

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 18, 2018

**WEBSTER FINANCIAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-31486**  
(Commission  
File Number)

**06-1187536**  
(IRS Employer  
Identification No.)

**145 Bank Street, Waterbury, Connecticut**  
(Address of principal executive offices)

**06702**  
(Zip Code)

Registrant's telephone number, including area code: **(203) 578-2202**

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02    Results of Operations and Financial Condition**

On October 18, 2018, Webster Financial Corporation issued a press release describing its results of operations for the fiscal quarter ending September 30, 2018. That press release is attached hereto as Exhibit 99.1.

Information contained herein, including Exhibit 99.1, shall not be deemed filed for the purposes of the Securities Exchange Act of 1934, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such a filing.

**Item 7.01    Regulation FD Disclosure**

On October 18, 2018, the Company will hold a conference call to discuss its financial results for the quarter ended September 30, 2018, including the Press Release and other matters relating to the Company. Presentation slides and a link to the live webcast will be available in the Investor Relations section of Webster's website at [www.wbst.com](http://www.wbst.com).

**Item 9.01    Financial Statements and Exhibits**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

| <u>Exhibit<br/>Number</u> | <u>Description</u>                                   |
|---------------------------|--|
| 99.1                      | <a href="#">Press release dated October 18, 2018</a> |

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

WEBSTER FINANCIAL CORPORATION

(Registrant)

Date: October 18, 2018

/s/ Albert J. Wang

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Albert J. Wang

Senior Vice President and Chief Accounting Officer

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## EXHIBIT INDEX

| <u>Exhibit<br/>Number</u> | <u>Description</u>                                   |
|---------------------------|--|
| 99.1                      | <a href="#">Press release dated October 18, 2018</a> |



## Press Release

Webster Financial Corporation • 145 Bank Street • Waterbury, CT 06702 • WebsterBank.com

### Media Contact

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### Investor Contact

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## WEBSTER REPORTS THIRD QUARTER 2018 EARNINGS

WATERBURY, Conn., October 18, 2018 - Webster Financial Corporation (NYSE: WBS), the holding company for Webster Bank, N.A. and its HSA Bank division, today announced earnings applicable to common shareholders of \$97.5 million, or \$1.06 per diluted share, for the quarter ended September 30, 2018 compared to \$62.4 million, or \$0.67 per diluted share, for the quarter ended September 30, 2017. Adjusting for \$2.9 million related to the final accrual for deposit insurance assessments for periods prior to 2018 and \$8.5 million of discrete tax benefits specific to the quarter, earnings per diluted share would have been \$0.98.

“Webster’s third quarter results reflect the positive outcomes of our organizational commitment to key strategic priorities and strong execution by our bankers,” said John R. Ciulla, president and chief executive officer. “Record earnings were driven by the 36<sup>th</sup> consecutive quarter of year-over-year revenue growth led by double-digit commercial loan growth and a 31 basis point increase in the net interest margin.”

### Highlights for the third quarter of 2018:

- Revenue of \$302.7 million, an increase of 13.5 percent from a year ago, including net interest income of \$230.4 million, an increase of 14.7 percent from a year ago.
- Loan growth of \$875 million, or 5.0 percent from a year ago, with growth of \$1.1 billion, or 10.5 percent, in commercial and commercial real estate loans.
- Deposit growth of \$1.1 billion, or 5.5 percent from a year ago, with growth of \$709 million, or 14.5 percent, in health savings account deposits.
- Net interest margin of 3.61 percent, up 31 basis points from a year ago.
- Non-interest expense of \$178.8 million includes \$2.9 million related to an accrual for deposit insurance assessments prior to 2018. Excluding this amount, non-interest expense increased 8.7 percent from a year ago.
- Pre-tax, pre-provision net revenue growth of \$18.9 million, or 18.1 percent from a year ago, led by HSA Bank’s growth of 49.2 percent.
- Efficiency ratio of 57.4 percent (non-GAAP) compared to 59.2 percent a year ago.
- Annualized return on average common shareholders’ equity of 14.74 percent compared to 9.95 percent a year ago; annualized return on average tangible common shareholders’ equity (non-GAAP) of 18.88 percent compared to 12.99 percent a year ago.

“Third quarter results benefit from our long-term balance sheet positioning, emphasizing the bi-directional value of increasing loan yields funded by long duration, low-cost transactional and HSA deposits,” said Glenn MacInnes, executive vice president and chief financial officer. “Our loan portfolio yield is 57 basis points higher than a year ago while our cost of deposits increased only 12 basis points, with the outcome being record quarterly net interest income.”

**Line of Business performance compared to the third quarter of 2017:**

***Commercial Banking***

Webster's Commercial Banking segment serves middle market, commercial real estate, asset-based lending, equipment finance, private banking, and treasury and payment solutions clients. As of September 30, 2018, Commercial Banking had \$10.3 billion in loans and leases and \$4.3 billion in deposit balances.

***Commercial Banking Operating Results:***

| <i>(In thousands)</i>              | Three months ended September 30, |           |
|------------------------------------|----------------------------------|-----------|
|                                    | 2018                             | 2017      |
| Net interest income                | \$ 91,243                        | \$ 81,925 |
| Non-interest income                | 18,305                           | 13,207    |
| Operating revenue                  | 109,548                          | 95,132    |
| Non-interest expense               | 44,506                           | 38,339    |
| Pre-tax, pre-provision net revenue | \$ 65,042                        | \$ 56,793 |

| <i>(In millions)</i> | At September 30, |          |
|----------------------|------------------|----------|
|                      | 2018             | 2017     |
| Loans and leases     | \$ 10,289        | \$ 9,291 |
| Deposits             | 4,251            | 4,251    |

Pre-tax, pre-provision net revenue increased \$8.2 million to \$65.0 million in the quarter as compared to prior year. Net interest income increased \$9.3 million to \$91.2 million, primarily due to loan growth and higher loan and deposit margins. Non-interest income increased \$5.1 million to \$18.3 million, primarily due to greater syndication fees and client interest rate hedging activity in the quarter as compared to prior year. Non-interest expense increased \$6.2 million to \$44.5 million, primarily due to investments in people and technology.

***HSA Bank***

Webster's HSA Bank division offers a comprehensive consumer-directed healthcare solution that includes health savings accounts, health reimbursement arrangements, flexible spending accounts and commuter benefits. Health savings accounts are distributed nationwide directly to employers and individual consumers, as well as through national and regional insurance carriers, benefit consultants and financial advisors. As of September 30, 2018, HSA Bank had \$7.2 billion in total footings comprising \$5.6 billion in deposit balances and \$1.6 billion in assets under administration through linked investment accounts.

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**HSA Bank Operating Results:**

| <i>(In thousands)</i> | Three months ended September 30, |           |
|-----------------------|----------------------------------|-----------|
|                       | 2018                             | 2017      |
| Net interest income   | \$ 36,731                        | \$ 26,713 |
| Non-interest income   | 22,159                           | 19,371    |
| Operating revenue     | 58,890                           | 46,084    |
| Non-interest expense  | 30,753                           | 27,222    |
| Pre-tax, net revenue  | \$ 28,137                        | \$ 18,862 |

| <i>(In millions)</i>         | At September 30, |          |
|------------------------------|------------------|----------|
|                              | 2018             | 2017     |
| Number of accounts           | 2,702            | 2,416    |
| Deposits                     | \$ 5,600         | \$ 4,891 |
| Linked investment accounts * | 1,599            | 1,159    |
| Total footings               | \$ 7,199         | \$ 6,050 |

\* Linked investment accounts are held off balance sheet

Pre-tax net revenue increased \$9.3 million to \$28.1 million in the quarter as compared to prior year. Net interest income increased \$10.0 million to \$36.7 million, due to a 14 percent growth in deposits and a 20 percent improvement in deposit spreads. Non-interest income increased \$2.8 million to \$22.2 million, primarily due to growth in accounts over the past year. Non-interest expense increased \$3.5 million to \$30.8 million, primarily due to account growth and continued investment in the business including expanded distribution.

**Community Banking**

Community Banking serves consumer and business banking customers primarily throughout southern New England and into Westchester County, New York. Community Banking is comprised of the Personal Banking and Business Banking operating segments, as well as a distribution network consisting of 157 banking centers and 319 ATMs, a customer care center, and a full range of web and mobile-based banking services.

As of September 30, 2018, Community Banking had \$8.0 billion in loans and \$11.8 billion in deposit balances.

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**Community Banking Operating Results:**

| <i>(In thousands)</i>              | Three months ended September 30, |           |
|------------------------------------|----------------------------------|-----------|
|                                    | 2018                             | 2017      |
| Net interest income                | \$ 101,952                       | \$ 96,859 |
| Non-interest income                | 26,847                           | 27,079    |
| Operating revenue                  | 128,799                          | 123,938   |
| Non-interest expense               | 95,768                           | 92,478    |
| Pre-tax, pre-provision net revenue | \$ 33,031                        | \$ 31,460 |

  

| <i>(In millions)</i> | At September 30, |          |
|----------------------|------------------|----------|
|                      | 2018             | 2017     |
| Loans                | \$ 8,031         | \$ 8,155 |
| Deposits             | 11,799           | 11,331   |

Pre-tax, pre-provision net revenue increased \$1.6 million to \$33.0 million in the quarter as compared to prior year. Net interest income increased \$5.1 million to \$102.0 million, primarily due to growth in deposit balances, coupled with improved interest rate spreads on deposits. Non-interest income decreased \$0.2 million primarily driven by lower mortgage production and related returns on mortgage banking activities, offset by growth in fees from investment services and fees from interest rate hedging activities. Non-interest expense increased \$3.3 million to \$95.8 million as a result of higher compensation-related expenses and investments in technology.

**Consolidated financial performance:****Quarterly net interest income compared to the third quarter of 2017:**

- Net interest income was \$230.4 million compared to \$200.9 million.
  - Net interest margin was 3.61 percent compared to 3.30 percent. The yield on interest-earning assets increased by 42 basis points, and the cost of funds increased by 12 basis points.
  - Average interest-earning assets totaled \$25.4 billion and grew by \$796 million, or 3.2 percent.
  - Average loans totaled \$18.1 billion and grew by \$696 million, or 4.0 percent.
  - Deposits totaled \$22.0 billion and grew by \$1.1 billion, or 5.5 percent.
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**Quarterly provision for loan losses:**

- The Company recorded a provision for loan losses of \$10.5 million, compared to \$10.5 million in the prior quarter and \$10.2 million a year ago.
- Net charge-offs were \$6.0 million, compared to \$8.5 million in the prior quarter and \$7.9 million a year ago. The decrease from prior quarter is primarily due to decreased commercial non-mortgage charge-offs. The ratio of net charge-offs to average loans on an annualized basis was 0.13 percent, compared to 0.19 percent in the prior quarter and 0.18 percent a year ago.
- The allowance for loan losses represented 1.16 percent of total loans at September 30, 2018, compared to 1.15 percent at June 30, 2018 and 1.16 percent at September 30, 2017. The allowance for loan losses represented 139 percent of nonperforming loans compared to 148 percent at June 30, 2018 and 123 percent at September 30, 2017.

**Quarterly non-interest income compared to the third quarter of 2017:**

- Total non-interest income was \$72.3 million, compared to \$65.8 million, an increase of \$6.4 million. This reflects an increase in HSA fee income of \$2.8 million driven by account growth, \$4.4 million in loan-related fees due to loan syndication fees offset by a decrease of \$1.1 million in mortgage banking activities driven by lower originations.

**Quarterly non-interest expense compared to the third quarter of 2017:**

- Total non-interest expense was \$178.8 million, compared to \$161.8 million, an increase of \$17.0 million. This reflects an increase in compensation of \$8.3 million due to strategic hires, annual merit increases, and higher medical costs, \$3.6 million in other due to increased pension expense, consulting fees, and lower deferral of loan related expenses, \$3.4 million in deposit insurance primarily related to an accrual for prior period deposit insurance assessments, as well as \$2.0 million in technology and equipment due to higher depreciation and service contracts to support infrastructure.

**Quarterly income taxes compared to the third quarter of 2017:**

- Income tax expense was \$13.7 million, compared to \$30.3 million and the effective tax rate was 12.1 percent, compared to 32.0 percent.
  - The lower effective tax rate in the quarter primarily reflects the reduction of the U.S. corporate tax rate effective in 2018 as a result of the Tax Cuts and Jobs Act enacted in 2017, as well as discrete tax benefits attributable to tax planning.
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**Investment securities:**

- Total investment securities were \$7.2 billion, compared to \$7.1 billion at June 30, 2018 and \$7.1 billion at September 30, 2017. The carrying value of the available-for-sale portfolio included \$105.1 million of net unrealized losses, compared to \$86.5 million at June 30, 2018 and \$21.7 million at September 30, 2017. The carrying value of the held-to-maturity portfolio does not reflect \$168.1 million of net unrealized losses, compared to \$130.2 million at June 30, 2018, and \$15.6 million at September 30, 2017.

**Loans:**

- Total loans were \$18.3 billion, compared to \$18.0 billion at June 30, 2018 and \$17.4 billion at September 30, 2017. Compared to June 30, 2018, commercial loans increased by \$188.9 million and commercial real estate loans increased by \$191.1 million, while consumer loans decreased by \$44.5 million and residential loans decreased by \$40.5 million.
- Compared to a year ago, commercial loans increased by \$778.4 million and commercial real estate loans increased by \$306.4 million, while consumer loans decreased by \$125.8 million and residential mortgages decreased by 84.4 million.
- Loan originations for portfolio were \$1.375 billion, compared to \$1.509 billion in the prior quarter and \$1.085 billion a year ago. In addition, \$55 million of residential loans were originated for sale in the quarter, compared to \$44 million in the prior quarter and \$80 million a year ago.

**Asset quality:**

- Total nonperforming loans were \$152.7 million, or 0.83 percent of total loans, compared to \$140.1 million, or 0.78 percent, at June 30, 2018 and \$163.6 million, or 0.94 percent, at September 30, 2017. Total paying nonperforming loans were \$28.9 million, compared to \$34.1 million at June 30, 2018 and \$72.0 million at September 30, 2017.
- Past due loans were \$39.2 million, compared to \$33.5 million at June 30, 2018 and \$33.5 million at September 30, 2017.

**Deposits and borrowings:**

- Total deposits were \$22.0 billion, compared to \$21.3 billion at June 30, 2018 and \$20.9 billion at September 30, 2017. Core deposits to total deposits were 85.9 percent, compared to 86.7 percent at June 30, 2018 and 89.4 percent at September 30, 2017. The loan to deposit ratio was 83.3 percent, compared to 84.5 percent at June 30, 2018 and 83.7 percent at September 30, 2017.
  - Total borrowings were \$2.2 billion, compared to \$2.7 billion at June 30, 2018 and \$2.6 billion at September 30, 2017.
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**Capital:**

- The return on average common shareholders' equity and the return on average tangible common shareholders' equity were 14.74 percent and 18.88 percent, respectively, compared to 9.95 percent and 12.99 percent, respectively, in the third quarter of 2017.
- The tangible equity and tangible common equity ratios were 8.41 percent and 7.86 percent, respectively, compared to 8.03 percent and 7.55 percent, respectively, at September 30, 2017. The common equity tier 1 risk-based capital ratio was 11.23 percent, compared to 10.99 percent at September 30, 2017.
- Book value and tangible book value per common share were \$28.96 and \$22.83, respectively, compared to \$27.34 and \$21.16, respectively, at September 30, 2017.

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**Webster Financial Corporation is the holding company for Webster Bank, National Association and its HSA Bank division. With \$27.3 billion in assets, Webster provides business and consumer banking, mortgage, financial planning, trust, and investment services through 157 banking centers and 319 ATMs. Webster also provides mobile and Internet banking. Webster Bank owns the asset-based lending firm Webster Business Credit Corporation; the equipment finance firm Webster Capital Finance Corporation; and HSA Bank, a division of Webster Bank, which provides health savings account trustee and administrative services. Webster Bank is a member of the FDIC and an equal housing lender. For more information about Webster, including past press releases and the latest annual report, visit the Webster website at [www.websterbank.com](http://www.websterbank.com).**

**Conference Call**

**A conference call covering Webster's 2018 third quarter earnings announcement will be held today, Thursday, October 18, 2018 at 9:00 a.m. (Eastern) and may be heard through Webster's Investor Relations website at [www.wbst.com](http://www.wbst.com), or in listen-only mode by calling 877-407-8289 or 201-689-8341 internationally. The call will be archived on the website and available for future retrieval.**

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## **Forward-Looking Statements**

This release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”). 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. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to: (1) local, regional, national, and international economic conditions and the impact they may have on us and our customers and our assessment of that impact; (2) volatility and disruption in national and international financial markets; (3) government intervention in the U.S. financial system; (4) changes in the level of nonperforming assets and charge-offs; (5) changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; (6) adverse conditions in the securities markets that lead to impairment in the value of securities in our investment portfolio; (7) inflation, interest rate, securities market, and monetary fluctuations; (8) the timely development and acceptance of new products and services and perceived overall value of these products and services by customers; (9) changes in consumer spending, borrowings, and savings habits; (10) technological changes and cyber-security matters; (11) the ability to increase market share and control expenses; (12) changes in the competitive environment among banks, financial holding companies, and other financial services providers; (13) the effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities, and insurance) with which we and our subsidiaries must comply, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, the final rules establishing a new comprehensive capital framework for U.S. banking organizations, and the Tax Cuts and Jobs Act of 2017 (Tax Act); (14) the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other accounting standard setters; (15) the costs and effects of legal and regulatory developments including the resolution of legal proceedings or regulatory or other governmental inquiries and the results of regulatory examinations or reviews; (16) our success at managing the risks involved in the foregoing items and (17) the other factors that are described in the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the headings “Risk Factors” and “Management Discussion and Analysis of Financial Condition and Results of Operation.” Any forward-looking statement made by the Company in this release 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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### **Non-GAAP Financial Measures**

In addition to results presented in accordance with GAAP, this press release contains certain non-GAAP financial measures. A reconciliation of net income and other performance ratios, as adjusted, is included in the accompanying selected financial highlights table.

We believe that providing certain non-GAAP financial measures provides investors with information useful in understanding our financial performance, our performance trends and financial position. We utilize these measures for internal planning and forecasting purposes. We, as well as securities analysts, investors, and other interested parties, also use these measures to compare peer company operating performance. We believe that our presentation and discussion, together with the accompanying reconciliations, provides a complete understanding of factors and trends affecting our business and allows investors to view performance in a manner similar to management. These non-GAAP measures should not be considered a substitute for GAAP basis measures and results, and we strongly encourage investors to review our consolidated financial statements in their entirety and not to rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

**WEBSTER FINANCIAL CORPORATION**  
**Selected Financial Highlights (unaudited)**

|  | At or for the Three Months Ended |                  |                   |                      |                       |
|--|----------------------------------|------------------|-------------------|----------------------|-----------------------|
|  | September 30,<br>2018            | June 30,<br>2018 | March 31,<br>2018 | December 31,<br>2017 | September 30,<br>2017 |
| <i>(In thousands, except per share data)</i>                             |                                  |                  |                   |                      |                       |
| <b>Income and performance ratios:</b>                                    |                                  |                  |                   |                      |                       |
| Net income   | \$ 99,673                        | \$ 81,682        | \$ 80,225         | \$ 69,893            | \$ 64,496             |
| Earnings applicable to common shareholders                               | 97,460                           | 79,489           | 78,083            | 67,710               | 62,426                |
| Earnings per diluted common share  | 1.06                             | 0.86             | 0.85              | 0.73                 | 0.67                  |
| Return on average assets   | 1.47%                            | 1.22%            | 1.20%             | 1.05%                | 0.98%                 |
| Return on average tangible common shareholders' equity <i>(non-GAAP)</i> | 18.88                            | 15.76            | 15.73             | 13.85                | 12.99                 |
| Return on average common shareholders' equity                            | 14.74                            | 12.22            | 12.15             | 10.66                | 9.95                  |
| Non-interest income as a percentage of total revenue                     | 23.88                            | 23.31            | 24.30             | 24.37                | 24.68                 |
| <b>Asset quality:</b>  |                                  |                  |                   |                      |                       |
| Allowance for loan and lease losses                                      | \$ 211,832                       | \$ 207,322       | \$ 205,349        | \$ 199,994           | \$ 201,803            |
| Nonperforming assets   | 157,967                          | 146,047          | 140,090           | 132,646              | 168,962               |
| Allowance for loan and lease losses / total loans and leases             | 1.16%                            | 1.15%            | 1.15%             | 1.14%                | 1.16%                 |
| Net charge-offs / average loans and leases (annualized)                  | 0.13                             | 0.19             | 0.13              | 0.34                 | 0.18                  |
| Nonperforming loans and leases / total loans and leases                  | 0.83                             | 0.78             | 0.75              | 0.72                 | 0.94                  |
| Nonperforming assets / total loans and leases plus OREO                  | 0.86                             | 0.81             | 0.79              | 0.76                 | 0.97                  |
| Allowance for loan and lease losses / nonperforming loans and leases     | 138.76                           | 148.00           | 152.95            | 158.00               | 123.32                |
| <b>Other ratios:</b>   |                                  |                  |                   |                      |                       |
| Tangible equity <i>(non-GAAP)</i>  | 8.41%                            | 8.29%            | 8.21%             | 8.23%                | 8.03%                 |
| Tangible common equity <i>(non-GAAP)</i>                                 | 7.86                             | 7.75             | 7.65              | 7.67                 | 7.55                  |
| Tier 1 risk-based capital <i>(a)</i>                                     | 11.96                            | 11.74            | 11.75             | 11.91                | 11.65                 |
| Total risk-based capital <i>(a)</i>                                      | 13.44                            | 13.21            | 13.24             | 13.40                | 13.17                 |
| Common equity tier 1 risk-based capital <i>(a)</i>                       | 11.23                            | 10.99            | 10.99             | 11.14                | 10.99                 |
| Shareholders' equity / total assets                                      | 10.30                            | 10.21            | 10.15             | 10.20                | 10.01                 |
| Net interest margin  | 3.61                             | 3.57             | 3.44              | 3.33                 | 3.30                  |
| Efficiency ratio <i>(non-GAAP)</i>                                       | 57.41                            | 57.78            | 59.76             | 59.48                | 59.18                 |
| <b>Equity and share related:</b>   |                                  |                  |                   |                      |                       |
| Common equity  | \$ 2,671,161                     | \$ 2,616,686     | \$ 2,571,105      | \$ 2,556,902         | \$ 2,516,077          |
| Book value per common share  | 28.96                            | 28.40            | 27.94             | 27.76                | 27.34                 |
| Tangible book value per common share <i>(non-GAAP)</i>                   | 22.83                            | 22.25            | 21.78             | 21.59                | 21.16                 |
| Common stock closing price   | 58.96                            | 63.70            | 55.40             | 56.16                | 52.55                 |
| Dividends declared per common share                                      | 0.33                             | 0.33             | 0.26              | 0.26                 | 0.26                  |
| Common shares issued and outstanding                                     | 92,230                           | 92,151           | 92,016            | 92,101               | 92,034                |
| Weighted-average common shares outstanding - Basic                       | 91,959                           | 91,893           | 91,921            | 92,058               | 92,125                |
| Weighted-average common shares outstanding - Diluted                     | 92,208                           | 92,173           | 92,254            | 92,400               | 92,503                |

*(a) Presented as projected for September 30, 2018 and actual for the remaining periods.*

**WEBSTER FINANCIAL CORPORATION**  
**Consolidated Balance Sheets (unaudited)**

| <i>(In thousands)</i>   | September 30,<br>2018 | June 30,<br>2018     | September 30,<br>2017 |
|---|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>  |                       |                      |                       |
| Cash and due from banks   | \$ 222,234            | \$ 228,628           | \$ 215,244            |
| Interest-bearing deposits   | 99,746                | 70,654               | 26,992                |
| Securities:   |                       |                      |                       |
| Available for sale  | 2,823,953             | 2,780,581            | 2,591,162             |
| Held to maturity  | 4,332,458             | 4,356,219            | 4,497,311             |
| <b>Total securities</b>   | <b>7,156,411</b>      | <b>7,136,800</b>     | <b>7,088,473</b>      |
| Loans held for sale   | 17,137                | 18,645               | 32,855                |
| Loans and Leases:   |                       |                      |                       |
| Commercial  | 6,693,450             | 6,504,521            | 5,915,080             |
| Commercial real estate  | 4,771,325             | 4,580,200            | 4,464,917             |
| Residential mortgages   | 4,415,063             | 4,455,580            | 4,499,441             |
| Consumer  | 2,441,181             | 2,485,695            | 2,566,983             |
| <b>Total loans and leases</b>                                       | <b>18,321,019</b>     | <b>18,025,996</b>    | <b>17,446,421</b>     |
| Allowance for loan and lease losses                                 | (211,832)             | (207,322)            | (201,803)             |
| <b>Loans and leases, net</b>  | <b>18,109,187</b>     | <b>17,818,674</b>    | <b>17,244,618</b>     |
| Federal Home Loan Bank and Federal Reserve Bank stock               | 133,740               | 141,293              | 136,340               |
| Premises and equipment, net   | 128,507               | 127,973              | 130,358               |
| Goodwill and other intangible assets, net                           | 565,099               | 566,061              | 568,962               |
| Cash surrender value of life insurance policies                     | 539,923               | 537,431              | 528,136               |
| Deferred tax asset, net   | 92,910                | 106,910              | 82,895                |
| Accrued interest receivable and other assets                        | 281,423               | 283,668              | 295,309               |
| <b>Total Assets</b>   | <b>\$ 27,346,317</b>  | <b>\$ 27,036,737</b> | <b>\$ 26,350,182</b>  |
| <b>Liabilities and Shareholders' Equity:</b>                        |                       |                      |                       |
| Deposits:   |                       |                      |                       |
| Demand  | \$ 4,231,505          | \$ 4,151,259         | \$ 4,138,206          |
| Health savings accounts   | 5,599,596             | 5,517,929            | 4,891,024             |
| Interest-bearing checking   | 2,587,679             | 2,637,346            | 2,581,266             |
| Money market  | 2,376,649             | 2,016,453            | 2,598,187             |
| Savings   | 4,106,942             | 4,180,666            | 4,428,061             |
| Certificates of deposit   | 2,746,884             | 2,478,589            | 1,918,817             |
| Brokered certificates of deposit                                    | 348,368               | 361,114              | 299,674               |
| <b>Total deposits</b>   | <b>21,997,623</b>     | <b>21,343,356</b>    | <b>20,855,235</b>     |
| Securities sold under agreements to repurchase and other borrowings | 564,488               | 862,568              | 902,902               |
| Federal Home Loan Bank advances                                     | 1,441,884             | 1,576,956            | 1,507,681             |
| Long-term debt  | 225,957               | 225,894              | 225,704               |
| Accrued expenses and other liabilities                              | 300,167               | 266,240              | 219,873               |
| <b>Total liabilities</b>  | <b>24,530,119</b>     | <b>24,275,014</b>    | <b>23,711,395</b>     |
| Preferred stock   | 145,037               | 145,037              | 122,710               |
| Common shareholders' equity   | 2,671,161             | 2,616,686            | 2,516,077             |
| <b>Total shareholders' equity</b>                                   | <b>2,816,198</b>      | <b>2,761,723</b>     | <b>2,638,787</b>      |
| <b>Total Liabilities and Shareholders' Equity</b>                   | <b>\$ 27,346,317</b>  | <b>\$ 27,036,737</b> | <b>\$ 26,350,182</b>  |

**WEBSTER FINANCIAL CORPORATION**  
**Consolidated Statements of Income (unaudited)**

| <i>(In thousands, except per share data)</i>                         | Three Months Ended September 30, |                  | Nine Months Ended September 30, |                   |
|--|----------------------------------|------------------|---------------------------------|-------------------|
|  | 2018                             | 2017             | 2018                            | 2017              |
| <b>Interest income:</b>  |                                  |                  |                                 |                   |
| Interest and fees on loans and leases                                | \$ 215,448                       | \$ 181,130       | \$ 616,488                      | \$ 523,394        |
| Interest and dividends on securities                                 | 52,707                           | 49,584           | 157,789                         | 153,270           |
| Loans held for sale  | 208                              | 307              | 498                             | 826               |
| <b>Total interest income</b>   | <b>268,363</b>                   | <b>231,021</b>   | <b>774,775</b>                  | <b>677,490</b>    |
| <b>Interest expense:</b>   |                                  |                  |                                 |                   |
| Deposits   | 24,397                           | 16,760           | 62,778                          | 44,874            |
| Borrowings   | 13,594                           | 13,357           | 42,447                          | 41,261            |
| <b>Total interest expense</b>  | <b>37,991</b>                    | <b>30,117</b>    | <b>105,225</b>                  | <b>86,135</b>     |
| <b>Net interest income</b>   | <b>230,372</b>                   | <b>200,904</b>   | <b>669,550</b>                  | <b>591,355</b>    |
| Provision for loan and lease losses                                  | 10,500                           | 10,150           | 32,000                          | 27,900            |
| <b>Net interest income after provision for loan and lease losses</b> | <b>219,872</b>                   | <b>190,754</b>   | <b>637,550</b>                  | <b>563,455</b>    |
| <b>Non-interest income:</b>  |                                  |                  |                                 |                   |
| Deposit service fees   | 40,601                           | 38,321           | 121,911                         | 113,519           |
| Loan and lease related fees  | 10,782                           | 6,346            | 24,111                          | 19,898            |
| Wealth and investment services                                       | 8,412                            | 7,750            | 24,738                          | 22,900            |
| Mortgage banking activities  | 1,305                            | 2,421            | 3,684                           | 8,038             |
| Increase in cash surrender value of life insurance policies          | 3,706                            | 3,720            | 10,921                          | 10,943            |
| Other income   | 7,478                            | 7,288            | 24,040                          | 18,267            |
|  | 72,284                           | 65,846           | 209,405                         | 193,565           |
| Impairment loss on securities recognized in earnings                 | —                                | —                | —                               | (126)             |
| <b>Total non-interest income</b>                                     | <b>72,284</b>                    | <b>65,846</b>    | <b>209,405</b>                  | <b>193,439</b>    |
| <b>Non-interest expense:</b>   |                                  |                  |                                 |                   |
| Compensation and benefits  | 96,640                           | 88,395           | 284,457                         | 262,288           |
| Occupancy  | 14,502                           | 14,744           | 45,489                          | 46,957            |
| Technology and equipment   | 24,553                           | 22,580           | 73,019                          | 66,646            |
| Marketing  | 4,052                            | 4,045            | 12,493                          | 14,101            |
| Professional and outside services                                    | 4,930                            | 4,030            | 14,099                          | 11,813            |
| Intangible assets amortization                                       | 961                              | 1,002            | 2,885                           | 3,085             |
| Loan workout expenses  | 681                              | 840              | 2,101                           | 2,203             |
| Deposit insurance  | 9,694                            | 6,344            | 30,098                          | 19,701            |
| Other expenses   | 22,770                           | 19,843           | 66,216                          | 63,232            |
| <b>Total non-interest expense</b>                                    | <b>178,783</b>                   | <b>161,823</b>   | <b>530,857</b>                  | <b>490,026</b>    |
| Income before income taxes   | 113,373                          | 94,777           | 316,098                         | 266,868           |
| Income tax expense   | 13,700                           | 30,281           | 54,518                          | 81,322            |
| <b>Net income</b>  | <b>99,673</b>                    | <b>64,496</b>    | <b>261,580</b>                  | <b>185,546</b>    |
| Preferred stock dividends and other                                  | (2,213)                          | (2,070)          | (6,540)                         | (6,284)           |
| <b>Earnings applicable to common shareholders</b>                    | <b>\$ 97,460</b>                 | <b>\$ 62,426</b> | <b>\$ 255,040</b>               | <b>\$ 179,262</b> |
| Weighted-average common shares outstanding - Diluted                 | 92,208                           | 92,503           | 92,221                          | 92,412            |
| <b>Earnings per common share:</b>                                    |                                  |                  |                                 |                   |
| Basic  | \$ 1.06                          | \$ 0.68          | \$ 2.77                         | \$ 1.95           |
| Diluted  | 1.06                             | 0.67             | 2.77                            | 1.94              |



**WEBSTER FINANCIAL CORPORATION**  
**Five Quarter Consolidated Statements of Income (unaudited)**

|  | Three Months Ended    |                  |                   |                      |                       |
|--|-----------------------|------------------|-------------------|----------------------|-----------------------|
|  | September 30,<br>2018 | June 30,<br>2018 | March 31,<br>2018 | December 31,<br>2017 | September 30,<br>2017 |
| <i>(In thousands, except per share data)</i>                         |                       |                  |                   |                      |                       |
| <b>Interest income:</b>  |                       |                  |                   |                      |                       |
| Interest and fees on loans and leases                                | \$ 215,448            | \$ 207,820       | \$ 193,220        | \$ 185,172           | \$ 181,130            |
| Interest and dividends on securities                                 | 52,707                | 52,523           | 52,559            | 50,735               | 49,584                |
| Loans held for sale  | 208                   | 148              | 142               | 208                  | 307                   |
| <b>Total interest income</b>   | <b>268,363</b>        | <b>260,491</b>   | <b>245,921</b>    | <b>236,115</b>       | <b>231,021</b>        |
| <b>Interest expense:</b>   |                       |                  |                   |                      |                       |
| Deposits   | 24,397                | 20,225           | 18,156            | 17,379               | 16,760                |
| Borrowings   | 13,594                | 15,256           | 13,597            | 13,804               | 13,357                |
| <b>Total interest expense</b>  | <b>37,991</b>         | <b>35,481</b>    | <b>31,753</b>     | <b>31,183</b>        | <b>30,117</b>         |
| <b>Net interest income</b>   | <b>230,372</b>        | <b>225,010</b>   | <b>214,168</b>    | <b>204,932</b>       | <b>200,904</b>        |
| Provision for loan and lease losses                                  | 10,500                | 10,500           | 11,000            | 13,000               | 10,150                |
| <b>Net interest income after provision for loan and lease losses</b> | <b>219,872</b>        | <b>214,510</b>   | <b>203,168</b>    | <b>191,932</b>       | <b>190,754</b>        |
| <b>Non-interest income:</b>  |                       |                  |                   |                      |                       |
| Deposit service fees   | 40,601                | 40,859           | 40,451            | 37,618               | 38,321                |
| Loan and lease related fees  | 10,782                | 6,333            | 6,996             | 6,550                | 6,346                 |
| Wealth and investment services                                       | 8,412                 | 8,456            | 7,870             | 8,155                | 7,750                 |
| Mortgage banking activities  | 1,305                 | 1,235            | 1,144             | 1,899                | 2,421                 |
| Increase in cash surrender value of life insurance policies          | 3,706                 | 3,643            | 3,572             | 3,684                | 3,720                 |
| Other income   | 7,478                 | 7,848            | 8,714             | 8,133                | 7,288                 |
|  | 72,284                | 68,374           | 68,747            | 66,039               | 65,846                |
| Impairment loss on securities recognized in earnings                 | —                     | —                | —                 | —                    | —                     |
| <b>Total non-interest income</b>                                     | <b>72,284</b>         | <b>68,374</b>    | <b>68,747</b>     | <b>66,039</b>        | <b>65,846</b>         |
| <b>Non-interest expense:</b>   |                       |                  |                   |                      |                       |
| Compensation and benefits  | 96,640                | 93,052           | 94,765            | 94,217               | 88,395                |
| Occupancy  | 14,502                | 15,842           | 15,145            | 13,533               | 14,744                |
| Technology and equipment   | 24,553                | 24,604           | 23,862            | 22,818               | 22,580                |
| Marketing  | 4,052                 | 4,889            | 3,552             | 3,320                | 4,045                 |
| Professional and outside services                                    | 4,930                 | 4,381            | 4,788             | 5,045                | 4,030                 |
| Intangible assets amortization                                       | 961                   | 962              | 962               | 977                  | 1,002                 |
| Loan workout expenses  | 681                   | 844              | 576               | 891                  | 840                   |
| Deposit insurance  | 9,694                 | 13,687           | 6,717             | 5,948                | 6,344                 |
| Other expenses   | 22,770                | 22,198           | 21,248            | 24,300               | 19,843                |
| <b>Total non-interest expense</b>                                    | <b>178,783</b>        | <b>180,459</b>   | <b>171,615</b>    | <b>171,049</b>       | <b>161,823</b>        |
| Income before income taxes   | 113,373               | 102,425          | 100,300           | 86,922               | 94,777                |
| Income tax expense   | 13,700                | 20,743           | 20,075            | 17,029               | 30,281                |
| <b>Net income</b>  | <b>99,673</b>         | <b>81,682</b>    | <b>80,225</b>     | <b>69,893</b>        | <b>64,496</b>         |
| Preferred stock dividends and other                                  | (2,213)               | (2,193)          | (2,142)           | (2,183)              | (2,070)               |
| <b>Earnings applicable to common shareholders</b>                    | <b>\$ 97,460</b>      | <b>\$ 79,489</b> | <b>\$ 78,083</b>  | <b>\$ 67,710</b>     | <b>\$ 62,426</b>      |
| Weighted-average common shares outstanding - Diluted                 | 92,208                | 92,173           | 92,254            | 92,400               | 92,503                |
| <b>Earnings per common share:</b>                                    |                       |                  |                   |                      |                       |
| Basic  | \$ 1.06               | \$ 0.87          | \$ 0.85           | \$ 0.74              | \$ 0.68               |
| Diluted  | 1.06                  | 0.86             | 0.85              | 0.73                 | 0.67                  |

**WEBSTER FINANCIAL CORPORATION**
**Consolidated Average Balances, Interest, Yields and Rates, and Net Interest Margin on a Fully Tax-equivalent Basis (unaudited)**

|   | Three Months Ended September 30, |                   |              |                      |                   |              |
|---|----------------------------------|-------------------|--------------|----------------------|-------------------|--------------|
|   | 2018                             |                   |              | 2017                 |                   |              |
|   | Average balance                  | Interest          | Yield/rate   | Average balance      | Interest          | Yield/rate   |
| <i>(Dollars in thousands)</i>                                       |                                  |                   |              |                      |                   |              |
| <b>Assets:</b>  |                                  |                   |              |                      |                   |              |
| <b>Interest-earning assets:</b>                                     |                                  |                   |              |                      |                   |              |
| Loans and leases  | \$ 18,060,842                    | \$ 216,065        | 4.71%        | \$ 17,364,519        | \$ 182,269        | 4.14%        |
| Securities <sup>(a)</sup>   | 7,104,625                        | 52,342            | 2.91         | 6,994,661            | 51,130            | 2.92         |
| Federal Home Loan and Federal Reserve Bank stock                    | 126,558                          | 1,586             | 4.97         | 135,943              | 1,482             | 4.33         |
| Interest-bearing deposits   | 72,157                           | 334               | 1.81         | 58,193               | 173               | 1.17         |
| Loans held for sale   | 20,291                           | 208               | 4.10         | 34,939               | 307               | 3.51         |
| <b>Total interest-earning assets</b>                                | <b>25,384,473</b>                | <b>\$ 270,535</b> | <b>4.20%</b> | <b>24,588,255</b>    | <b>\$ 235,361</b> | <b>3.78%</b> |
| Non-interest-earning assets   | 1,663,012                        |                   |              | 1,721,591            |                   |              |
| <b>Total Assets</b>   | <b>\$ 27,047,485</b>             |                   |              | <b>\$ 26,309,846</b> |                   |              |
| <b>Liabilities and Shareholders' Equity:</b>                        |                                  |                   |              |                      |                   |              |
| <b>Interest-bearing liabilities:</b>                                |                                  |                   |              |                      |                   |              |
| Demand deposits   | \$ 4,257,448                     | \$ —              | —%           | \$ 4,201,723         | \$ —              | —%           |
| Health savings accounts   | 5,576,417                        | 2,793             | 0.20         | 4,870,620            | 2,449             | 0.20         |
| Interest-bearing checking, money market and savings                 | 9,135,736                        | 9,827             | 0.43         | 9,707,053            | 7,780             | 0.32         |
| Certificates of deposit   | 2,935,663                        | 11,777            | 1.59         | 2,155,743            | 6,531             | 1.20         |
| <b>Total deposits</b>   | <b>21,905,264</b>                | <b>24,397</b>     | <b>0.44</b>  | <b>20,935,139</b>    | <b>16,760</b>     | <b>0.32</b>  |
| Securities sold under agreements to repurchase and other borrowings | 729,154                          | 3,084             | 1.66         | 904,854              | 3,847             | 1.66         |
| Federal Home Loan Bank advances                                     | 1,155,768                        | 7,685             | 2.60         | 1,362,165            | 6,894             | 1.98         |
| Long-term debt  | 225,926                          | 2,825             | 5.00         | 225,673              | 2,616             | 4.64         |
| <b>Total borrowings</b>   | <b>2,110,848</b>                 | <b>13,594</b>     | <b>2.53</b>  | <b>2,492,692</b>     | <b>13,357</b>     | <b>2.11</b>  |
| <b>Total interest-bearing liabilities</b>                           | <b>24,016,112</b>                | <b>\$ 37,991</b>  | <b>0.63%</b> | <b>23,427,831</b>    | <b>\$ 30,117</b>  | <b>0.51%</b> |
| Non-interest-bearing liabilities                                    | 234,564                          |                   |              | 246,703              |                   |              |
| <b>Total liabilities</b>  | <b>24,250,676</b>                |                   |              | <b>23,674,534</b>    |                   |              |
| Preferred stock   | 145,037                          |                   |              | 122,710              |                   |              |
| Common shareholders' equity   | 2,651,772                        |                   |              | 2,512,602            |                   |              |
| Total shareholders' equity  | 2,796,809                        |                   |              | 2,635,312            |                   |              |
| <b>Total Liabilities and Shareholders' Equity</b>                   | <b>\$ 27,047,485</b>             |                   |              | <b>\$ 26,309,846</b> |                   |              |
| Tax-equivalent net interest income                                  |                                  | 232,544           |              |                      | 205,244           |              |
| Less: tax-equivalent adjustments                                    |                                  | (2,172)           |              |                      | (4,340)           |              |
| <b>Net interest income</b>  |                                  | <b>\$ 230,372</b> |              |                      | <b>\$ 200,904</b> |              |
| <b>Net interest margin</b>  |                                  |                   | <b>3.61%</b> |                      |                   | <b>3.30%</b> |

(a) For purposes of the yield computation, unrealized gains (losses) on securities available for sale are excluded from the average balance.

**WEBSTER FINANCIAL CORPORATION**
**Consolidated Average Balances, Interest, Yields and Rates, and Net Interest Margin on a Fully Tax-equivalent Basis (unaudited)**

|   | Nine Months Ended September 30, |                   |              |                      |                   |              |
|---|---------------------------------|-------------------|--------------|----------------------|-------------------|--------------|
|   | 2018                            |                   |              | 2017                 |                   |              |
|   | Average balance                 | Interest          | Yield/rate   | Average balance      | Interest          | Yield/rate   |
| <i>(Dollars in thousands)</i>                                       |                                 |                   |              |                      |                   |              |
| <b>Assets:</b>  |                                 |                   |              |                      |                   |              |
| <b>Interest-earning assets:</b>                                     |                                 |                   |              |                      |                   |              |
| Loans and leases  | \$ 17,901,888                   | \$ 618,419        | 4.58%        | \$ 17,225,217        | \$ 526,419        | 4.05%        |
| Securities <sup>(a)</sup>   | 7,135,037                       | 157,108           | 2.91         | 7,031,738            | 157,550           | 2.98         |
| Federal Home Loan and Federal Reserve Bank stock                    | 130,947                         | 4,587             | 4.68         | 160,911              | 4,732             | 3.93         |
| Interest-bearing deposits   | 63,807                          | 782               | 1.62         | 63,684               | 472               | 0.98         |
| Loans held for sale   | 17,292                          | 498               | 3.84         | 31,373               | 826               | 3.51         |
| <b>Total interest-earning assets</b>                                | <b>25,248,971</b>               | <b>\$ 781,394</b> | <b>4.09%</b> | <b>24,512,923</b>    | <b>\$ 689,999</b> | <b>3.73%</b> |
| Non-interest-earning assets   | 1,645,331                       |                   |              | 1,666,080            |                   |              |
| <b>Total Assets</b>   | <b>\$ 26,894,302</b>            |                   |              | <b>\$ 26,179,003</b> |                   |              |
| <b>Liabilities and Shareholders' Equity:</b>                        |                                 |                   |              |                      |                   |              |
| <b>Interest-bearing liabilities:</b>                                |                                 |                   |              |                      |                   |              |
| Demand deposits   | \$ 4,177,004                    | \$ —              | —%           | \$ 4,039,738         | \$ —              | —%           |
| Health savings accounts   | 5,508,325                       | 8,152             | 0.20         | 4,810,038            | 7,133             | 0.20         |
| Interest-bearing checking, money market and savings                 | 9,172,498                       | 25,399            | 0.37         | 9,505,187            | 19,599            | 0.28         |
| Certificates of deposit   | 2,710,917                       | 29,227            | 1.44         | 2,079,021            | 18,142            | 1.17         |
| <b>Total deposits</b>   | <b>21,568,744</b>               | <b>62,778</b>     | <b>0.39</b>  | <b>20,433,984</b>    | <b>44,874</b>     | <b>0.29</b>  |
| Securities sold under agreements to repurchase and other borrowings | 824,203                         | 10,722            | 1.72         | 884,975              | 10,970            | 1.63         |
| Federal Home Loan Bank advances                                     | 1,288,410                       | 23,437            | 2.40         | 1,829,175            | 22,543            | 1.63         |
| Long-term debt  | 225,863                         | 8,288             | 4.89         | 225,607              | 7,748             | 4.58         |
| <b>Total borrowings</b>   | <b>2,338,476</b>                | <b>42,447</b>     | <b>2.40</b>  | <b>2,939,757</b>     | <b>41,261</b>     | <b>1.85</b>  |
| <b>Total interest-bearing liabilities</b>                           | <b>23,907,220</b>               | <b>\$ 105,225</b> | <b>0.59%</b> | <b>23,373,741</b>    | <b>\$ 86,135</b>  | <b>0.49%</b> |
| Non-interest-bearing liabilities                                    | 228,892                         |                   |              | 207,688              |                   |              |
| <b>Total liabilities</b>  | <b>24,136,112</b>               |                   |              | <b>23,581,429</b>    |                   |              |
| Preferred stock   | 145,078                         |                   |              | 122,710              |                   |              |
| Common shareholders' equity   | 2,613,112                       |                   |              | 2,474,864            |                   |              |
| Total shareholders' equity  | 2,758,190                       |                   |              | 2,597,574            |                   |              |
| <b>Total Liabilities and Shareholders' Equity</b>                   | <b>\$ 26,894,302</b>            |                   |              | <b>\$ 26,179,003</b> |                   |              |
| Tax-equivalent net interest income                                  |                                 | 676,169           |              |                      | 603,864           |              |
| Less: tax-equivalent adjustments                                    |                                 | (6,619)           |              |                      | (12,509)          |              |
| <b>Net interest income</b>  |                                 | <b>\$ 669,550</b> |              |                      | <b>\$ 591,355</b> |              |
| <b>Net interest margin</b>  |                                 |                   | <b>3.54%</b> |                      |                   | <b>3.27%</b> |

(a) For purposes of the yield computation, unrealized gains (losses) on securities available for sale are excluded from the average balance.

**WEBSTER FINANCIAL CORPORATION** *Five Quarter Loan and Lease Balances (unaudited)*

| <i>(Dollars in thousands)</i>             | September 30,<br>2018 | June 30,<br>2018     | March 31,<br>2018    | December 31,<br>2017 | September 30,<br>2017 |
|---|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>Loan and Lease Balances (actual):</b>  |                       |                      |                      |                      |                       |
| Commercial non-mortgage                   | \$ 5,724,405          | \$ 5,544,685         | \$ 5,404,231         | \$ 5,084,148         | \$ 5,031,481          |
| Asset-based lending                       | 969,045               | 959,836              | 874,271              | 834,779              | 883,599               |
| Commercial real estate                    | 4,771,325             | 4,580,200            | 4,544,831            | 4,523,828            | 4,464,917             |
| Residential mortgages                     | 4,415,063             | 4,455,580            | 4,459,862            | 4,490,878            | 4,499,441             |
| Consumer                                  | 2,441,181             | 2,485,695            | 2,522,380            | 2,590,225            | 2,566,983             |
| <b>Total Loan and Lease Balances</b>      | <b>18,321,019</b>     | <b>18,025,996</b>    | <b>17,805,575</b>    | <b>17,523,858</b>    | <b>17,446,421</b>     |
| Allowance for loan and lease losses       | (211,832)             | (207,322)            | (205,349)            | (199,994)            | (201,803)             |
| <b>Loans and Leases, net</b>              | <b>\$ 18,109,187</b>  | <b>\$ 17,818,674</b> | <b>\$ 17,600,226</b> | <b>\$ 17,323,864</b> | <b>\$ 17,244,618</b>  |
| <b>Loan and Lease Balances (average):</b> |                       |                      |                      |                      |                       |
| Commercial non-mortgage                   | \$ 5,597,831          | \$ 5,470,677         | \$ 5,306,412         | \$ 5,080,267         | \$ 4,990,146          |
| Asset-based lending                       | 944,120               | 897,564              | 864,895              | 876,070              | 859,289               |
| Commercial real estate                    | 4,620,741             | 4,549,969            | 4,538,429            | 4,446,162            | 4,475,207             |
| Residential mortgages                     | 4,434,056             | 4,460,904            | 4,476,057            | 4,498,707            | 4,455,932             |
| Consumer                                  | 2,464,094             | 2,507,571            | 2,568,980            | 2,600,970            | 2,583,945             |
| <b>Total Loan and Lease Balances</b>      | <b>18,060,842</b>     | <b>17,886,685</b>    | <b>17,754,773</b>    | <b>17,502,176</b>    | <b>17,364,519</b>     |
| Allowance for loan and lease losses       | (208,102)             | (207,718)            | (201,575)            | (202,632)            | (202,628)             |
| <b>Loans and Leases, net</b>              | <b>\$ 17,852,740</b>  | <b>\$ 17,678,967</b> | <b>\$ 17,553,198</b> | <b>\$ 17,299,544</b> | <b>\$ 17,161,891</b>  |

**WEBSTER FINANCIAL CORPORATION**  
**Five Quarter Nonperforming Assets (unaudited)**

| <i>(Dollars in thousands)</i>                               | September 30,<br>2018 | June 30,<br>2018  | March 31,<br>2018 | December 31,<br>2017 | September 30,<br>2017 |
|---|-----------------------|-------------------|-------------------|----------------------|-----------------------|
| <b>Nonperforming loans and leases:</b>                      |                       |                   |                   |                      |                       |
| Commercial non-mortgage                                     | \$ 58,366             | \$ 40,240         | \$ 46,843         | \$ 39,795            | \$ 59,512             |
| Asset-based lending   | 1,066                 | 1,197             | 1,571             | 589                  | 8,558                 |
| Commercial real estate                                      | 7,255                 | 9,606             | 3,884             | 4,484                | 11,066                |
| Residential mortgages                                       | 49,348                | 50,654            | 44,496            | 44,407               | 45,597                |
| Consumer  | 36,621                | 38,390            | 37,465            | 37,307               | 38,915                |
| <b>Total nonperforming loans and leases</b>                 | <b>\$ 152,656</b>     | <b>\$ 140,087</b> | <b>\$ 134,259</b> | <b>\$ 126,582</b>    | <b>\$ 163,648</b>     |
| <b>Other real estate owned and repossessed assets:</b>      |                       |                   |                   |                      |                       |
| Commercial non-mortgage                                     | \$ 83                 | \$ 148            | \$ 218            | \$ 305               | \$ 328                |
| Residential mortgages                                       | 3,944                 | 3,271             | 2,785             | 3,110                | 2,843                 |
| Consumer  | 1,284                 | 2,541             | 2,828             | 2,649                | 2,143                 |
| <b>Total other real estate owned and repossessed assets</b> | <b>\$ 5,311</b>       | <b>\$ 5,960</b>   | <b>\$ 5,831</b>   | <b>\$ 6,064</b>      | <b>\$ 5,314</b>       |
| <b>Total nonperforming assets</b>                           | <b>\$ 157,967</b>     | <b>\$ 146,047</b> | <b>\$ 140,090</b> | <b>\$ 132,646</b>    | <b>\$ 168,962</b>     |

**WEBSTER FINANCIAL CORPORATION**  
**Five Quarter Past Due Loans and Leases (unaudited)**

| <i>(Dollars in thousands)</i>                | September 30,<br>2018 | June 30,<br>2018 | March 31,<br>2018 | December 31,<br>2017 | September 30,<br>2017 |
|--|-----------------------|------------------|-------------------|----------------------|-----------------------|
| <b>Past due 30-89 days:</b>                  |                       |                  |                   |                      |                       |
| Commercial non-mortgage                      | \$ 6,186              | \$ 7,508         | \$ 4,749          | \$ 8,167             | \$ 3,169              |
| Asset-based lending                          | —                     | —                | —                 | —                    | —                     |
| Commercial real estate                       | 2,746                 | 719              | 1,103             | 551                  | 1,783                 |
| Residential mortgages                        | 14,499                | 10,861           | 17,337            | 13,771               | 11,700                |
| Consumer                                     | 15,631                | 14,354           | 17,602            | 22,394               | 15,942                |
| <b>Total past due 30-89 days</b>             | <b>39,062</b>         | <b>33,442</b>    | <b>40,791</b>     | <b>44,883</b>        | <b>32,594</b>         |
| <b>Past due 90 days or more and accruing</b> | <b>139</b>            | <b>62</b>        | <b>845</b>        | <b>887</b>           | <b>934</b>            |
| <b>Total past due loans and leases</b>       | <b>\$ 39,201</b>      | <b>\$ 33,504</b> | <b>\$ 41,636</b>  | <b>\$ 45,770</b>     | <b>\$ 33,528</b>      |

**WEBSTER FINANCIAL CORPORATION**
***Five Quarter Changes in the Allowance for Loan and Lease Losses (unaudited)***

|                               | <b>For the Three Months Ended</b> |                          |                           |                              |                               |
|-------------------------------|-----------------------------------|--------------------------|---------------------------|------------------------------|-------------------------------|
|                               | <b>September 30,<br/>2018</b>     | <b>June 30,<br/>2018</b> | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> | <b>September 30,<br/>2017</b> |
| <i>(Dollars in thousands)</i> |                                   |                          |                           |                              |                               |
| <b>Beginning balance</b>      | <b>\$ 207,322</b>                 | <b>\$ 205,349</b>        | <b>\$ 199,994</b>         | <b>\$ 201,803</b>            | <b>\$ 199,578</b>             |
| Provision                     | <b>10,500</b>                     | 10,500                   | 11,000                    | 13,000                       | 10,150                        |
| Charge-offs:                  |                                   |                          |                           |                              |                               |
| Commercial non-mortgage       | <b>876</b>                        | 5,697                    | 1,542                     | 387                          | 3,123                         |
| Asset-based lending           | —                                 | —                        | —                         | 2,572                        | —                             |
| Commercial real estate        | <b>1,922</b>                      | 40                       | 77                        | 8,324                        | 749                           |
| Residential mortgages         | <b>874</b>                        | 754                      | 917                       | 560                          | 585                           |
| Consumer                      | <b>4,863</b>                      | 4,907                    | 5,074                     | 6,174                        | 6,197                         |
| <b>Total charge-offs</b>      | <b>8,535</b>                      | 11,398                   | 7,610                     | 18,017                       | 10,654                        |
| Recoveries:                   |                                   |                          |                           |                              |                               |
| Commercial non-mortgage       | <b>442</b>                        | 923                      | 135                       | 1,231                        | 545                           |
| Asset-based lending           | —                                 | —                        | —                         | 33                           | —                             |
| Commercial real estate        | <b>143</b>                        | 9                        | 2                         | 144                          | 10                            |
| Residential mortgages         | <b>133</b>                        | 325                      | 385                       | 100                          | 280                           |
| Consumer                      | <b>1,827</b>                      | 1,614                    | 1,443                     | 1,700                        | 1,894                         |
| <b>Total recoveries</b>       | <b>2,545</b>                      | 2,871                    | 1,965                     | 3,208                        | 2,729                         |
| <b>Total net charge-offs</b>  | <b>5,990</b>                      | 8,527                    | 5,645                     | 14,809                       | 7,925                         |
| <b>Ending balance</b>         | <b>\$ 211,832</b>                 | <b>\$ 207,322</b>        | <b>\$ 205,349</b>         | <b>\$ 199,994</b>            | <b>\$ 201,803</b>             |

**WEBSTER FINANCIAL CORPORATION**  
**Reconciliations to GAAP Financial Measures**

The Company evaluates its business based on certain ratios that utilize tangible equity, a non-GAAP financial measure. Return on average tangible common shareholders' equity measures the Company's net income available to common shareholders, adjusted for the tax-effected amortization of intangible assets, as a percentage of average shareholders' equity less average preferred stock and average goodwill and intangible assets. The tangible equity ratio represents shareholders' equity less goodwill and intangible assets divided by total assets less goodwill and intangible assets. The tangible common equity ratio represents shareholders' equity less preferred stock and goodwill and intangible assets divided by total assets less goodwill and intangible assets. Tangible book value per common share represents shareholders' equity less preferred stock and goodwill and intangible assets divided by common shares outstanding at the end of the period.

The efficiency ratio, which measures the costs expended to generate a dollar of revenue, is calculated excluding foreclosed property expense, amortization of intangibles, gain or loss on securities, and other non-recurring items. Core deposits express total deposits less time deposits. Accordingly, these are also non-GAAP financial measures.

The Company believes the use of these non-GAAP financial measures provides additional clarity in assessing the results of the Company. Other companies may define or calculate supplemental financial data differently. See the tables below for reconciliations of these non-GAAP financial measures with financial measures defined by GAAP.

|   | At or for the Three Months Ended |                  |                   |                      |                       |
|---|----------------------------------|------------------|-------------------|----------------------|-----------------------|
|   | September 30,<br>2018            | June 30,<br>2018 | March 31,<br>2018 | December 31,<br>2017 | September 30,<br>2017 |
| <i>(In thousands, except per share data)</i>  |                                  |                  |                   |                      |                       |
| <b>Return on average tangible common shareholders' equity:</b>  |                                  |                  |                   |                      |                       |
| Net income (GAAP)   | \$ 99,673                        | \$ 81,682        | \$ 80,225         | \$ 69,893            | \$ 64,496             |
| Less: Preferred stock dividends (GAAP)  | 1,968                            | 1,969            | 1,947             | 2,112                | 2,024                 |
| Add: Intangible assets amortization, tax-effected (GAAP)  | 759                              | 760              | 760               | 635                  | 651                   |
| Income adjusted for preferred stock dividends and intangible assets amortization (non-GAAP)                   | \$ 98,464                        | \$ 80,473        | \$ 79,038         | \$ 68,416            | \$ 63,123             |
| Income adjusted for preferred stock dividends and intangible assets amortization, annualized basis (non-GAAP) | \$ 393,856                       | \$ 321,892       | \$ 316,152        | \$ 273,664           | \$ 252,492            |
| Average shareholders' equity (non-GAAP)   | \$ 2,796,809                     | \$ 2,754,355     | \$ 2,722,591      | \$ 2,675,733         | \$ 2,635,312          |
| Less: Average preferred stock (non-GAAP)  | 145,037                          | 145,037          | 145,161           | 131,707              | 122,710               |
| Average goodwill and other intangible assets (non-GAAP)   | 565,559                          | 566,522          | 567,547           | 568,546              | 569,538               |
| Average tangible common shareholders' equity (non-GAAP)   | \$ 2,086,213                     | \$ 2,042,796     | \$ 2,009,883      | \$ 1,975,480         | \$ 1,943,064          |
| <b>Return on average tangible common shareholders' equity (non-GAAP)</b>                                      | <b>18.88%</b>                    | <b>15.76%</b>    | <b>15.73%</b>     | <b>13.85%</b>        | <b>12.99%</b>         |
| <b>Efficiency ratio:</b>  |                                  |                  |                   |                      |                       |
| Non-interest expense (GAAP)   | \$ 178,783                       | \$ 180,459       | \$ 171,615        | \$ 171,049           | \$ 161,823            |
| Less: Foreclosed property activity (GAAP)   | (309)                            | (106)            | 85                | (97)                 | (72)                  |
| Intangible assets amortization (GAAP)   | 961                              | 962              | 962               | 977                  | 1,002                 |
| Other expenses (non-GAAP)   | 2,959                            | 8,599            | —                 | 6,106                | 213                   |
| Non-interest expense (non-GAAP)   | \$ 175,172                       | \$ 171,004       | \$ 170,568        | \$ 164,063           | \$ 160,680            |
| Net interest income (GAAP)  | \$ 230,372                       | \$ 225,010       | \$ 214,168        | \$ 204,932           | \$ 200,904            |
| Add: Tax-equivalent adjustment (non-GAAP)   | 2,172                            | 2,217            | 2,230             | 4,444                | 4,340                 |
| Non-interest income (GAAP)  | 72,284                           | 68,374           | 68,747            | 66,039               | 65,846                |
| Other (non-GAAP)  | 308                              | 359              | 295               | 421                  | 431                   |
| Income (non-GAAP)   | \$ 305,136                       | \$ 295,960       | \$ 285,440        | \$ 275,836           | \$ 271,521            |
| <b>Efficiency ratio (non-GAAP)</b>  | <b>57.41%</b>                    | <b>57.78%</b>    | <b>59.76%</b>     | <b>59.48%</b>        | <b>59.18%</b>         |



**WEBSTER FINANCIAL CORPORATION**  
**Reconciliations to GAAP Financial Measures (continued)**

|  | At or for the Three Months Ended |                      |                      |                      |                       |
|--|----------------------------------|----------------------|----------------------|----------------------|-----------------------|
|  | September 30,<br>2018            | June 30,<br>2018     | March 31,<br>2018    | December 31,<br>2017 | September 30,<br>2017 |
| <i>(In thousands, except per share data)</i>           |                                  |                      |                      |                      |                       |
| <b>Tangible equity:</b>                                |                                  |                      |                      |                      |                       |
| Shareholders' equity (GAAP)                            | \$ 2,816,198                     | \$ 2,761,723         | \$ 2,716,142         | \$ 2,701,958         | \$ 2,638,787          |
| Less: Goodwill and other intangible assets (GAAP)      | 565,099                          | 566,061              | 567,023              | 567,984              | 568,962               |
| Tangible shareholders' equity (non-GAAP)               | \$ 2,251,099                     | \$ 2,195,662         | \$ 2,149,119         | \$ 2,133,974         | \$ 2,069,825          |
| Total assets (GAAP)                                    | \$ 27,346,317                    | \$ 27,036,737        | \$ 26,752,147        | \$ 26,487,645        | \$ 26,350,182         |
| Less: Goodwill and other intangible assets (GAAP)      | 565,099                          | 566,061              | 567,023              | 567,984              | 568,962               |
| Tangible assets (non-GAAP)                             | \$ 26,781,218                    | \$ 26,470,676        | \$ 26,185,124        | \$ 25,919,661        | \$ 25,781,220         |
| <b>Tangible equity (non-GAAP)</b>                      | <b>8.41%</b>                     | <b>8.29%</b>         | <b>8.21%</b>         | <b>8.23%</b>         | <b>8.03%</b>          |
| <b>Tangible common equity:</b>                         |                                  |                      |                      |                      |                       |
| Tangible shareholders' equity (non-GAAP)               | \$ 2,251,099                     | \$ 2,195,662         | \$ 2,149,119         | \$ 2,133,974         | \$ 2,069,825          |
| Less: Preferred stock (GAAP)                           | 145,037                          | 145,037              | 145,037              | 145,056              | 122,710               |
| Tangible common shareholders' equity (non-GAAP)        | \$ 2,106,062                     | \$ 2,050,625         | \$ 2,004,082         | \$ 1,988,918         | \$ 1,947,115          |
| Tangible assets (non-GAAP)                             | \$ 26,781,218                    | \$ 26,470,676        | \$ 26,185,124        | \$ 25,919,661        | \$ 25,781,220         |
| <b>Tangible common equity (non-GAAP)</b>               | <b>7.86%</b>                     | <b>7.75%</b>         | <b>7.65%</b>         | <b>7.67%</b>         | <b>7.55%</b>          |
| <b>Tangible book value per common share:</b>           |                                  |                      |                      |                      |                       |
| Tangible common shareholders' equity (non-GAAP)        | \$ 2,106,062                     | \$ 2,050,625         | \$ 2,004,082         | \$ 1,988,918         | \$ 1,947,115          |
| Common shares outstanding                              | 92,230                           | 92,151               | 92,016               | 92,101               | 92,034                |
| <b>Tangible book value per common share (non-GAAP)</b> | <b>\$ 22.83</b>                  | <b>\$ 22.25</b>      | <b>\$ 21.78</b>      | <b>\$ 21.59</b>      | <b>\$ 21.16</b>       |
| <b>Core deposits:</b>                                  |                                  |                      |                      |                      |                       |
| Total deposits   | \$ 21,997,623                    | \$ 21,343,356        | \$ 21,385,042        | \$ 20,993,729        | \$ 20,855,235         |
| Less: Certificates of deposit                          | 2,746,884                        | 2,478,589            | 2,275,897            | 2,187,756            | 1,918,817             |
| Brokered certificates of deposit                       | 348,368                          | 361,114              | 277,356              | 280,652              | 299,674               |
| <b>Core deposits (non-GAAP)</b>                        | <b>\$ 18,902,371</b>             | <b>\$ 18,503,653</b> | <b>\$ 18,831,789</b> | <b>\$ 18,525,321</b> | <b>\$ 18,636,744</b>  |