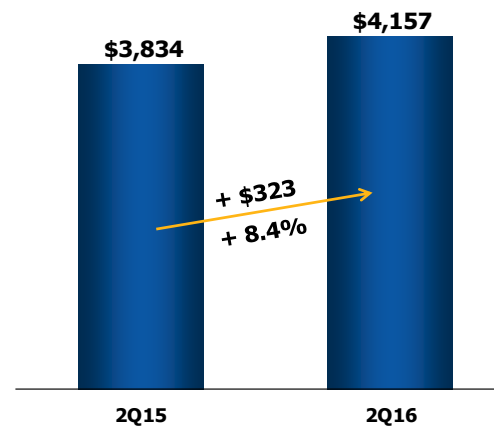
Asset-Based Lending



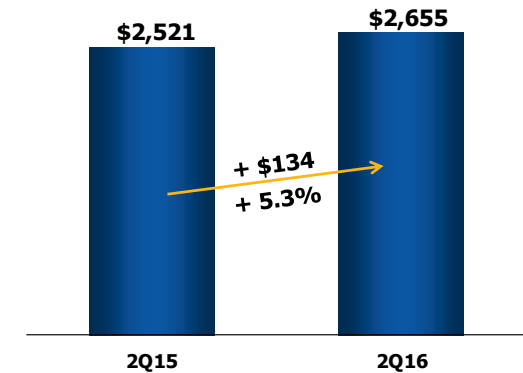
Commercial Real Estate



Residential Mortgages



Consumer*

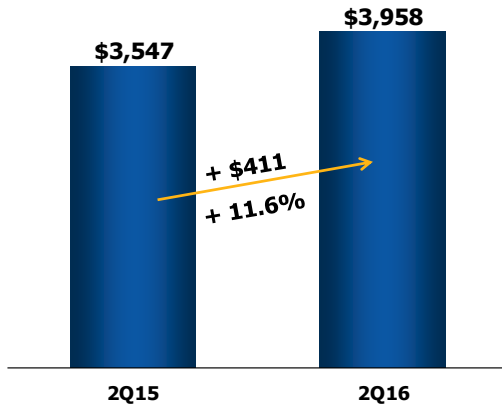


* Excludes liquidating portfolio

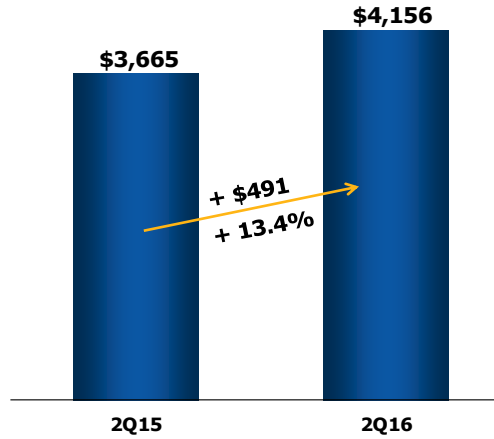
Year-over-year Deposit Growth | +8.9%

(\$ millions)

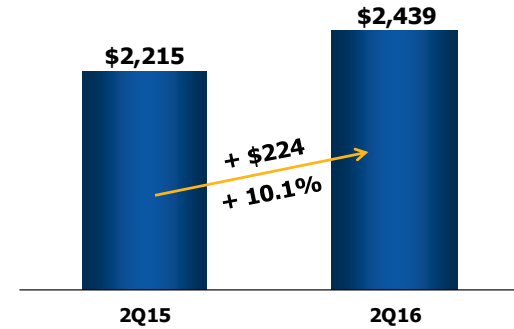
Demand



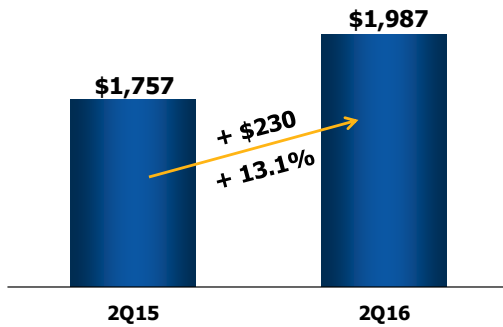
Health Savings Accounts



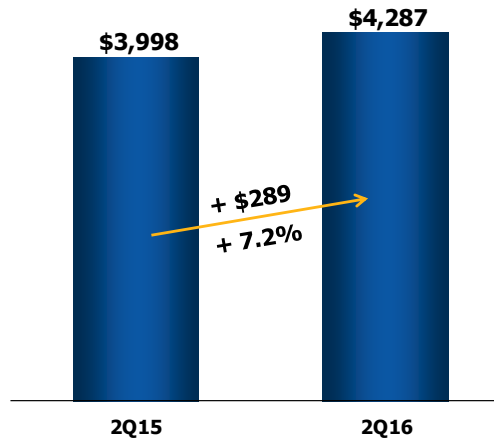
Interest-Bearing Checking



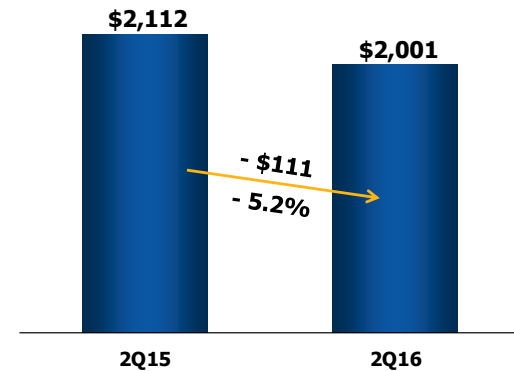
Money Market



Savings



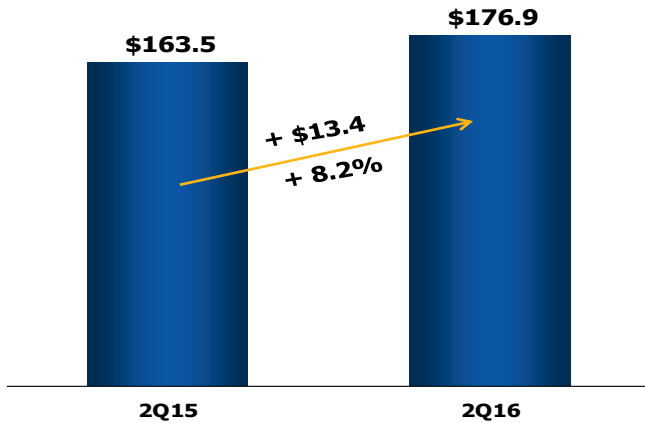
Time Deposits



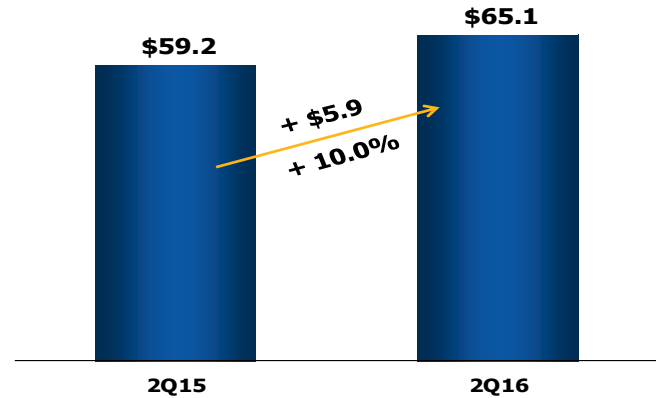
Year-over-year Results

(\$ millions)

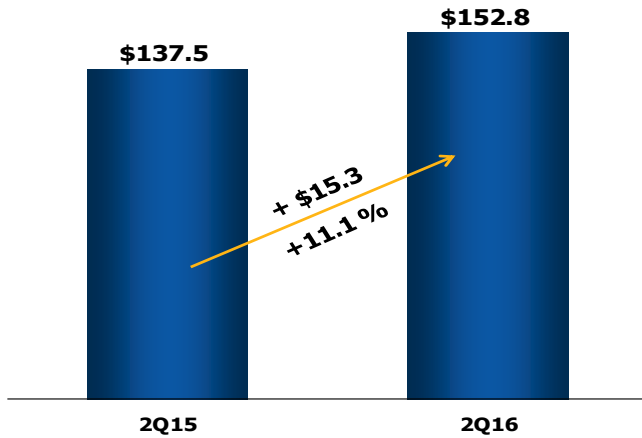
Net Interest Income



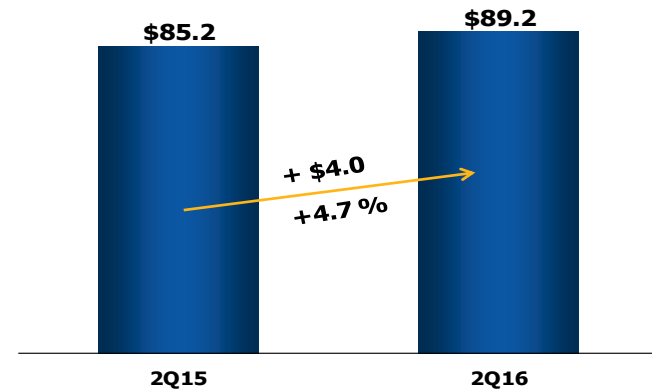
Non-interest Income



Non-interest Expense



Pre-provision Net Revenue (PPNR)



Earning Asset and Funding Mix

(\$ millions)

Earning Asset Mix - 6/30/2016

Type	Balance	Total %	Floating %	Periodic %	Fixed %
Securities	\$ 7,066	30%	4%	10%	86%
Loans HFS	53	0%	100%	0%	0%
Resi / HE Loans	5,012	21%	1%	23%	76%
HE Lines	1,873	8%	98%	0%	2%
C&I Loans	5,196	23%	65%	18%	17%
CRE Loans	4,191	18%	72%	18%	10%
Total	\$ 23,392	100%	37%	15%	48%

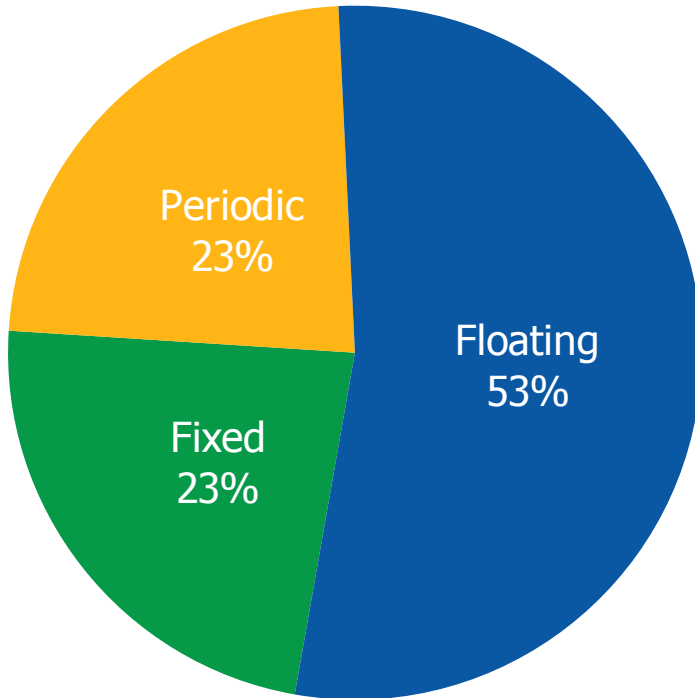
Funding Mix - 6/30/2016

Type	Balance	Total	< 1 Year	> 1 Year
Checking	\$ 6,427	29%		
HSA	4,125	18%		
Savings	4,287	19%		
Money Market	1,987	9%		
Time	2,001	10%	41%	59%
Borrowings	3,588	16%	65%	35%
Total	\$ 22,417	100%		

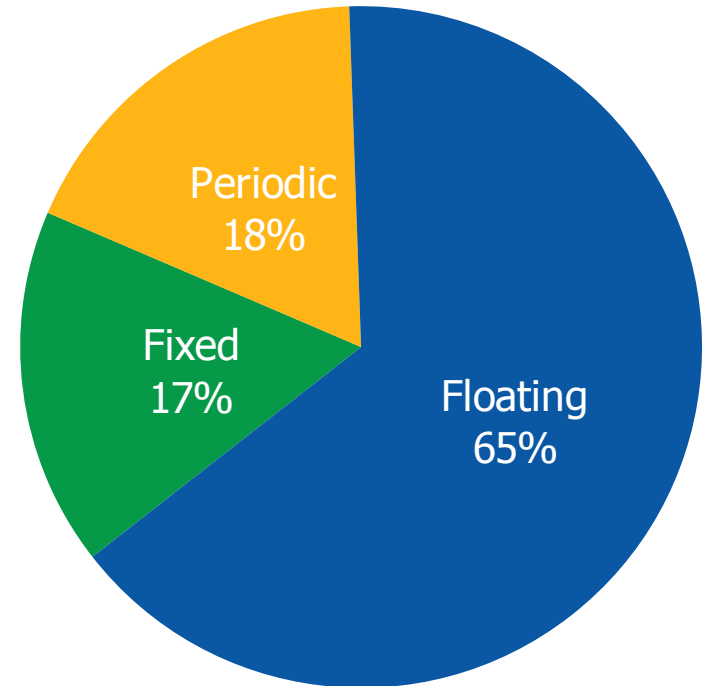
- ▀ Floating rate earning assets represent 37% of total earning assets
- ▀ Floating rate loans represent 52% of total loans
- ▀ 14% of securities are either floating or have periodic rate resets
- ▀ CRE loans are predominantly floating rate due to customer swaps

C & I Loan Mix | *Primarily Variable Rate*

12/31/2011

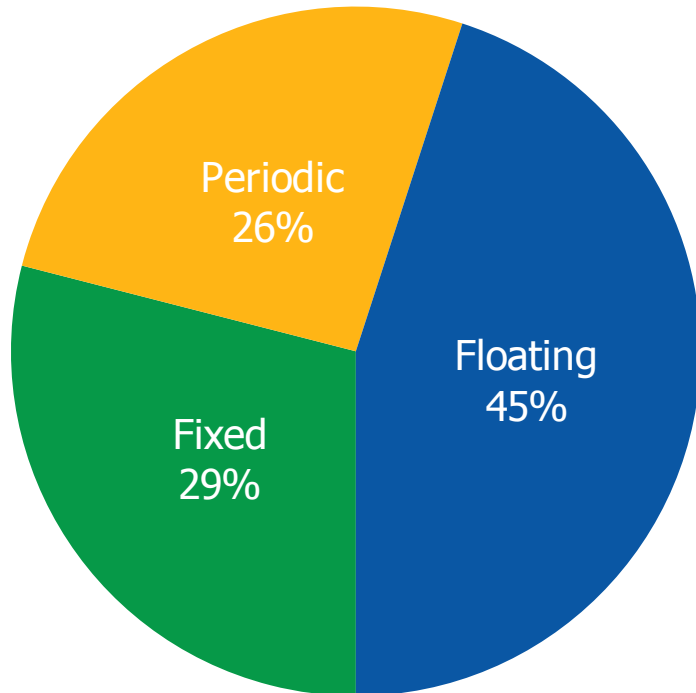


6/30/2016

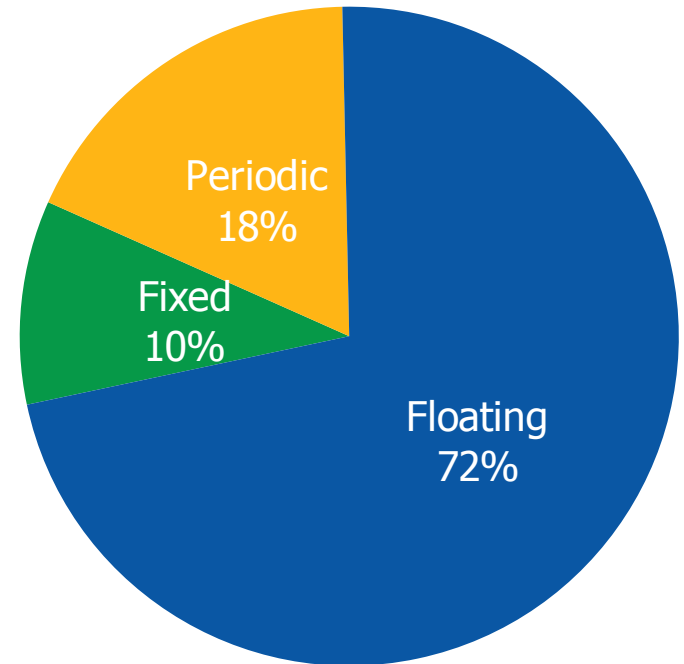


CRE Loan Mix | *Primarily Variable Rate*

12/31/2011

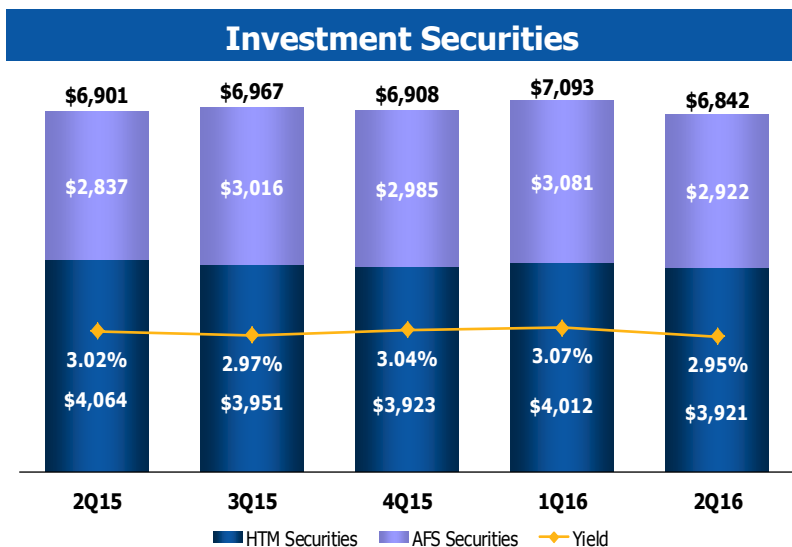


6/30/2016

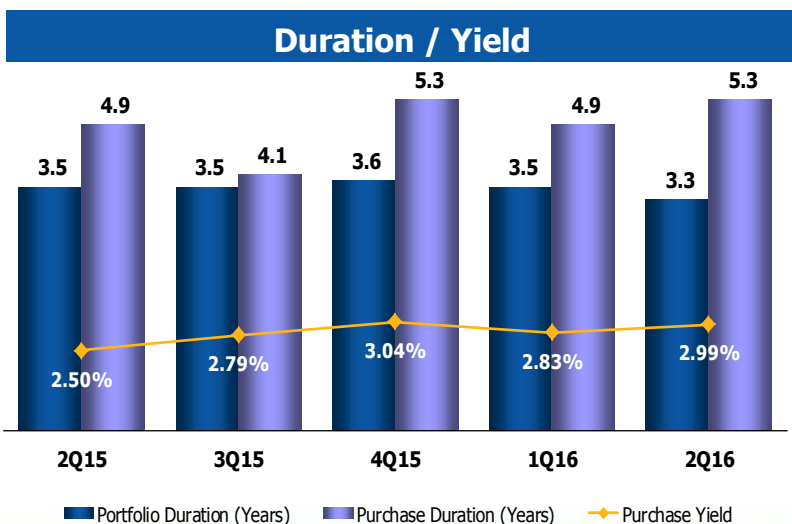


2Q16 Results | Investment Portfolio

(\$ millions)



- Available-for-Sale portfolio includes \$19.5 million of net unrealized gains at 2Q16 compared to \$1.6 million at 1Q16
- Held-to-Maturity portfolio excludes \$106.8 million of net unrealized gains at 2Q16 compared to \$82.2 million at 1Q16



- Total portfolio duration of 3.3 years
- Purchase duration of 5.3 years with a purchase yield of 2.99%

Investment Securities

(\$ millions)

End of period balances Full quarter yields	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Available-for-Sale	\$ 2,921.9	\$ 3,080.5	\$ 2,984.6	\$ 3,015.4	\$ 2,837.2
Duration (years)	2.5	2.7	2.8	2.7	2.7
Yield	2.71%	2.82%	2.79%	2.71%	2.70%
Held-to-Maturity	\$ 3,921.0	\$ 4,012.3	\$ 3,923.1	\$ 3,951.2	\$ 4,064.0
Duration (years)	3.8	4.0	4.1	4.1	4.1
Yield	3.14%	3.27%	3.23%	3.16%	3.24%
Total Investment Securities	\$ 6,842.9	\$ 7,092.8	\$ 6,907.7	\$ 6,966.6	\$ 6,901.2
Duration (years)	3.3	3.5	3.6	3.5	3.5
Yield	2.95%	3.07%	3.04%	2.97%	3.02%

- Available-for-Sale portfolio includes \$19.5 million of net unrealized gains at 2Q16 compared to \$1.6 million at 1Q16
- Held-to-Maturity portfolio excludes \$106.8 million of net unrealized gains at 2Q16 compared to \$82.2 million at 1Q16

Investment Securities

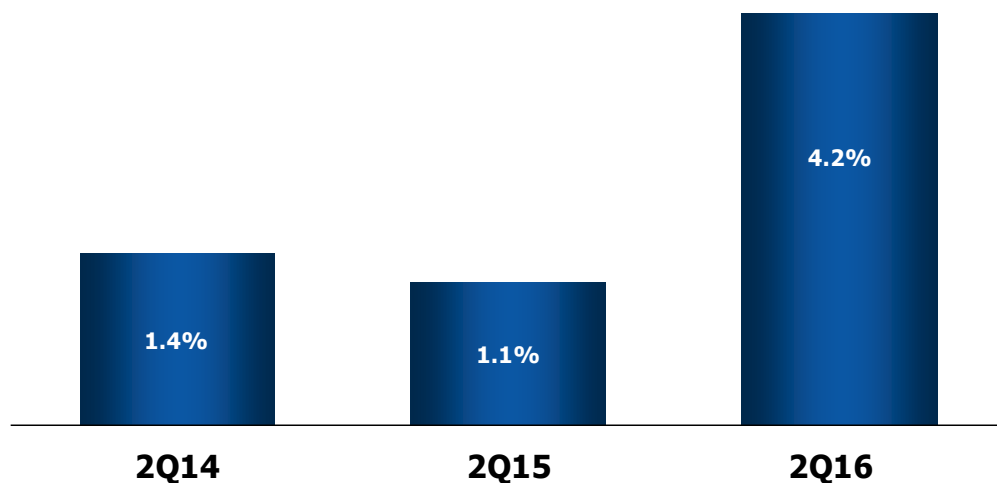
(\$ millions)

End of period balances	June 30, 2016	March 31, 2016	Increase/ (Decrease)
Available-for-Sale:			
U.S. Treasury Bills	\$ 1.0	\$ 0.5	\$ 0.5
Agency CMOs	480.6	519.8	(39.2)
Agency MBS	1,028.4	1,071.1	(42.7)
Agency CMBS	321.3	365.0	(43.7)
Non Agency CMBS-fixed	219.7	256.0	(36.3)
Non Agency CMBS-floating	271.7	270.8	0.9
Corporate Debt Securities	100.4	101.0	(0.6)
Collateralized Loan Obligations	462.1	461.0	1.1
Single-issuer Trust Preferred Securities	36.8	33.4	3.4
Equity Securities	0.0	1.9	(1.9)
Total Available-for-Sale	\$ 2,921.9	\$ 3,080.5	\$ (158.6)
Held-to-Maturity:			
Agency CMOs	\$ 356.1	\$ 384.9	\$ (28.8)
Agency MBS	1,990.3	2,086.4	(96.1)
Agency CMBS	658.6	679.0	(20.4)
Non Agency CMBS-fixed	364.6	372.4	(7.8)
Private Label MBS	2.4	2.8	(0.4)
Municipal Bonds and Notes	549.0	486.8	62.2
Total Held-to-Maturity	\$ 3,921.0	\$ 4,012.3	\$ (91.3)

Interest Rate Risk | *PPNR Asset Sensitivity Trend*

(as of June 30, 2016)

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

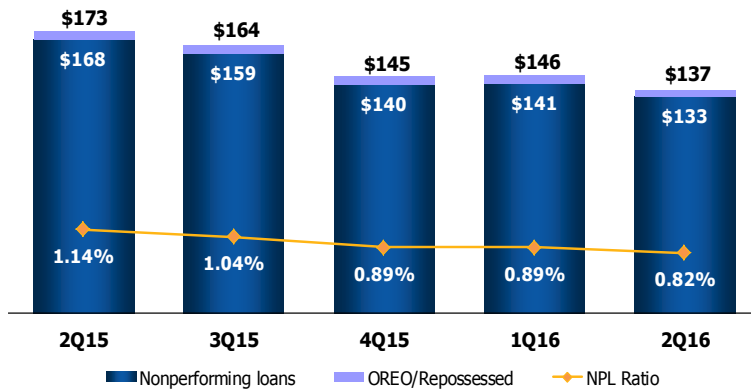


- Loans at floors (\$1.43 billion) continue to decline along with the average “in the money” spread (34 bps)
- Results assume historical deposit betas

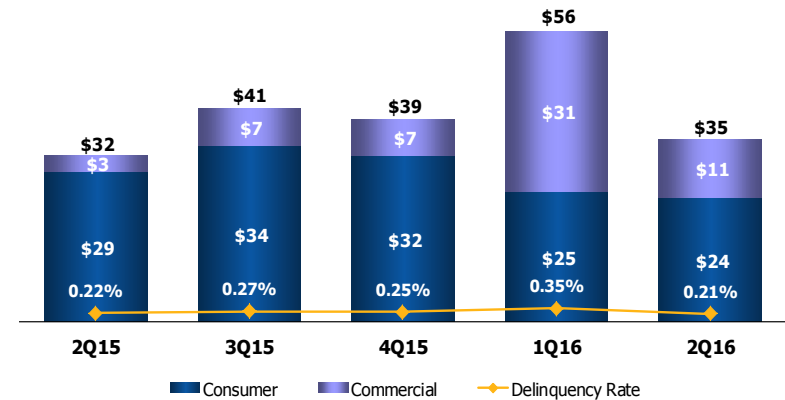
2Q16 Results | Key Asset Quality Metrics

(\$ millions)

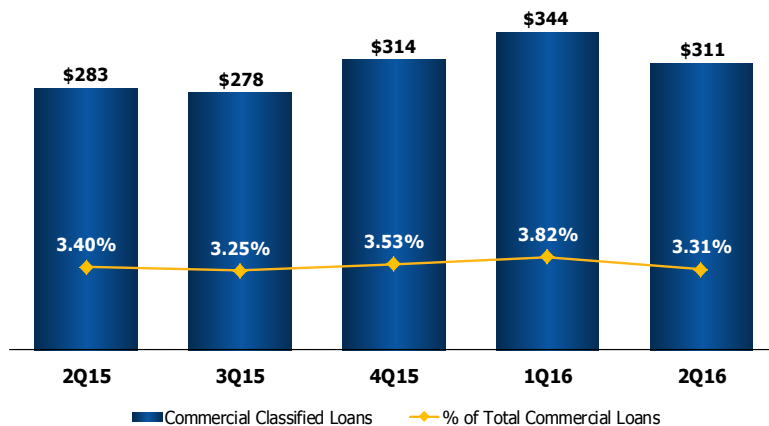
Nonperforming Loans, OREO, NPL Ratio



Loans Past Due Over 30 Days



Commercial Classified Loan Trend

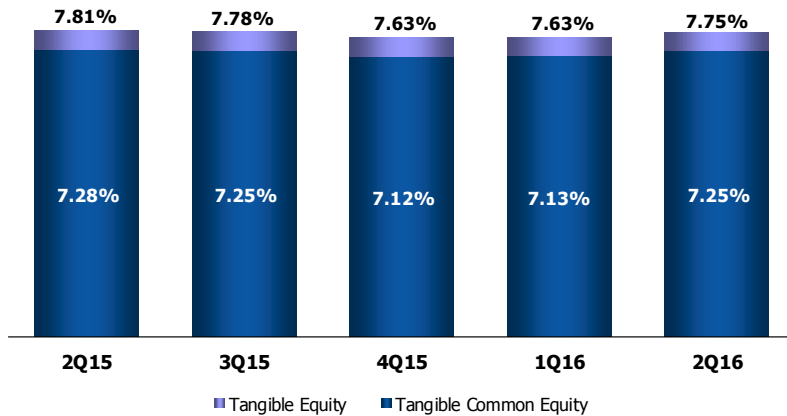


NPL Reconciliation

	2Q16	1Q16	4Q15	3Q15	2Q15
NPLs, beginning of period	\$140.7	\$ 139.9	\$ 159.0	\$ 167.9	\$ 152.2
- New nonaccruals	15.7	40.4	18.4	16.3	37.9
- Cures/exits	(12.5)	(20.8)	(21.7)	(15.2)	(12.9)
- Gross charge-offs	(9.1)	(16.6)	(13.6)	(8.4)	(7.2)
- Other/transfer to OREO	(1.9)	(2.2)	(2.2)	(1.6)	(2.1)
NPLs, end of period	\$132.9	\$ 140.7	\$ 139.9	\$ 159.0	\$ 167.9

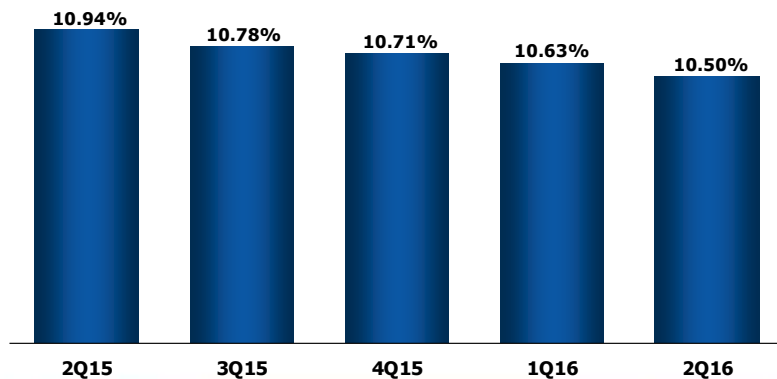
Key Capital Ratio Trends | *Capital Strength and Flexibility*

Tangible Equity Ratios



- Year over year tangible common equity ratio decreased due to asset growth
- Excluding "accumulated other comprehensive income" from the calculation, 2Q16 tangible common equity ratio would be 7.46%

Common Equity Tier 1 Risk-Based Capital



- Common equity tier 1 risk-based capital of 10.50% in excess of the Basel III well capitalized level of 6.5%

Non-GAAP Reconciliation

<i>(\$ in thousands)</i>	2011	2012	2013	2014	2015	1H15	1H16
Net Interest Income (GAAP)	\$ 563,768	\$ 578,908	\$ 596,728	\$ 628,441	\$ 664,625	\$ 323,275	\$ 353,057
Non-Interest Income	178,841	192,758	198,327	203,253	237,889	116,806	127,449
Gain on Sale of Investment Securities, net	(3,823)	(3,347)	(712)	(5,499)	(609)	(529)	(414)
Impairment Loss on Securities Recognized in Earnings	-	-	-	-	-	-	149
Core Operating Revenue (Non-GAAP)	\$738,786	\$768,319	\$794,343	\$826,195	\$901,905	\$439,552	\$480,241
Non-Interest Expense (GAAP)	\$ 510,580	\$ 501,294	\$ 497,709	\$ 501,600	\$ 555,340	\$ 271,624	\$ 305,223
Severance	(5,100)	(1,680)	(4,284)	(964)	(1,099)	(811)	(639)
Foreclosed Property Activity, net	(2,744)	1,098	(43)	74	(517)	(314)	281
Acquisition and Branch Facility Optimization	(5,004)	(168)	(1,322)	(665)	124	(481)	(838)
Provision for Litigation and Settlements	9,523	-	-	(1,400)	-	-	-
Write-down for Expedited Asset Disposition	(6,260)	-	-	-	-	-	-
Debt Prepayment Penalties	(5,203)	(4,040)	(43)	-	-	-	-
Other	663	-	-	-	-	-	-
Core Non-Interest Expense (Non-GAAP)	\$496,455	\$496,504	\$492,017	\$498,645	\$553,848	\$270,018	\$304,027
PPNR (Non-GAAP)	\$242,331	\$271,815	\$302,326	\$327,550	\$348,057	\$169,534	\$176,214

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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.

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