



Webster  
Financial Corporation

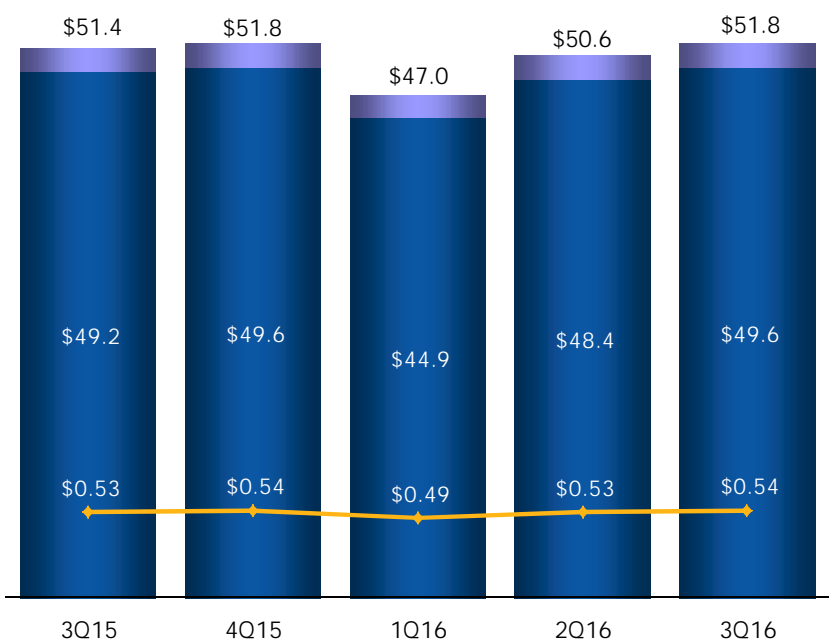
LIVING UP TO YOU™

Third Quarter 2016  
Earnings Conference Call  
October 21, 2016

# Third Quarter 2016 | Highlights

(\$ in millions, except EPS data)

## Net Income



■ Preferred Stock Dividends & Other of \$2.2M in 3Q16 & 2Q16, \$2.1M in 1Q16, \$2.2M in 4Q15 & 3Q15  
■ Earnings Applicable to Common Shareholders  
— Diluted earnings per common share

	Reported		
	3Q16	2Q16	3Q15
Diluted earnings per common share	\$ 0.54	\$ 0.53	\$ 0.53
Pre-tax earnings	\$ 76.3	\$ 75.2	\$ 76.4
Net income	\$ 51.8	\$ 50.6	\$ 51.4
Earnings applicable to common shareholders	\$ 49.6	\$ 48.4	\$ 49.2
Return on:			
Average tangible common shareholders' equity	11.24%	11.25%	11.86%
Average common shareholders' equity	8.36%	8.31%	8.66%
Average assets	0.82%	0.81%	0.86%

### Net income of \$51.8 million:

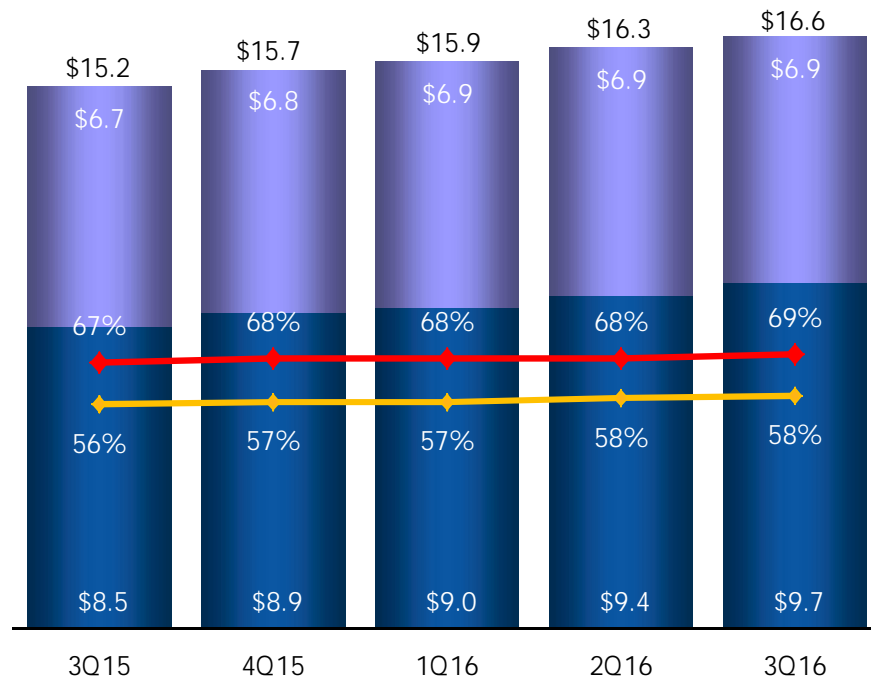
- ▶ Record total revenue of \$246.6 million vs. prior year of \$229.4 million (+7.5%)
- ▶ Efficiency ratio (non-GAAP)<sup>1</sup> of 61.43% vs. prior year of 59.56% and prior quarter of 61.47%
  - ▶ Current year ratios include Boston expansion

<sup>1</sup> See reconciliation on page 49

# Balance Sheet Trends | QTD

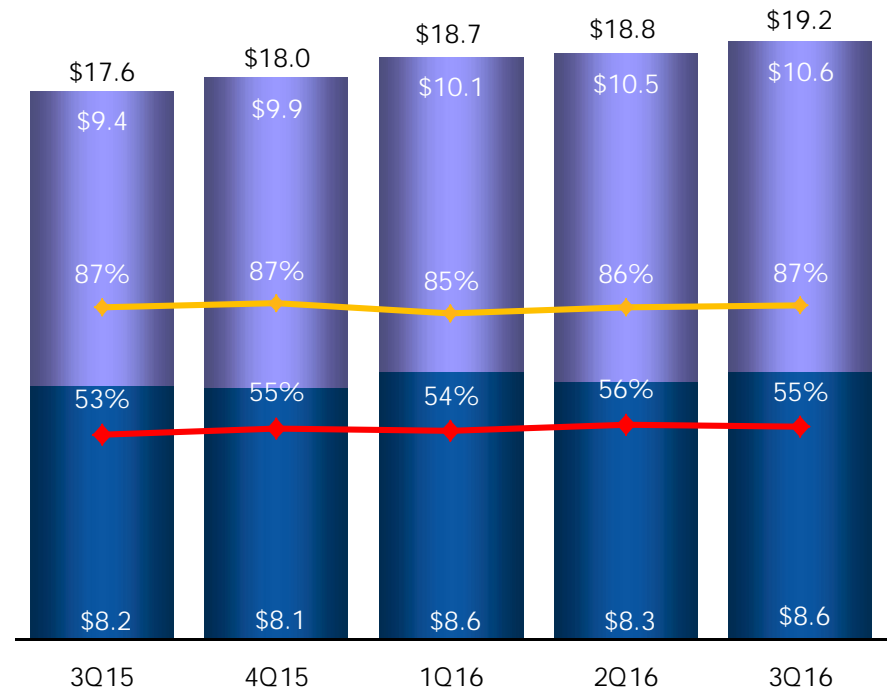
(\$ in billions)

## LOANS: +9.2% YOY



- Consumer Loans
- Commercial Loans
- ◆ Commercial Loans to Total Loans
- ◆ Floating and Periodic to Total Loans\*

## DEPOSITS: +9.2% YOY



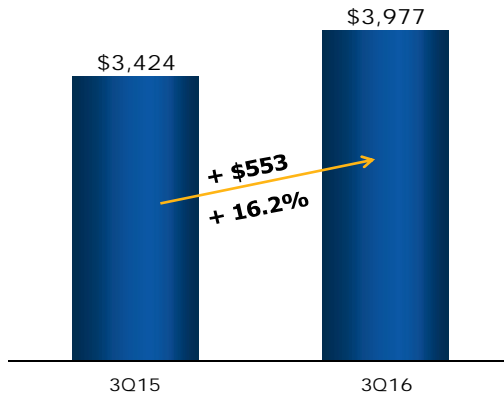
- Transactional & HSAs
- Non-Transactional
- ◆ Loans to Deposits
- ◆ Transactional & HSAs to Total Deposits

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

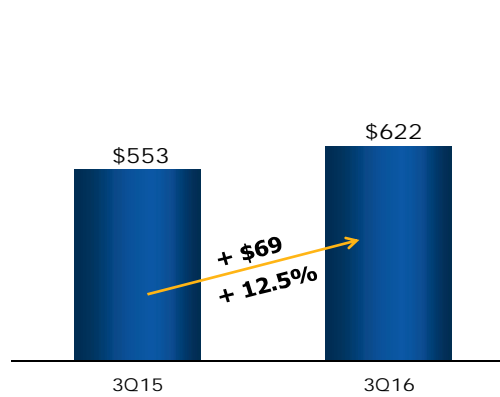
# Year-over-year Loan Growth | +9.2%

(\$ in millions)

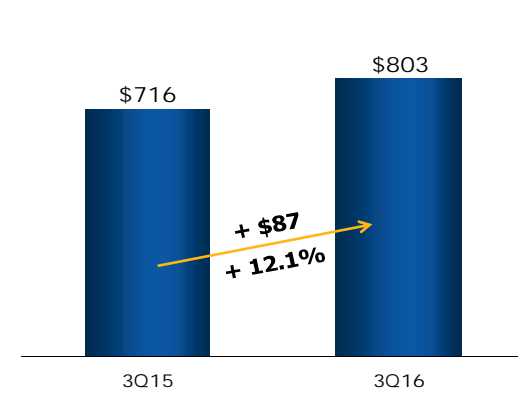
### Commercial Non-Mortgage



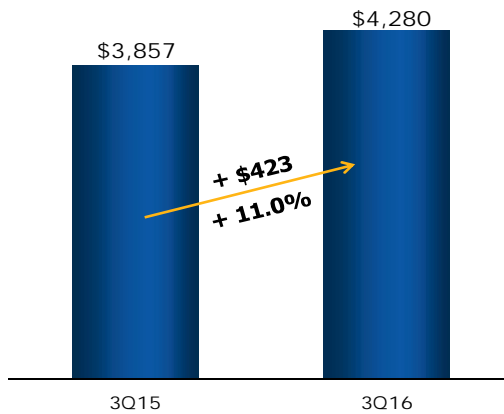
### Equipment Financing



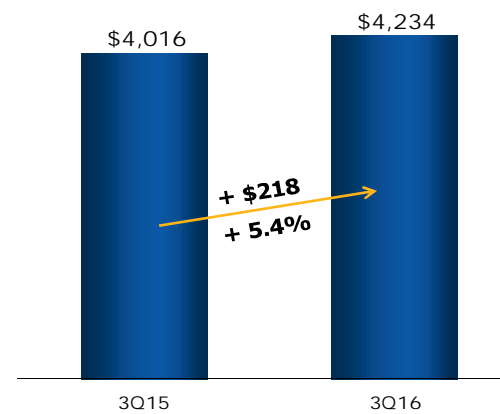
### Asset-Based Lending



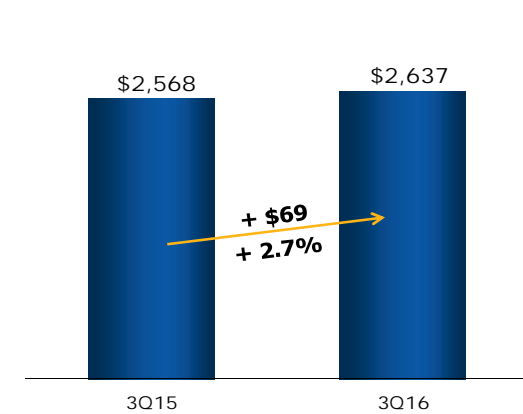
### Commercial Real Estate



### Residential Mortgages



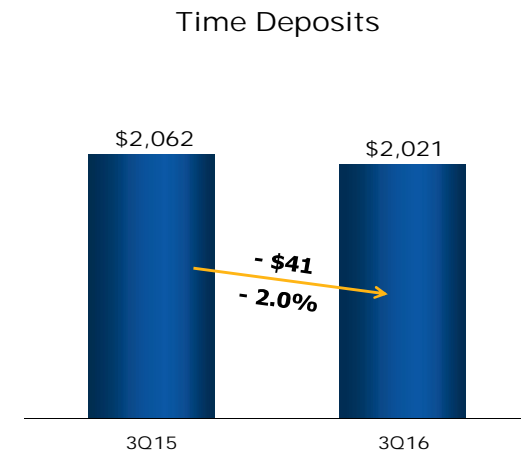
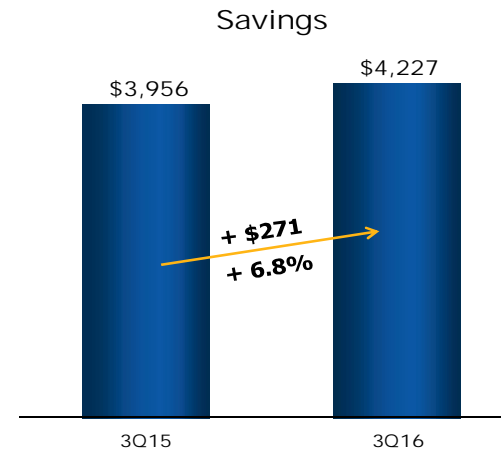
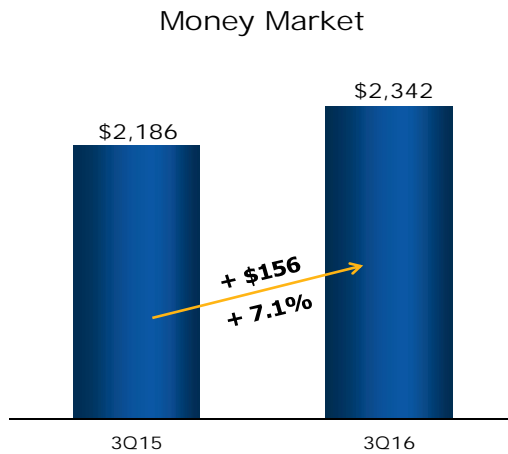
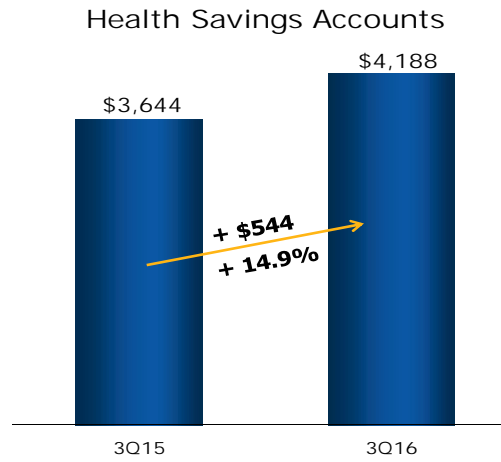
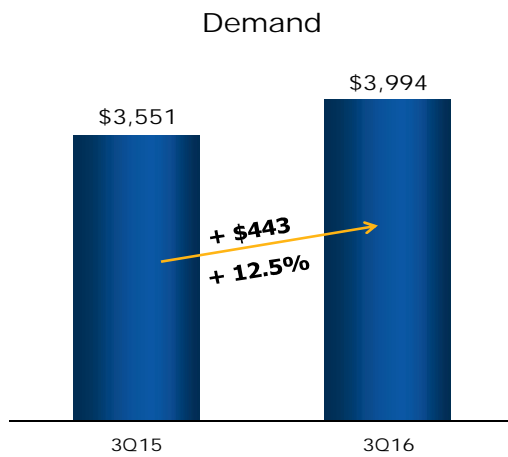
### Consumer\*



\* Excludes liquidating portfolio

# Year-over-year Deposit Growth | +9.2%

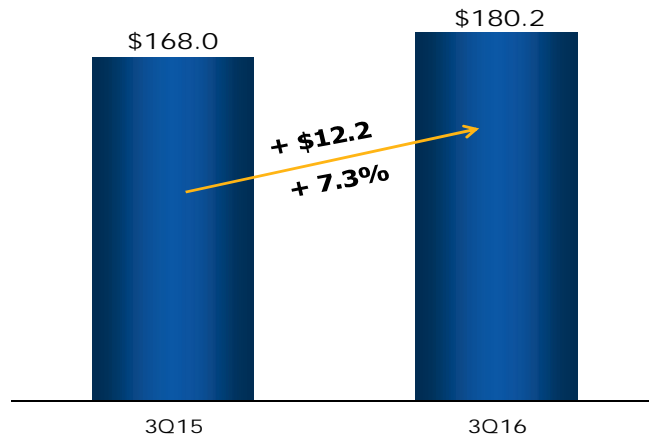
(\$ in millions)



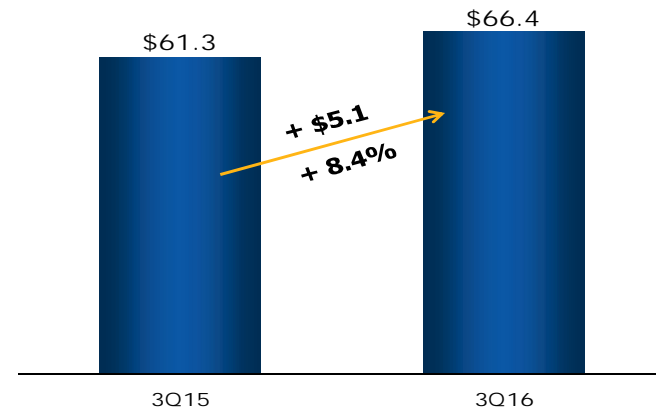
# Year-over-year Results

(\$ in millions)

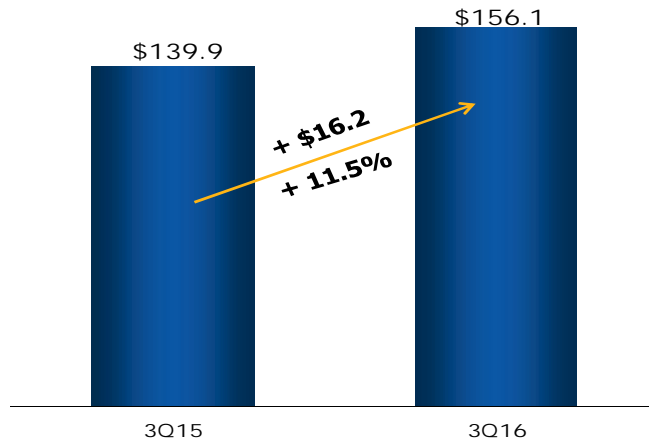
### Net Interest Income



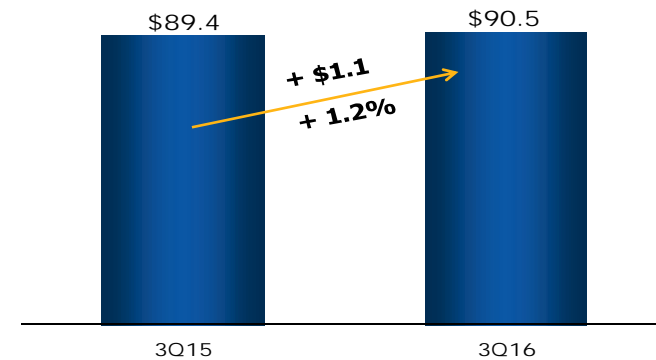
### Non-interest Income



### Non-interest Expense



### Pre-provision Net Revenue (PPNR)



# Commercial Banking | Highlights

(\$ in millions)

## Overview:

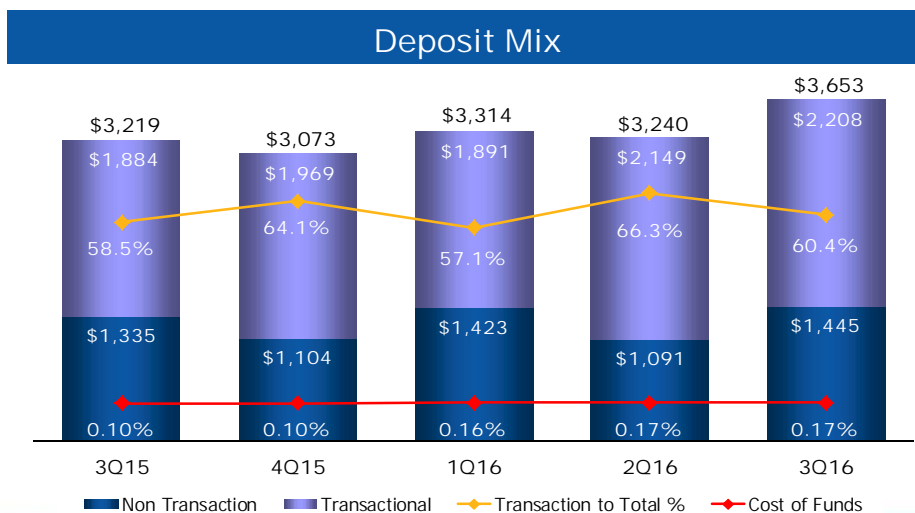
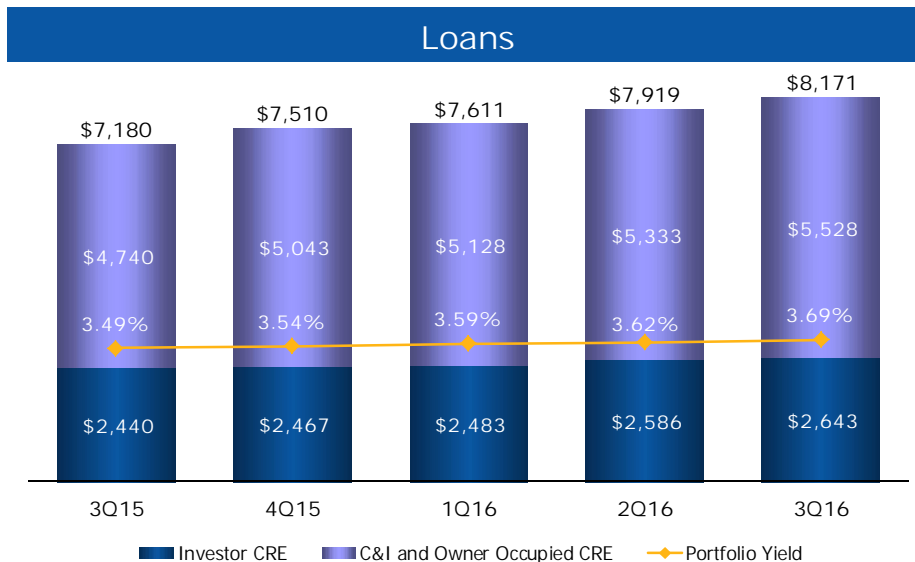
- Middle Market, Commercial Real Estate, Equipment Financing, Asset-Based Lending, and Treasury & Payment Solutions
- Loan originations of \$655 million
- Loan pipeline of \$328 million

## Year Over Year:

- 13.8% increase in loans
- 10.5% increase in loan originations
- 26.0% decrease in loan pipeline
- 13.5% increase in deposits

## Linked Quarter:

- 3.2% increase in loans
- 21.8% decrease in loan originations
- 4.7% decrease in loan pipeline
- 12.7% increase in deposits



# Business Banking | Highlights

(\$ in millions)

## Overview:

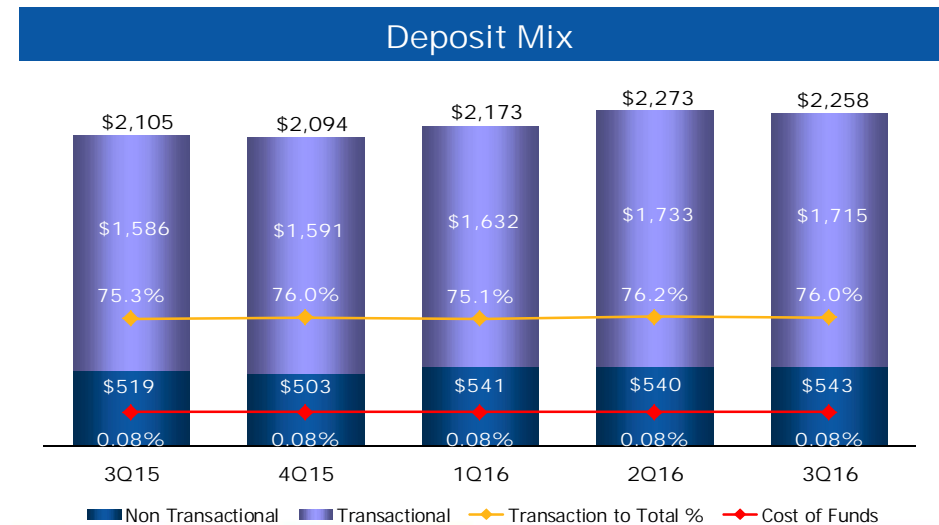
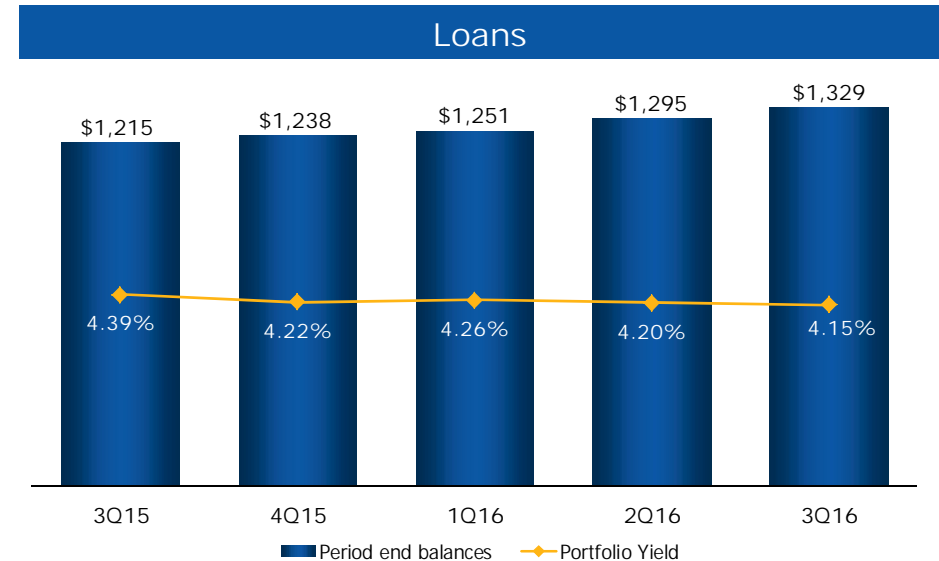
- Credit, deposit, and cash management products for small businesses and professional service firms with annual revenues of up to \$25 million
- Loan originations of \$105 million
- Loan pipeline of \$61 million

## Year Over Year:

- 9.4% increase in loans
- 6.4% increase in loan originations
- 15.6% decrease in loan pipeline
- 7.3% increase in deposits

## Linked Quarter:

- 2.7% increase in loans
- 15.9% increase in loan originations
- 5.2% decrease in loan pipeline
- 0.7% decrease in deposits





# Personal Banking | Highlights

(\$ in millions)

## Overview:

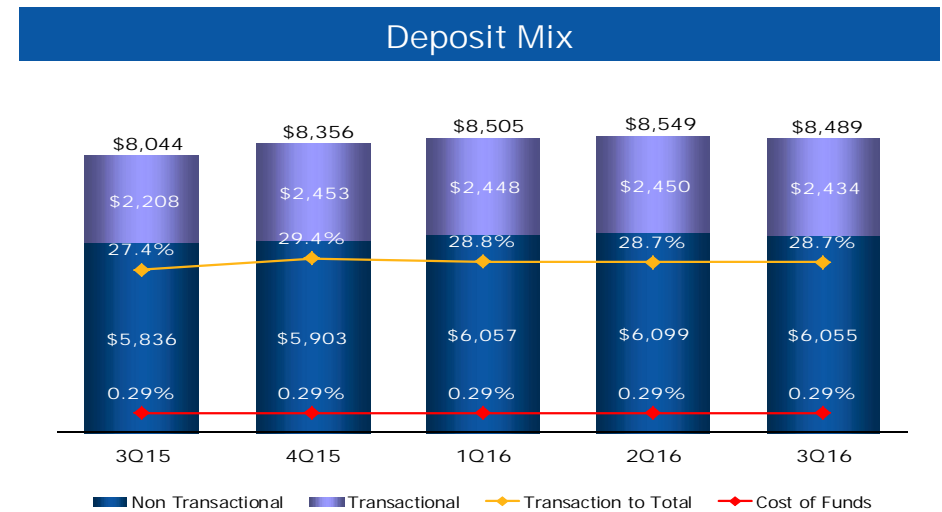
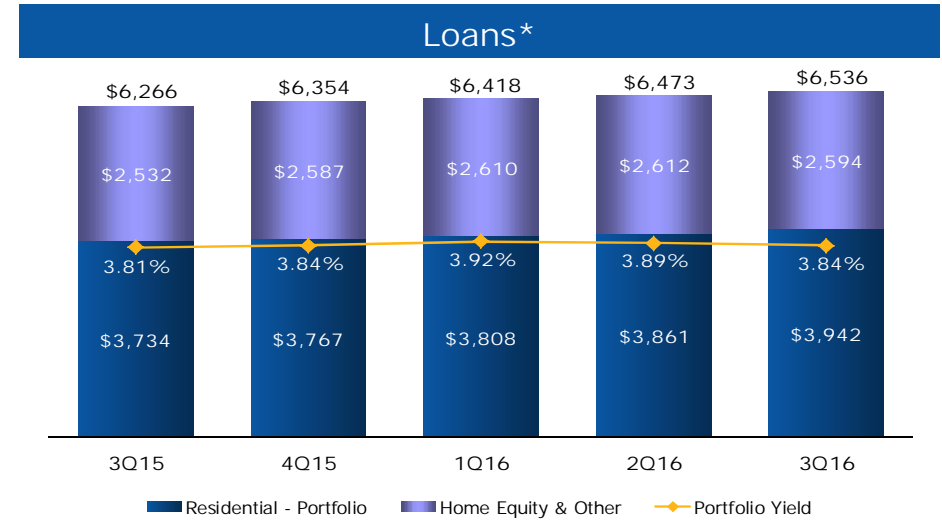
- ▀ Deposits, investments, and lending for consumers in our footprint
- ▀ Loan originations of \$552 million
- ▀ Loan pipeline of \$546 million
- ▀ Assets Under Administration (AUA) of \$3.0 billion

## Year Over Year:

- ▀ 4.3% increase in loans
- ▀ 3.1% decrease in loan originations
- ▀ 11.2% increase in loan pipeline
- ▀ 5.5% increase in deposits
- ▀ 9.7% increase in AUA

## Linked Quarter:

- ▀ 1.0% increase in loans
- ▀ 18.2% increase in loan originations
- ▀ 20.0% decrease in loan pipeline
- ▀ 0.7% decrease in deposits
- ▀ 5.7% increase in AUA



\* Excludes liquidating portfolio

# HSA Bank | Highlights

(\$ in millions)

## Overview:

- ▀ Delivers health savings account administration services to employers and individuals in all 50 states, with a focus on mid-sized/larger group employer segment
- ▀ \$5.0 billion in footings

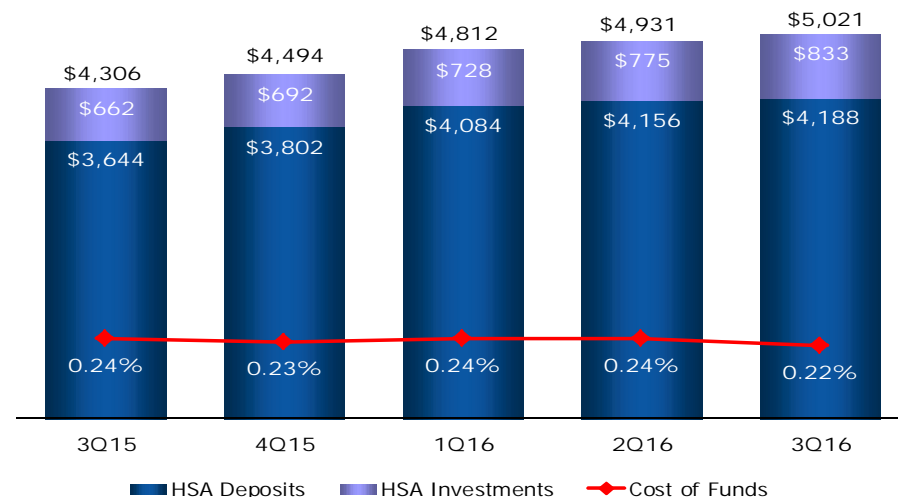
## Year Over Year:

- ▀ 14.9% increase in deposits
  - ▶ 20.4% increase adjusted for acquisition impacts\*\*
- ▀ 19.6% increase in accounts
  - ▶ 27.4% increase adjusted for acquisition impacts\*\*

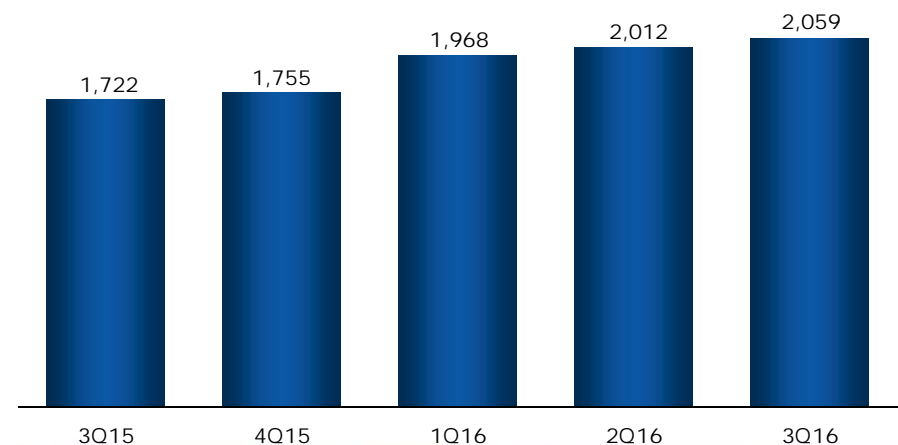
## Linked Quarter:

- ▀ 0.8% increase in deposits
- ▀ 2.3% increase in accounts

## Total Footings



## Number of Deposit Accounts\*



\*All investment accounts have a deposit account

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

# Private Banking | Highlights

(\$ in millions)

## Overview:

- Premium banking, credit, investment management, planning and trust services for high net worth individuals and nonprofits
- Loan pipeline of \$107 million
- AUM pipeline of \$67 million

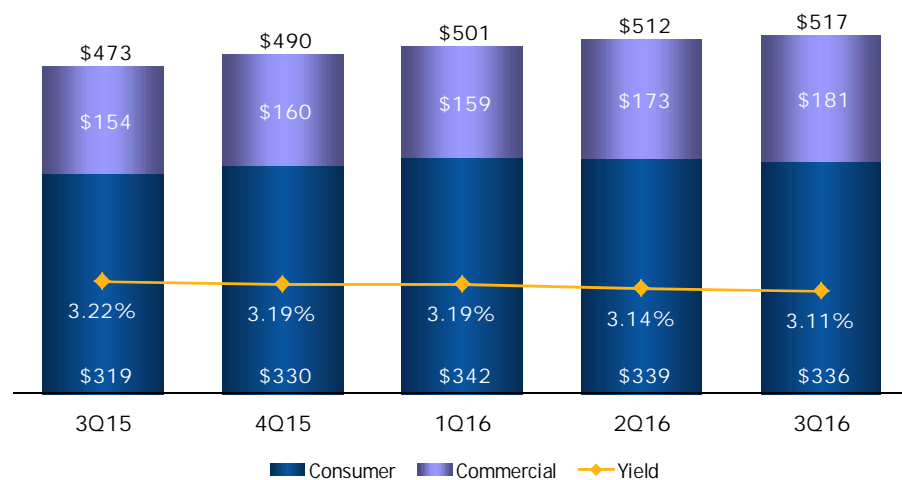
## Year Over Year:

- 9.3% increase in loans
- 52.4% decrease in loan originations
- 114.0% increase in loan pipeline
- 11.7% increase in AUM/AUA
- 45.4% decrease in AUM pipeline

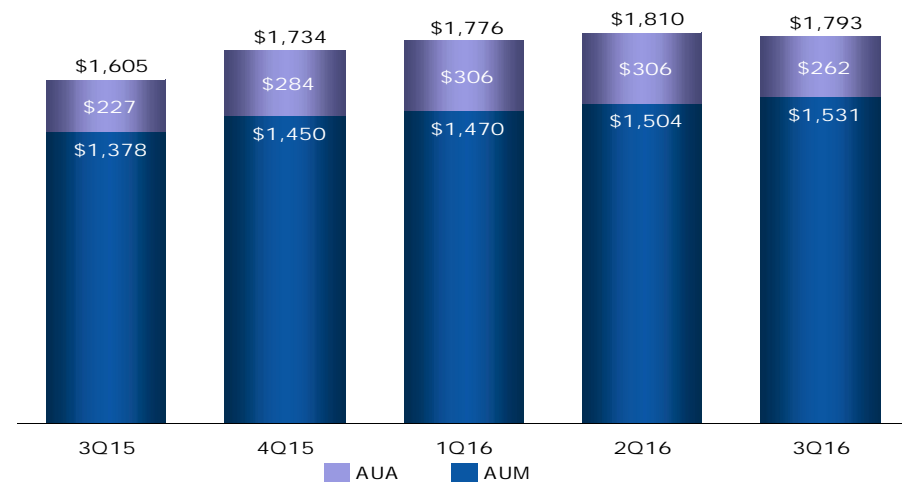
## Linked Quarter:

- 0.9% increase in loans
- 11.5% increase in loan originations
- 7.0% decrease in loan pipeline
- 0.9% decrease in AUM/AUA
- 17.2% decrease in AUM pipeline

## Loans



## Assets Under Management & Administration



AUA = Assets Under Administration  
AUM = Assets Under Management

## 3Q16 Results | Earnings Drivers

(\$ in millions)

	3Q16	2Q16	1Q16	4Q15	3Q15
Average interest-earning assets	\$ 23,505.6	\$ 23,275.2	\$ 22,966.6	\$ 22,689.6	\$ 22,252.3
Net interest margin	3.10%	3.08%	3.11%	3.08%	3.04%
Net interest income	\$ 180.2	\$ 176.9	\$ 176.2	\$ 173.3	\$ 168.0
Total non-interest income	<u>66.4</u>	<u>65.1</u>	<u>62.4</u>	<u>59.7</u>	<u>61.3</u>
Total revenue	246.6	242.0	238.6	233.0	229.3
Less: Gain (loss) on securities (including write-downs)	<u>0.0</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>(0.1)</u>
Adjusted revenue (non-GAAP)	<u>\$ 246.6</u>	<u>\$ 241.9</u>	<u>\$ 238.4</u>	<u>\$ 232.9</u>	<u>\$ 229.4</u>
Total non-interest expense	\$ 156.1	\$ 152.8	\$ 152.4	\$ 143.8	\$ 139.9
Less: Severance	0.8	0.2	0.4	0.3	0.0
Acquisition, branch & facility optimization	0.0	0.0	0.8	(0.4)	(0.2)
Foreclosed and repossessed assets, net	<u>0.1</u>	<u>(0.1)</u>	<u>(0.2)</u>	<u>0.0</u>	<u>0.2</u>
Adjusted non-interest expense (non-GAAP)	<u>\$ 155.2</u>	<u>\$ 152.7</u>	<u>\$ 151.4</u>	<u>\$ 143.9</u>	<u>\$ 139.9</u>
Pre-provision net revenue	\$ 90.5	\$ 89.2	\$ 86.2	\$ 89.2	\$ 89.4
Provision for loan losses	(14.3)	(14.0)	(15.6)	(13.8)	(13.0)
Reported pre-tax income	76.3	75.2	70.5	75.4	76.4
Reported Net Income	51.8	50.6	47.0	51.8	51.4

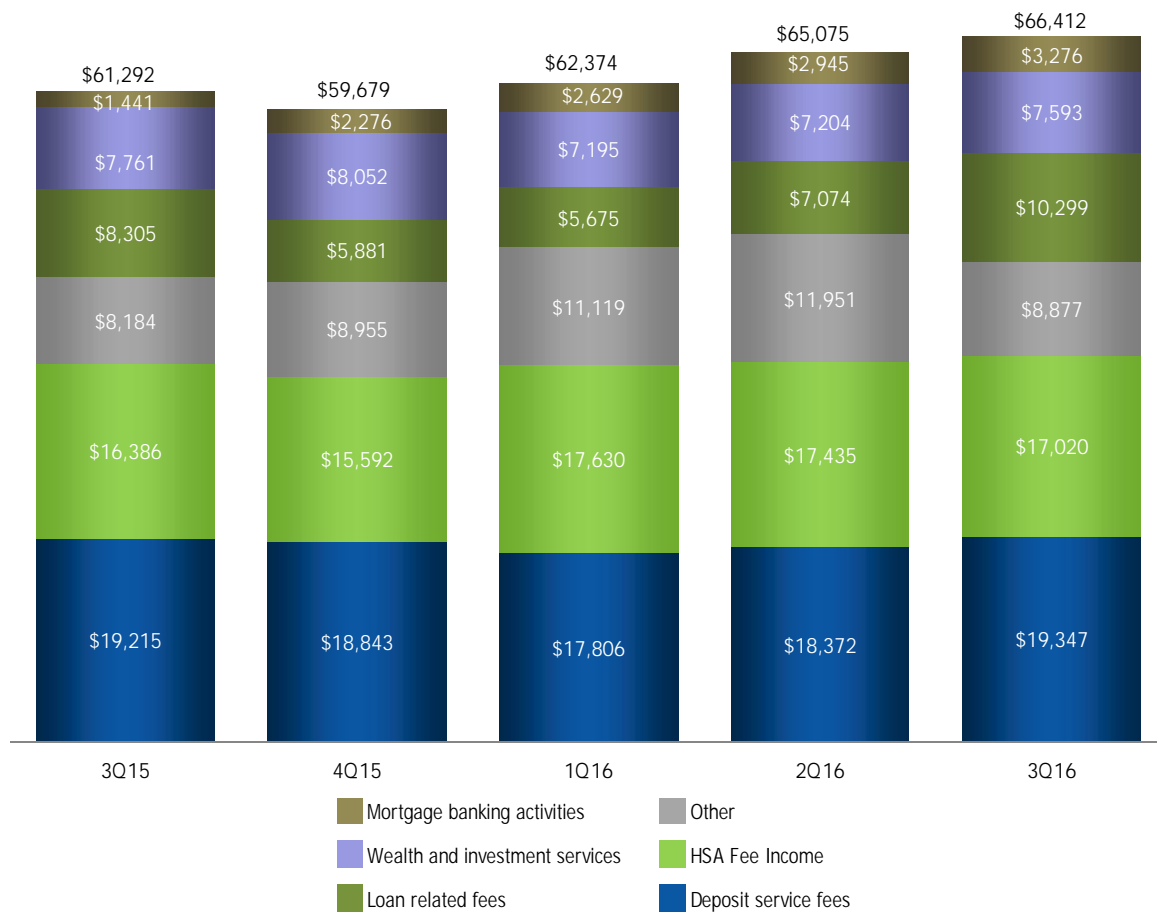
## 3Q16 Results | Net Interest Margin – Linked Quarter

(\$ in millions)

	3Q16			Fav./ (Unfav.)		
	Avg Bal.	Int.	Rate	Avg Bal.	Int.	Bps
Securities	\$ 6,785	\$ 49.3	2.91%	\$ (119)	\$ (1.7)	(4)
Money Market & Other	239	1.5	2.57	(16)	0.1	21
Loans HFS	58	0.4	3.02	21	0.1	(13)
Commercial Loans	9,506	90.8	3.74	307	5.1	5
Consumer Loans	6,918	67.2	3.88	38	(0.1)	(4)
Total Loans & Leases	16,424	158.0	3.80%	345	5.0	1
Interest-Earning Assets	\$ 23,506	\$ 209.2	3.53%	\$ 231	\$ 3.5	1
Deposits	\$ 19,279	\$ 12.6	0.26%	\$ 526	\$ (0.2)	1
Borrowings	3,294	12.9	1.54	(329)	0.2	(10)
Interest-Bearing Liabilities	\$ 22,573	\$ 25.5	0.45%	\$ 197	\$ -	1
Tax-Equivalent Net Interest Income		\$ 183.7			\$ 3.5	
Less: Tax-Equivalent Adjustment		(3.5)			(0.2)	
Net Interest Income		\$ 180.2			\$ 3.3	
Net Interest Margin			3.10%			2

# 3Q16 Results | Non-interest Income

(\$ in thousands)

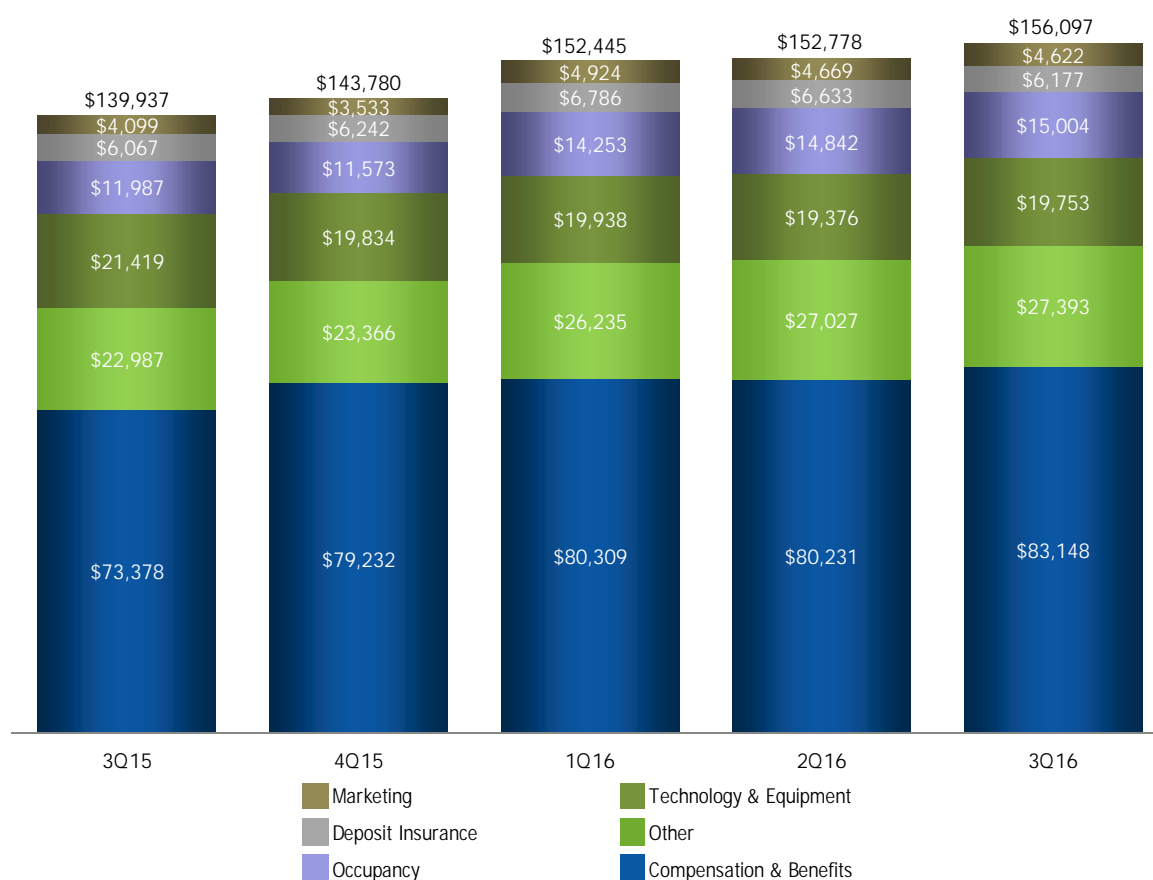


- ▮ \$1.3 million increase linked-quarter
  - ▶ Loan related fees higher due to increased syndication fees
  - ▶ Deposit service fees higher due to transaction volumes
  - ▶ Other lower due to commercial activity
  
- ▮ \$5.1 million increase year-over-year
  - ▶ Loan related fees higher due to increased syndication fees and lower deferral of origination fees
  - ▶ Mortgage banking increased due to higher spreads on loans sold slightly offset by lower volume

Note: Gains (losses) on securities were: 3Q16: \$0.0, 2Q16: \$0.1M, 1Q16: \$0.2M, 4Q15: \$0.1M, & 3Q15: (\$0.1M)

# 3Q16 Results | Non-interest Expense

(\$ in thousands)



**\$3.3 million increase linked-quarter**

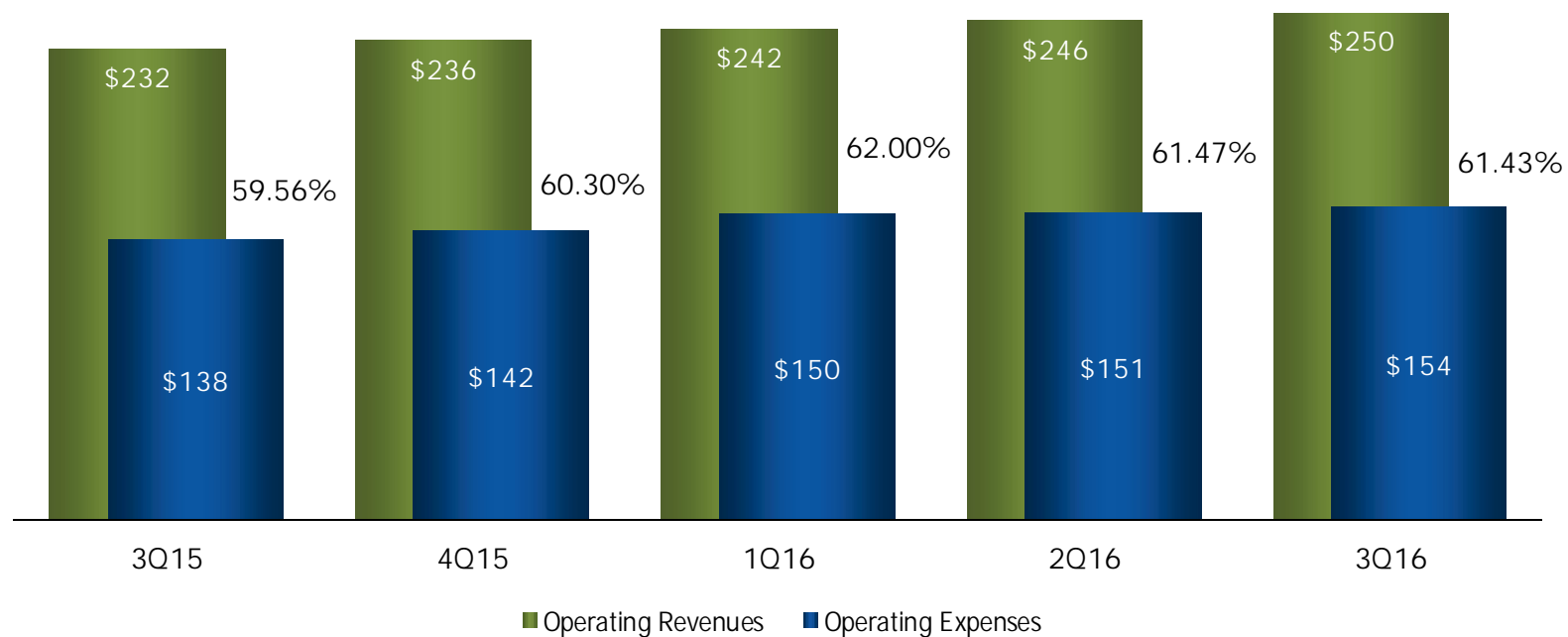
- ▶ Increased variable compensation expense tied to Webster's stock price increase and strategic hires (\$2.0 million)
- ▶ Increased group medical costs (\$0.9 million)

**\$16.2 million increase year-over-year**

- ▶ Boston expansion (\$4.7 million)
- ▶ Increased compensation and benefits due to strategic hires, variable compensation expense tied to Webster's stock price increase, and severance (\$7.6 million)
- ▶ Increase in other due to higher professional services, check card, and loan workout expenses (\$2.4 million)

# 3Q16 Results | Efficiency Ratio (non-GAAP)<sup>1</sup>

(\$ in millions)



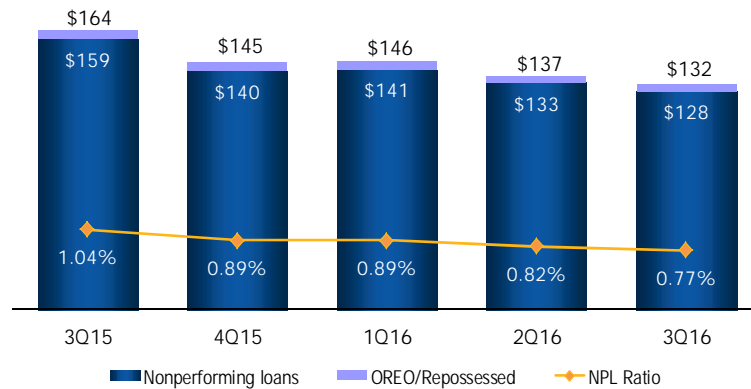
<sup>1</sup> See reconciliation on page 49



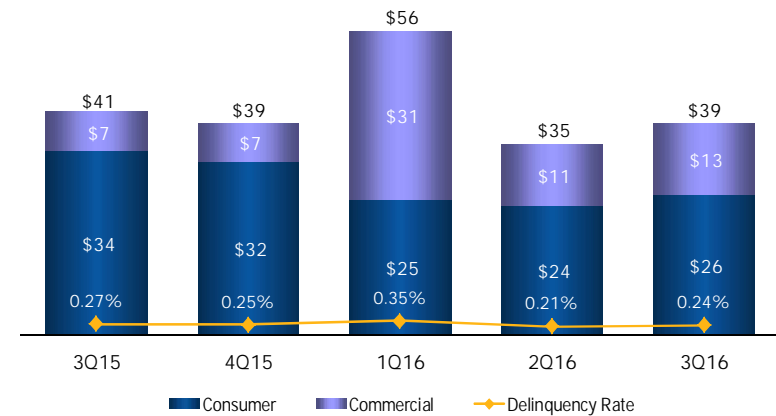
# 3Q16 Results | Key Asset Quality Metrics

(\$ in millions)

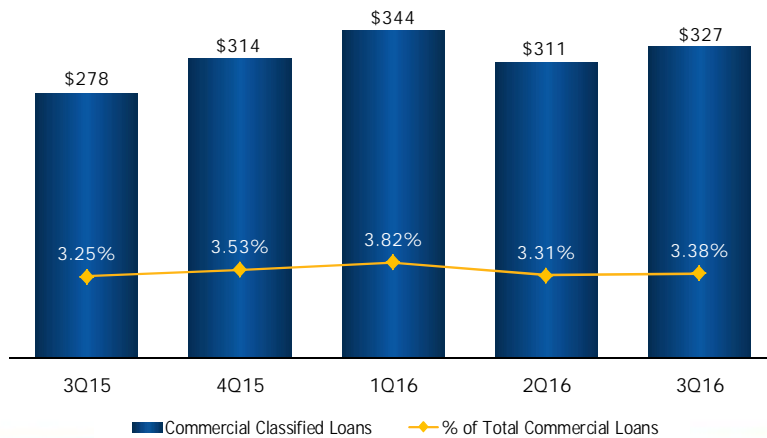
## Nonperforming Loans, OREO, NPL Ratio



## Loans Past Due Over 30 Days



## Commercial Classified Loan Trend

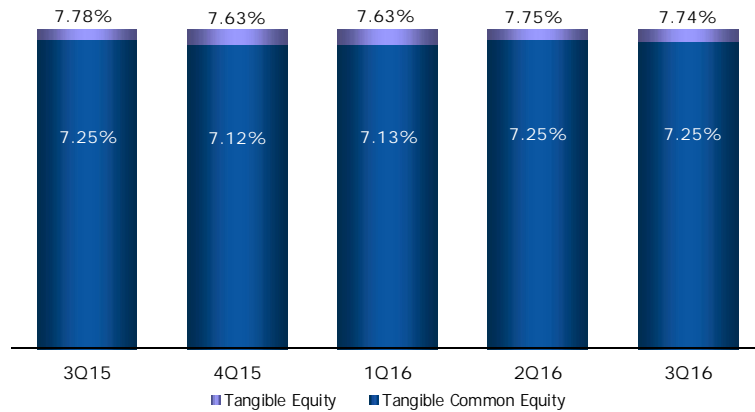


## NPL Reconciliation

	3Q16	2Q16	1Q16	4Q15	3Q15
NPLs, beginning of period	\$ 132.9	\$ 140.7	\$ 139.9	\$ 159.0	\$ 167.9
- New nonaccruals	17.9	15.7	40.4	18.4	16.3
- Cures/exits	(13.5)	(12.5)	(20.8)	(21.7)	(15.2)
- Gross charge-offs	(7.3)	(9.1)	(16.6)	(13.6)	(8.4)
- Other/transfer to OREO	(1.8)	(1.9)	(2.2)	(2.2)	(1.6)
NPLs, end of period	\$ 128.2	\$ 132.9	\$ 140.7	\$ 139.9	\$ 159.0

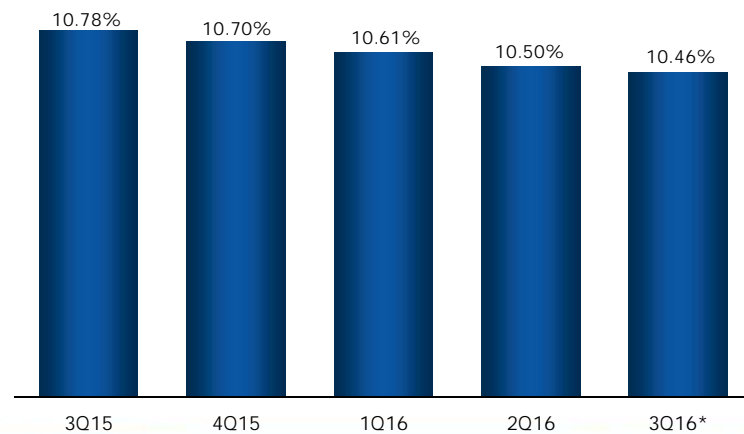
# Key Capital Ratio Trends | Capital Strength and Flexibility

## Tangible Equity Ratios



- Year over year tangible common equity ratio unchanged due to asset growth being fully capitalized by common equity growth
- Excluding “accumulated other comprehensive income” from the calculation, 3Q16 tangible common equity ratio would be 7.46%
- Common equity tier 1 risk-based capital of 10.46% in excess of the Basel III well capitalized level of 6.5%

## Common Equity Tier 1 Risk-Based Capital



\*Preliminary

## Webster 3Q16 Financial Review | 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

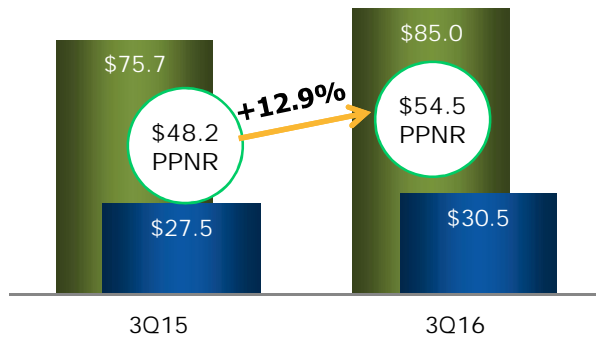
## Webster Financial Corporation Third Quarter 2016 Earnings Supplemental Information

- ▀ Pages 21 to 23 – PPNR Trends
- ▀ Page 24 – Earning Asset and Funding Mix
- ▀ Pages 25 to 27 – Investment Securities
- ▀ Pages 28 to 30 – Deposits
- ▀ Pages 31 to 32 – Borrowings
- ▀ Pages 33 to 47 – Loan Portfolio Detail/Asset Quality
- ▀ Page 48 – Capital Ratios
- ▀ Page 49 – Efficiency Ratio (non-GAAP)

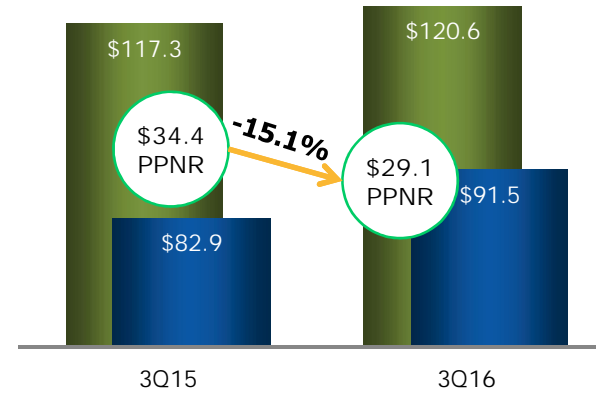
# PPNR | By Line of Business QTD

(\$ in millions)

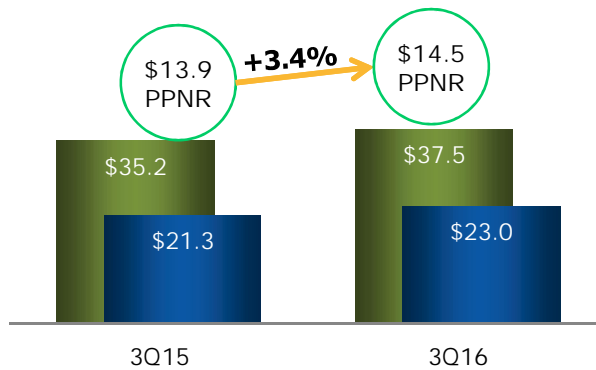
### Commercial Banking



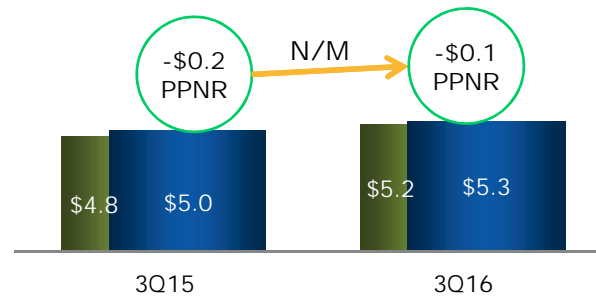
### Community Banking



### HSA Bank



### Private Banking



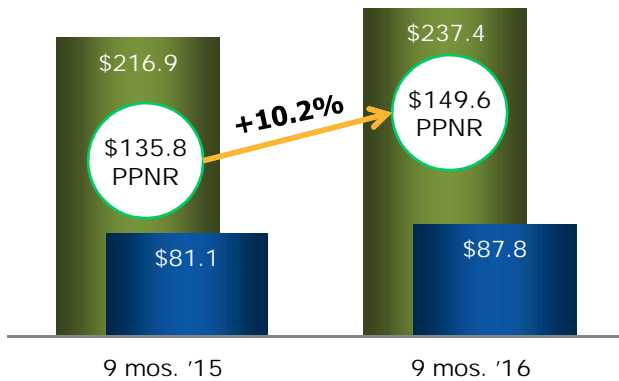
Operating Revenue  
Operating Expense

N/M = Not Meaningful

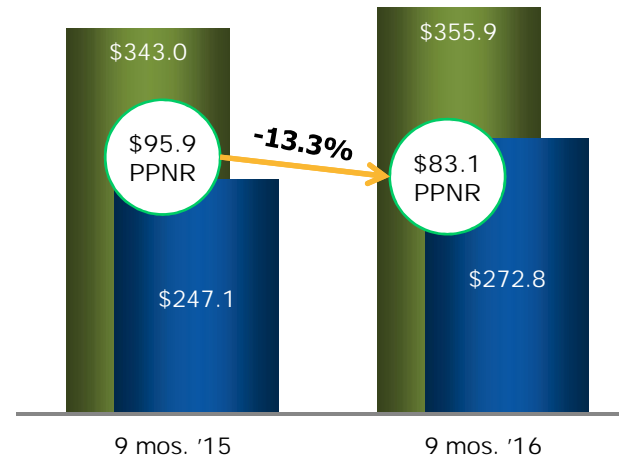
# PPNR | By Line of Business YTD

(\$ in millions)

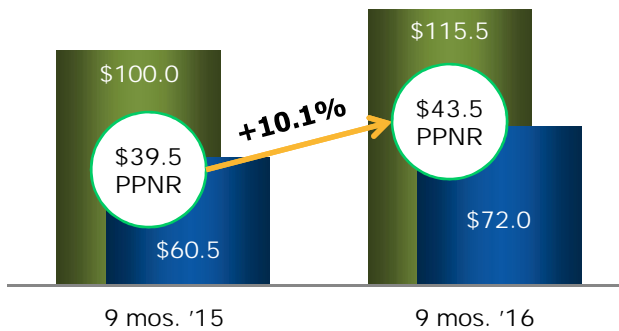
### Commercial Banking



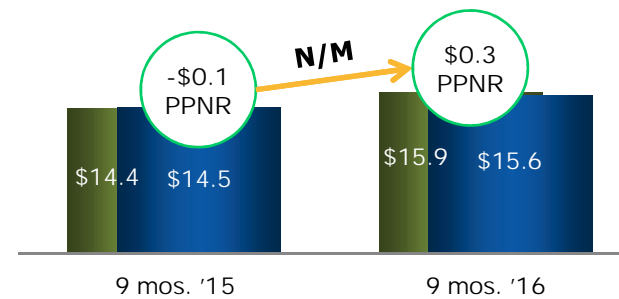
### Community Banking



### HSA Bank



### Private Banking



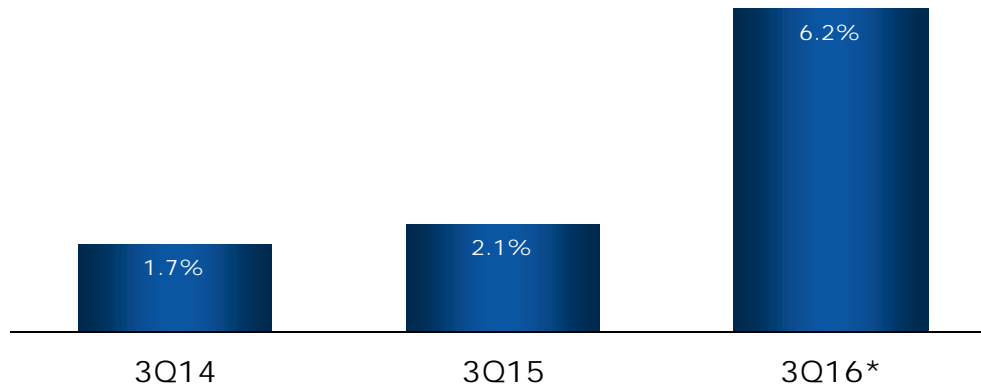
Operating Revenue  
Operating Expense

N/M = Not Meaningful

# Interest Rate Risk | PPNR Asset Sensitivity Trend

(as of September 30, 2016)

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



- Loans at floors (\$1.37 billion) continue to decline along with the average "in the money" spread (30 bps)
- Results assume historical deposit betas

# Earning Asset and Funding Mix

(\$ in millions)

Earning Asset Mix - 9/30/2016					
Type	Balance	Total %	Floating %	Periodic %	Fixed %
Securities	\$ 7,269	30%	5%	10%	85%
Loans HFS	67	0%	100%	0%	0%
Resi / HE Loans	5,063	21%	1%	22%	77%
HE Lines	1,878	8%	98%	0%	2%
C&I Loans	5,401	24%	65%	19%	16%
CRE Loans	4,281	18%	73%	18%	9%
<b>Total</b>	<b>\$ 23,959</b>	<b>100%</b>	<b>37%</b>	<b>15%</b>	<b>48%</b>

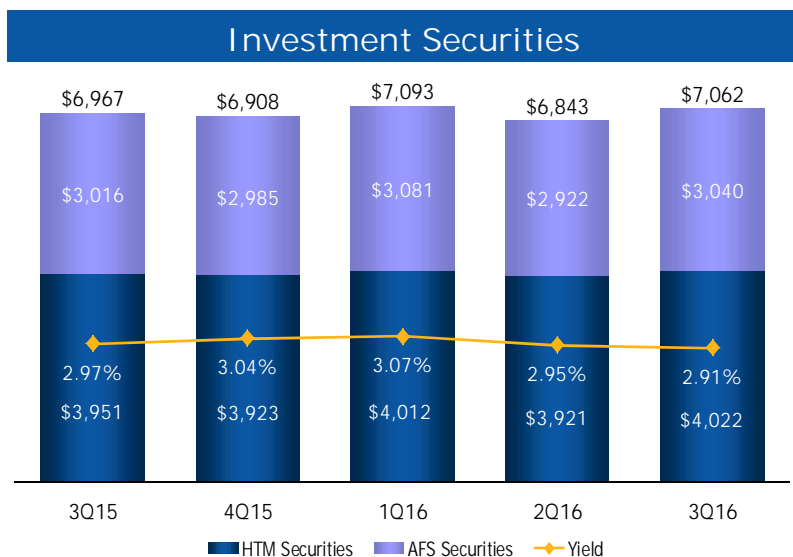
Funding Mix - 9/30/2016				
Type	Balance	Total	< 1 Year	> 1 Year
Checking	\$ 6,441	28%		
HSA	4,170	18%		
Savings	4,227	19%		
Money Market	2,342	10%		
Time	2,021	9%	41%	59%
Borrowings	3,614	16%	64%	36%
<b>Total</b>	<b>\$ 22,815</b>	<b>100%</b>		

- ▀ Floating rate earning assets represent 37% of total earning assets
- ▀ Floating rate loans represent 51% of total loans
- ▀ 15% of securities are either floating or have periodic rate resets
- ▀ CRE loans are predominantly floating rate due to customer swaps

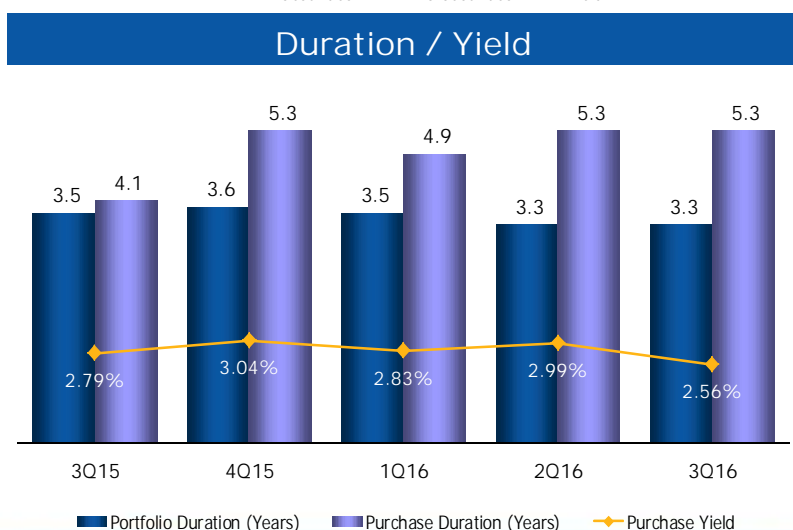


# 3Q16 Results | Investment Portfolio

(\$ in millions)



- Available-for-Sale portfolio includes \$21.4 million of net unrealized gains at 3Q16 compared to \$19.5 million at 2Q16
- Held-to-Maturity portfolio excludes \$87.6 million of net unrealized gains at 3Q16 compared to \$106.8 million at 2Q16



- Total portfolio duration of 3.3 years
- Purchase duration of 5.3 years with a purchase yield of 2.56%

# Investment Securities

(\$ in millions)

End of period balances Full quarter yields	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Available-for-Sale	\$ 3,040.1	\$ 2,921.9	\$ 3,080.5	\$ 2,984.6	\$ 3,015.4
Duration (years)	2.6	2.5	2.7	2.8	2.7
Yield	2.66%	2.71%	2.82%	2.79%	2.71%
Held-to-Maturity	\$ 4,022.3	\$ 3,921.0	\$ 4,012.3	\$ 3,923.1	\$ 3,951.2
Duration (years)	4.0	3.8	4.0	4.1	4.1
Yield	3.11%	3.14%	3.27%	3.23%	3.16%
Total Investment Securities	\$ 7,062.4	\$ 6,842.9	\$ 7,092.8	\$ 6,907.7	\$ 6,966.6
Duration (years)	3.3	3.3	3.5	3.6	3.5
Yield	2.91%	2.95%	3.07%	3.04%	2.97%

- Available-for-Sale portfolio includes \$21.4 million of net unrealized gains at 3Q16 compared to \$19.5 million at 2Q16
- Held-to-Maturity portfolio excludes \$87.6 million of net unrealized gains at 3Q16 compared to \$106.8 million at 2Q16

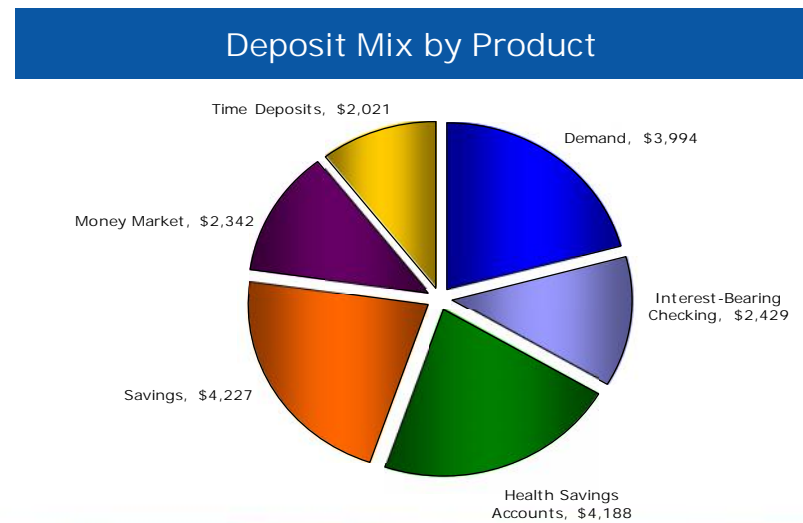
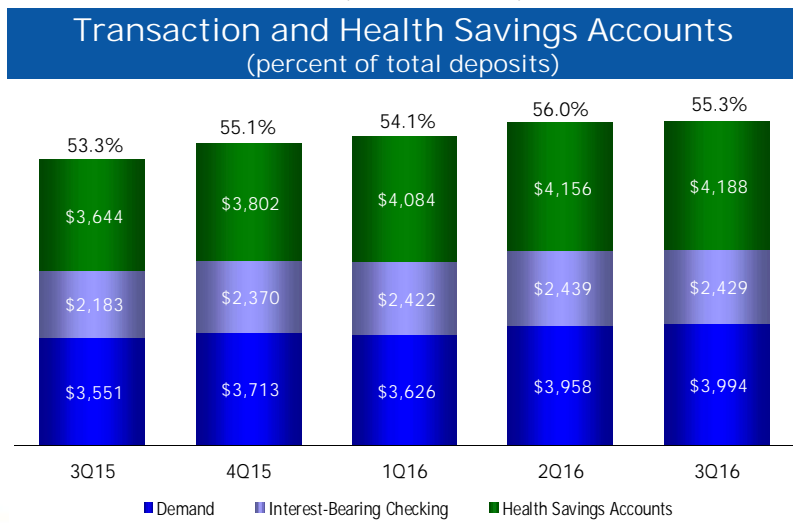
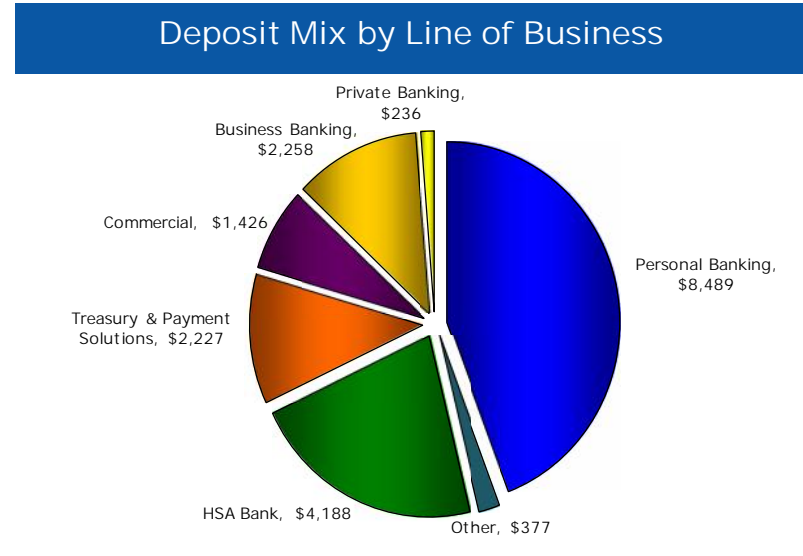
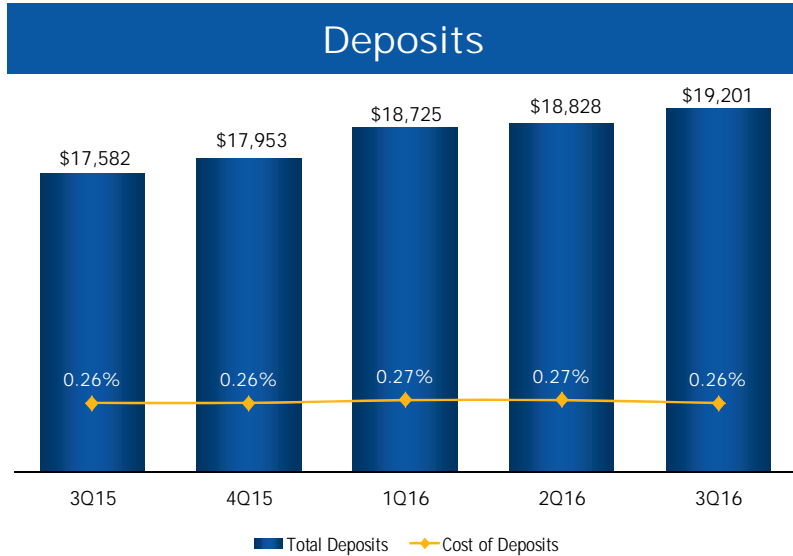
# Investment Securities

(\$ in millions)

End of period balances	September 30, 2016	June 30, 2016	Increase/ (Decrease)
<b>Available-for-Sale:</b>			
U.S. Treasury Bills	\$ 1.0	\$ 1.0	\$ 0.0
Agency CMOs	463.7	480.6	(16.9)
Agency MBS	1,001.0	1,028.4	(27.4)
Agency CMBS	484.4	321.3	163.1
Non Agency CMBS-fixed	155.9	219.7	(63.8)
Non Agency CMBS-floating	312.5	271.7	40.8
Corporate Debt Securities	99.3	100.4	(1.1)
Collateralized Loan Obligations	484.2	462.1	22.1
Single-issuer Trust Preferred Securities	38.1	36.8	1.3
<b>Total Available-for-Sale</b>	<b>\$ 3,040.1</b>	<b>\$ 2,921.9</b>	<b>\$ 118.2</b>
<b>Held-to-Maturity:</b>			
Agency CMOs	\$ 371.7	\$ 356.1	\$ 15.6
Agency MBS	2,072.5	1,990.3	82.2
Agency CMBS	624.4	658.6	(34.2)
Non Agency CMBS-fixed	341.0	364.6	(23.6)
Private Label MBS	2.0	2.4	(0.4)
Municipal Bonds and Notes	610.7	549.0	61.7
<b>Total Held-to-Maturity</b>	<b>\$ 4,022.3</b>	<b>\$ 3,921.0</b>	<b>\$ 101.3</b>

# Total Deposit and Transaction Account Trends

(\$ in millions)



# Deposit Mix and Cost | By Product

(\$ in millions)

End of period balances Full quarter cost	3Q16		2Q16		1Q16		4Q15		3Q15	
	Balance	Cost	Balance	Cost	Balance	Cost	Balance	Cost	Balance	Cost
Demand	\$ 3,994	-	\$ 3,958	-	\$ 3,626	-	\$ 3,713	-	\$ 3,551	-
Health savings accounts	4,188	0.22%	4,156	0.24%	4,084	0.24%	3,802	0.23%	3,644	0.24%
Interest-bearing checking	2,429	0.07%	2,439	0.06%	2,422	0.07%	2,370	0.05%	2,183	0.06%
Money Market	2,342	0.37%	1,987	0.36%	2,320	0.34%	1,933	0.26%	2,186	0.25%
Savings	<u>4,227</u>	<u>0.20%</u>	<u>4,287</u>	<u>0.20%</u>	<u>4,244</u>	<u>0.19%</u>	<u>4,048</u>	<u>0.18%</u>	<u>3,956</u>	<u>0.18%</u>
- Core deposits	\$ 17,180	0.16%	\$ 16,827	0.16%	\$ 16,696	0.16%	\$ 15,866	0.14%	\$ 15,520	0.14%
Time deposits	<u>2,021</u>	<u>1.11%</u>	<u>2,001</u>	<u>1.10%</u>	<u>2,029</u>	<u>1.11%</u>	<u>2,087</u>	<u>1.11%</u>	<u>2,062</u>	<u>1.11%</u>
Total	\$ 19,201	0.26%	\$ 18,828	0.27%	\$ 18,725	0.27%	\$ 17,953	0.26%	\$ 17,582	0.26%
- Core/total	89%		89%		89%		88%		88%	
- Loans/deposits	87%		86%		85%		87%		87%	

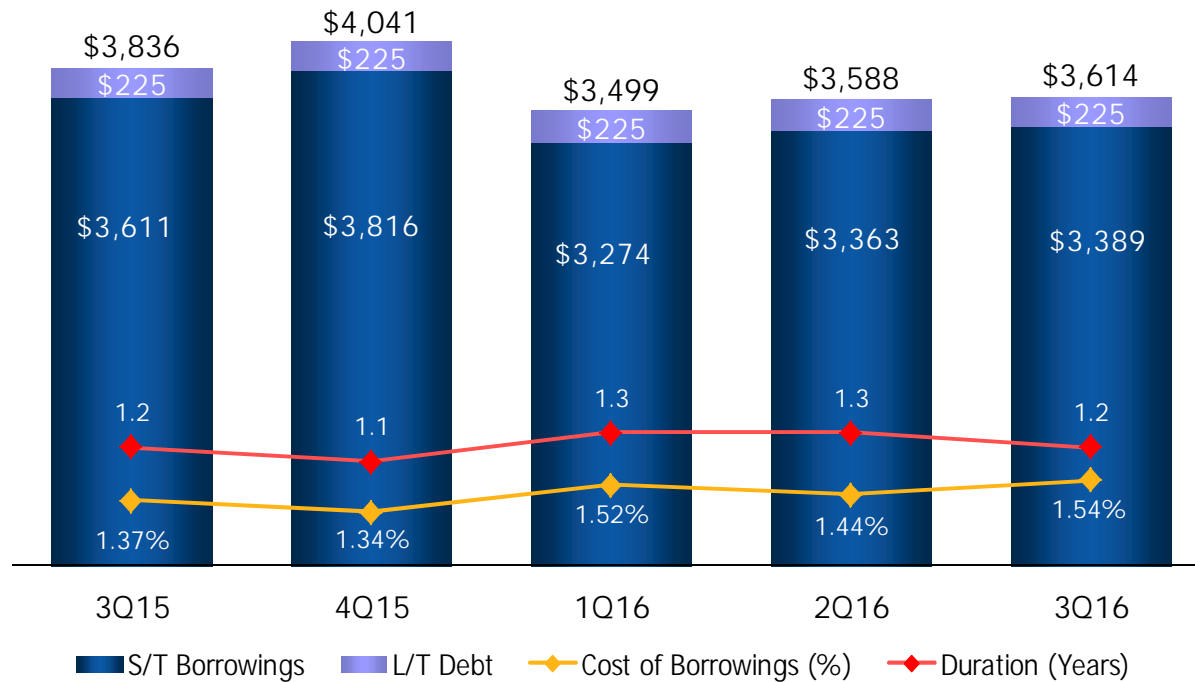
## Deposit Mix and Cost | By Line of Business

(\$ in millions)

	3Q16		2Q16		1Q16		4Q15		3Q15	
	Balance	Cost	Balance	Cost	Balance	Cost	Balance	Cost	Balance	Cost
Personal Banking	\$ 8,489	0.29%	\$ 8,549	0.29%	\$ 8,505	0.29%	\$ 8,355	0.29%	\$ 8,044	0.29%
Commercial Banking	1,426	0.06%	1,374	0.06%	1,227	0.06%	1,295	0.10%	1,183	0.06%
Treasury & Pymt Solutions	2,227	0.23%	1,866	0.23%	2,087	0.22%	1,778	0.13%	2,036	0.12%
Business Banking	2,258	0.08%	2,273	0.08%	2,173	0.08%	2,094	0.08%	2,105	0.08%
HSA Bank	4,188	0.22%	4,156	0.24%	4,084	0.24%	3,802	0.23%	3,644	0.24%
Private Banking	236	0.19%	233	0.21%	271	0.18%	228	0.18%	220	0.18%
Other	377	1.90%	377	1.91%	378	1.94%	401	1.96%	350	2.12%
Total	\$ 19,201	0.26%	\$ 18,828	0.27%	\$ 18,725	0.27%	\$ 17,953	0.26%	\$ 17,582	0.26%

# Borrowing Trends

(\$ in millions)



- ◆ Cost of borrowings increased 10 bps from 2Q16
- ◆ Borrowing duration of 1.2 years

# Borrowing Mix and Cost

(\$ in millions)

End of period balances Full quarter cost	3Q16		2Q16		1Q16		4Q15		3Q15	
	Balance	Cost	Balance	Cost	Balance	Cost	Balance	Cost	Balance	Cost
Fed Funds & Other	\$ 47	0.45%	\$ 162	0.42%	\$ 222	0.43%	\$ 317	0.24%	\$ 156	0.21%
Repos	754	1.73%	738	1.80%	689	1.95%	835	1.83%	846	1.91%
FHLB advances	<u>2,588</u>	<u>1.26%</u>	<u>2,463</u>	<u>1.14%</u>	<u>2,363</u>	<u>1.23%</u>	<u>2,664</u>	<u>1.03%</u>	<u>2,609</u>	<u>1.04%</u>
- S/T borrowings	\$ 3,389	1.33%	\$ 3,363	1.24%	\$ 3,274	1.33%	\$ 3,816	1.15%	\$ 3,611	1.17%
Long-term debt	<u>225</u>	<u>4.43%</u>	<u>225</u>	<u>4.41%</u>	<u>225</u>	<u>4.36%</u>	<u>225</u>	<u>4.30%</u>	<u>225</u>	<u>4.28%</u>
Total borrowings	\$ 3,614	1.54%	\$ 3,588	1.44%	\$ 3,499	1.52%	\$ 4,041	1.34%	\$ 3,836	1.37%
- Borrowings/assets	14%		14%		14%		16%		16%	



# Loans and Originations | By Loan Portfolio

(\$ in millions)

End of period balances Full quarter originations	3Q16		2Q16		3Q15	
	Balance	Originations	Balance	Originations	Balance	Originations
Commercial Non-Mortgage	\$ 3,575	\$ 363	\$ 3,405	\$ 436	\$ 3,034	\$ 408
Equipment Financing	622	58	618	70	553	47
Asset-Based Lending	<u>803</u>	<u>79</u>	<u>779</u>	<u>47</u>	<u>716</u>	<u>33</u>
Total Commercial	\$ 5,000	\$ 500	\$ 4,802	\$ 553	\$ 4,303	\$ 488
Commercial Real Estate	3,353	171	3,290	294	3,032	134
Business Banking	1,329	105	1,295	90	1,215	98
Residential Mortgages*	4,234	266	4,157	198	4,016	310
Consumer	<u>2,707</u>	<u>162</u>	<u>2,728</u>	<u>179</u>	<u>2,651</u>	<u>177</u>
Portfolio Total	\$ <u>16,623</u>	\$ <u>1,204</u>	\$ <u>16,272</u>	\$ <u>1,314</u>	\$ <u>15,217</u>	\$ <u>1,207</u>
Residential Mortgages originated for sale		\$ <u>138</u>		\$ <u>109</u>		\$ <u>117</u>
Total Originations		\$ <u>1,342</u>		\$ <u>1,423</u>		\$ <u>1,324</u>

\* Originations include Private Banking

# Loan Mix and Yield

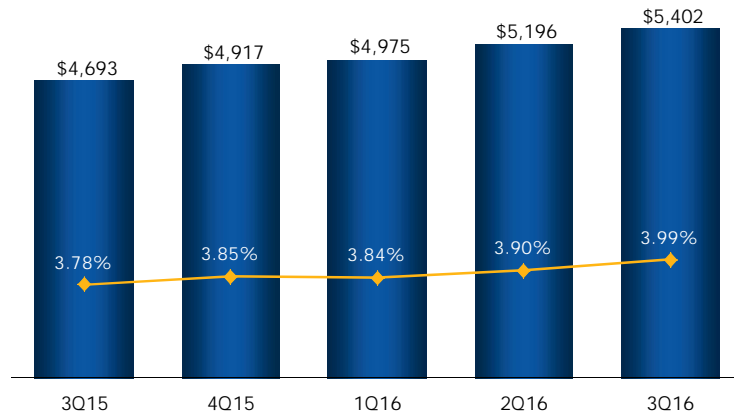
(\$ in millions)

End of period balances Full quarter yields	3Q16		2Q16		1Q16		4Q15		3Q15	
	Balance	Yield	Balance	Yield	Balance	Yield	Balance	Yield	Balance	Yield
Commercial	\$ 5,402	3.99%	\$ 5,196	3.90%	\$ 4,975	3.84%	\$ 4,917	3.85%	\$ 4,693	3.78%
CRE	4,280	3.43%	4,191	3.42%	4,047	3.48%	3,992	3.37%	3,857	3.40%
Residential	4,234	3.60%	4,157	3.61%	4,109	3.66%	4,061	3.63%	4,016	3.67%
Consumer	<u>2,707</u>	<u>4.30%</u>	<u>2,728</u>	<u>4.37%</u>	<u>2,727</u>	<u>4.37%</u>	<u>2,702</u>	<u>4.23%</u>	<u>2,651</u>	<u>4.11%</u>
Total	\$ 16,623	3.80%	\$ 16,272	3.79%	\$ 15,858	3.79%	\$ 15,672	3.73%	\$ 15,217	3.71%

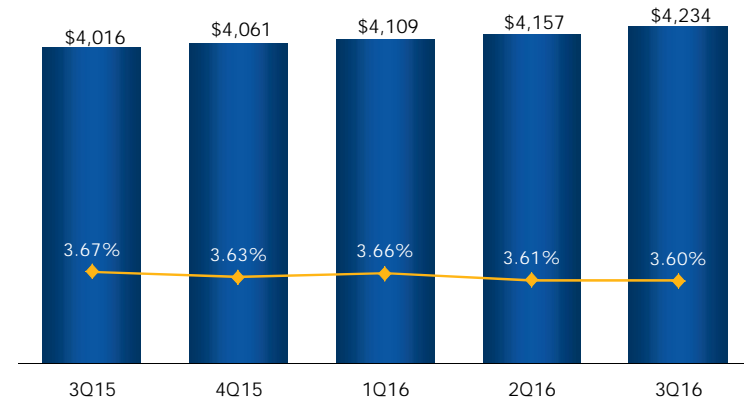
# Loan Trends and Yields

(End of period balances in millions; full quarter yields)

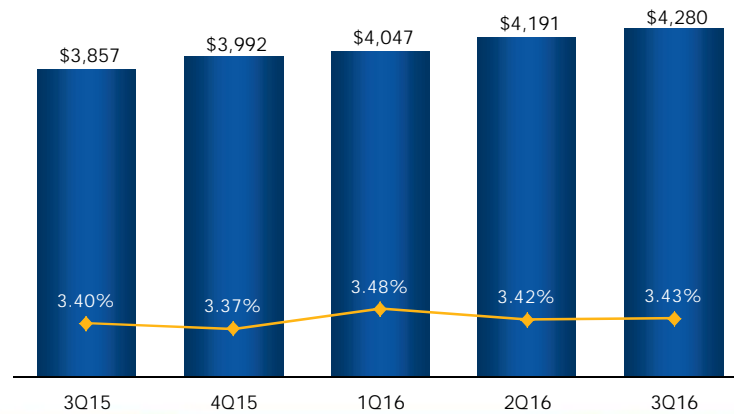
## Commercial Loans



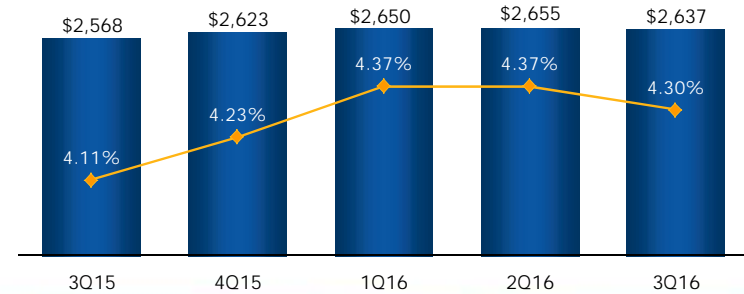
## Residential Loans



## CRE Loans



## Consumer Loans\*

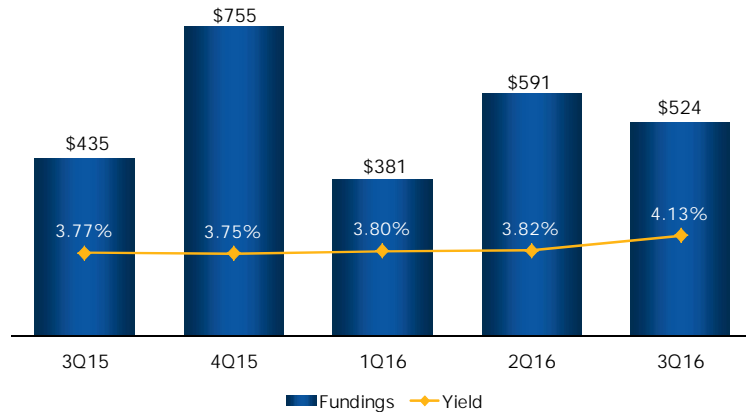


\* Consumer loans exclude the liquidating portfolio

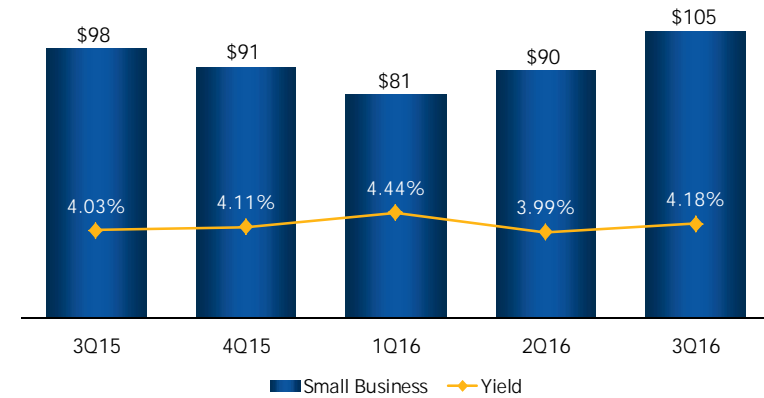
# Loan Originations and Yields

(\$ in millions)

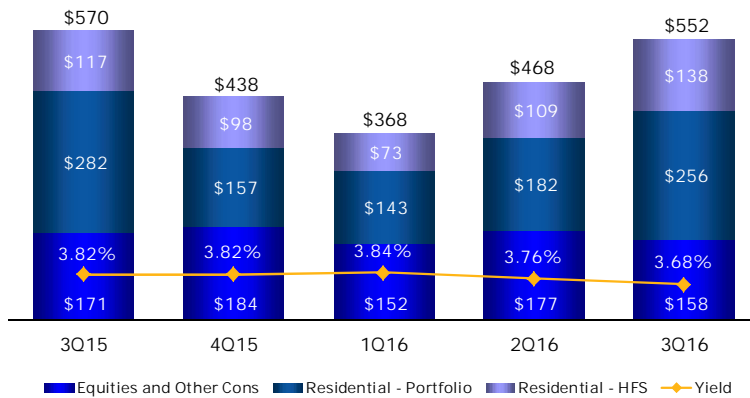
## Commercial Banking\*



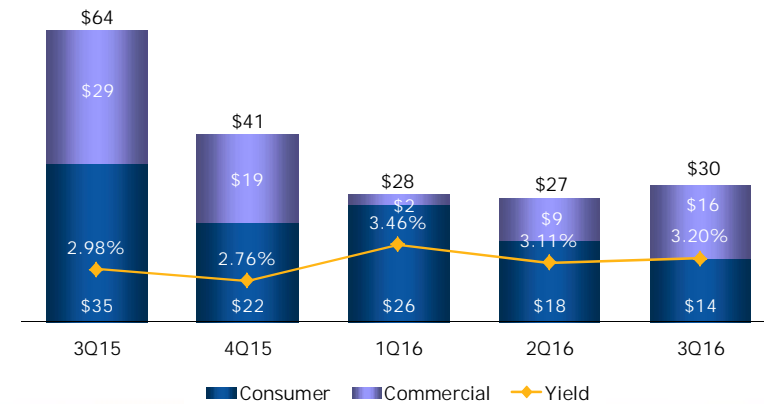
## Business Banking



## Personal Banking



## Private Banking



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

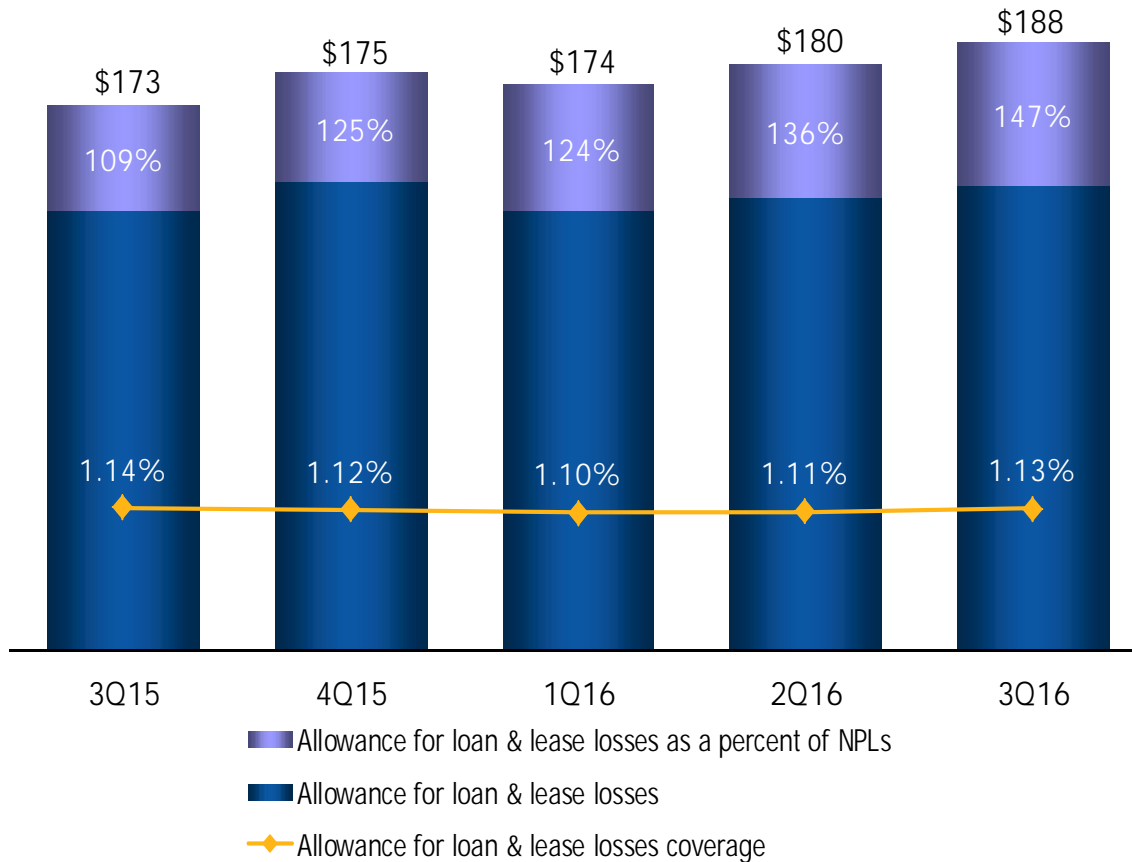
## 3Q16 Results | Net Interest Margin – Year over Year

(\$ in millions)

	3Q16			Fav./ (Unfav.)		
	Avg Bal.	Int.	Rate	Avg Bal.	Int.	Bps
Securities	\$ 6,785	\$ 49.3	2.91%	\$ (116)	\$ (1.9)	(6)
Money Market & Other	239	1.5	2.57	(62)	(0.5)	(6)
Loans HFS	58	0.4	3.02	18	0.1	(51)
Commercial Loans	9,506	90.8	3.74	1,076	13.1	13
Consumer Loans	6,918	67.2	3.88	338	3.8	4
Total Loans & Leases	16,424	158.0	3.80%	1,414	16.9	9
Interest-Earning Assets	\$ 23,506	\$ 209.2	3.53%	\$ 1,254	\$ 14.6	6
Deposits	\$ 19,279	\$ 12.6	0.26%	\$ 1,543	\$ (1.1)	0
Borrowings	3,294	12.9	1.54	(302)	(0.4)	(17)
Interest-Bearing Liabilities	\$ 22,573	\$ 25.5	0.45%	\$ 1,241	\$ (1.5)	(1)
Tax-Equivalent Net Interest Income		\$ 183.7			\$ 13.1	
Less: Tax-Equivalent Adjustment		(3.5)			(0.9)	
Net Interest Income		\$ 180.2			\$ 12.2	
Net Interest Margin			3.10%			6

# Allowance for Loan & Lease Losses

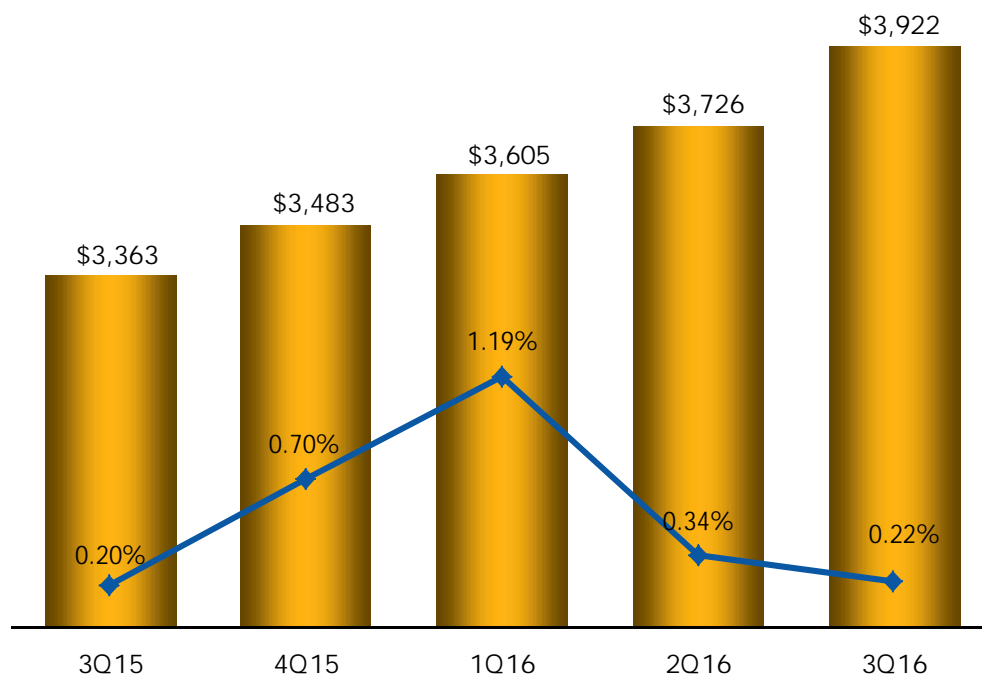
(\$ in millions and as a percent of nonperforming loans and leases)



- ▾ Provision for loan & lease losses was \$14.3 million for the quarter
- ▾ \$6.8 million in net charge-offs
- ▾ Reserve build of \$7.5 million in 3Q16 compared to \$5.1 million in 3Q15

# Commercial Non-Mortgage

Average Loans (in millions) and Net Charge-off Rate (annualized)



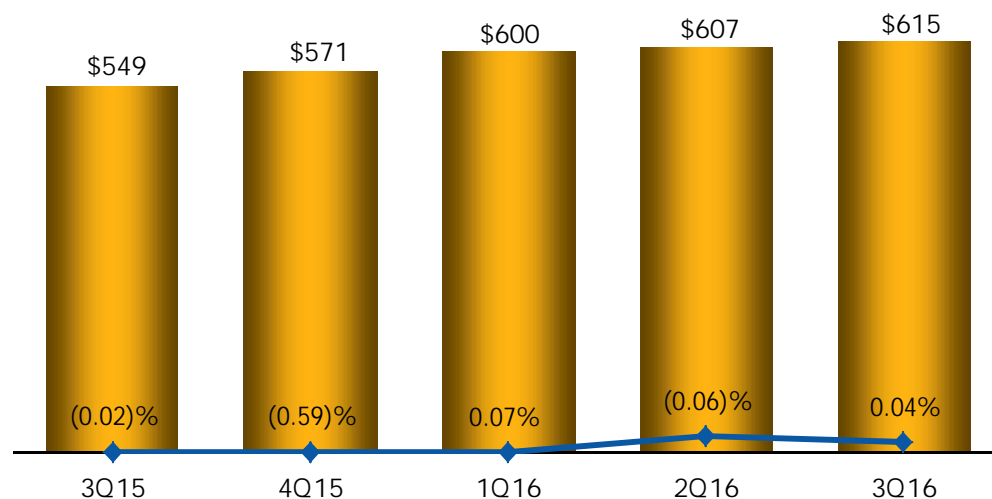
■ Unfunded commitments were \$1.7 billion for 3Q16 & 2Q16

## Portfolio Statistics

(\$ in millions)	3Q16	2Q16	3Q15
Ending Balance	\$ 3,977	\$ 3,799	\$ 3,424
Originations	\$ 399	\$ 469	\$ 439
Net Charge-offs	\$ 2.2	\$ 3.2	\$ 1.6
30 - 89 Day Past Due Rate	0.06 %	0.21 %	0.13 %
Nonperforming Loan Rate	0.69 %	0.76 %	1.18 %
NPLs	\$ 27.4	\$ 28.7	\$ 40.2
Portion of NPLs paying	\$ 8.6	\$ 5.7	\$ 15.9
New Nonaccruals	\$ 2.0	\$ 1.7	\$ 3.2

# Equipment Financing

Average Loans (in millions) and Net Charge-off Rate (annualized)



## Portfolio Statistics

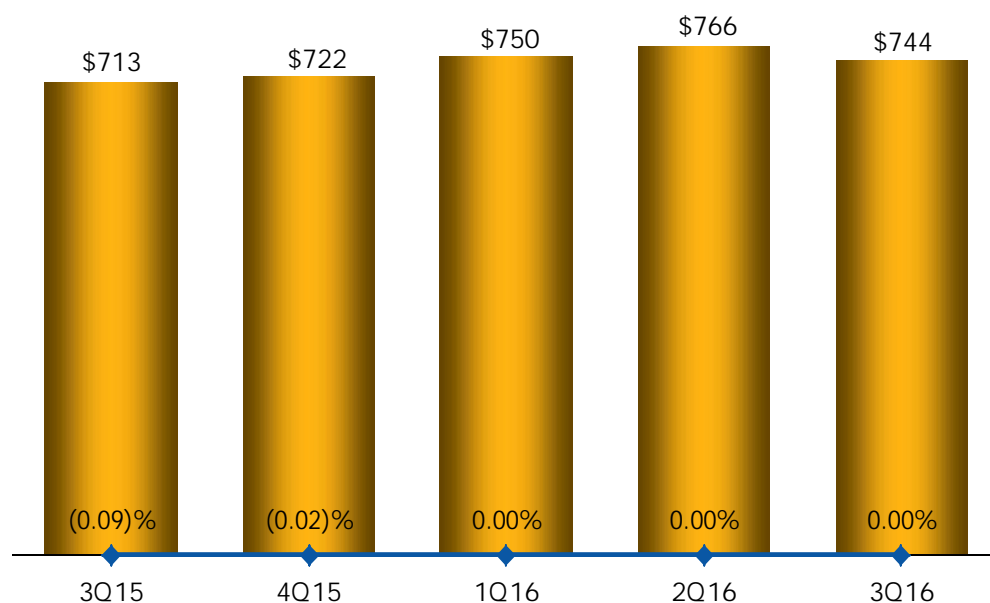
(\$ in millions)	3Q16	2Q16	3Q15
Ending Balance	\$ 622	\$ 618	\$ 553
Originations	\$ 58	\$ 70	\$ 47
Net Charge-offs (Recoveries)	\$ 0.1	\$ (0.1)	\$ 0.0
30 - 89 Day Past Due Rate	0.56 %	0.07 %	0.13 %
Nonperforming Loan Rate	0.03 %	0.08 %	0.07 %
NPLs	\$ 0.2	\$ 0.5	\$ 0.4
Portion of NPLs paying	\$ 0.0	\$ 0.0	\$ 0.0
New Nonaccruals	\$ 0.1	\$ 0.0	\$ 0.1

- Primarily consists of Transportation, Construction, and Manufacturing



# Asset-Based Lending

Average Loans (in millions) and Net Charge-off Rate (annualized)



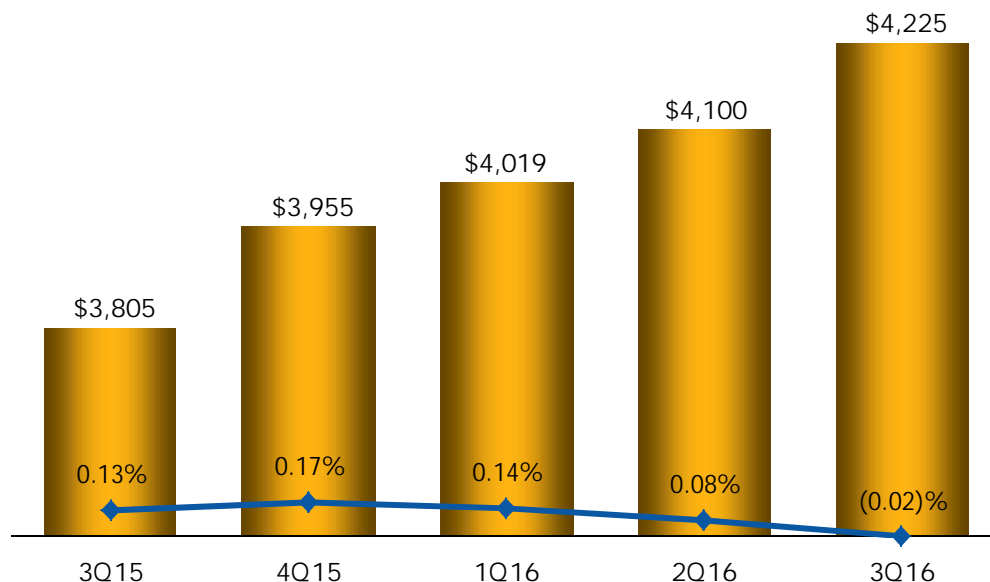
## Portfolio Statistics

(\$ in millions)	3Q16	2Q16	3Q15
Ending Balance	\$ 803	\$ 779	\$ 716
Originations	\$ 79.0	\$ 47	\$ 33
Net Charge-offs/(Recoveries)	\$ 0.0	\$ 0.0	\$ (0.2)
30 - 89 Day Past Due Rate	0.00 %	0.00 %	0.00 %
Nonperforming Loan Rate	0.00 %	0.00 %	0.00 %
NPLs	\$ 0.0	\$ 0.0	\$ 0.0
Portion of NPLs paying	\$ 0.0	\$ 0.0	\$ 0.0
New Nonaccruals	\$ 0.0	\$ 0.0	\$ 0.0

- Primarily consists of Manufacturing, Distributors, Services and Retail
- Unfunded commitments were \$381.5 million for 3Q16 compared to \$362.4 million for 2Q16

# Commercial Real Estate

Average Loans (in millions) and Net Charge-off Rate (annualized)



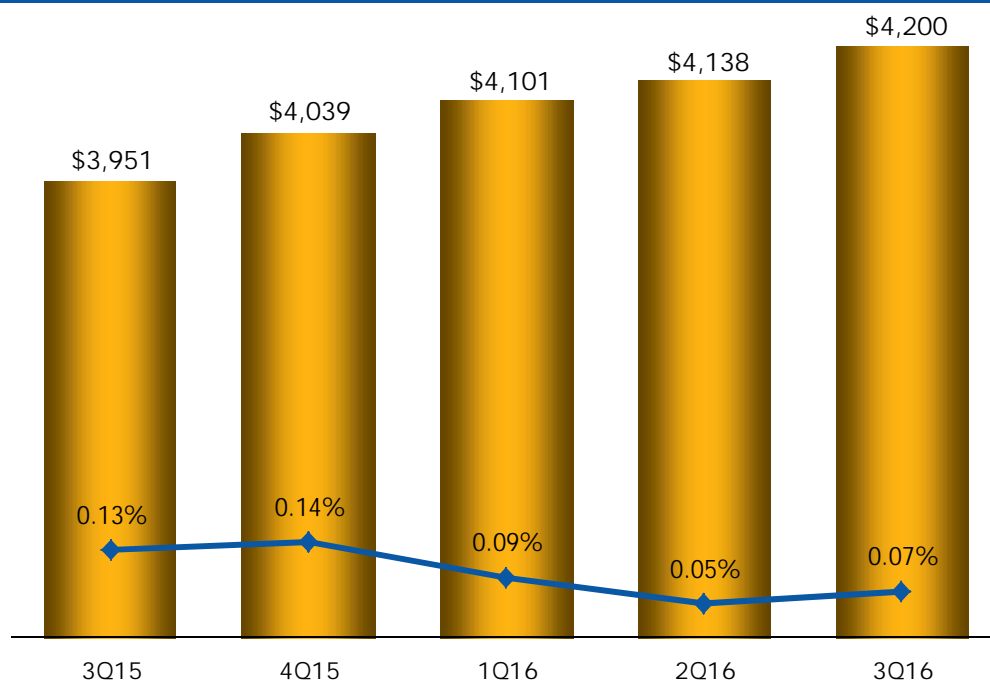
Portfolio Statistics

(\$ in millions)	3Q16	2Q16	3Q15
Ending Balance	\$ 4,280	\$ 4,191	\$ 3,857
Originations	\$ 240	\$ 351	\$ 201
Net (Recoveries) Charge-offs	\$ (0.2)	\$ 0.8	\$ 1.3
30 - 89 Day Past Due Rate	0.16 %	0.07 %	0.05 %
Nonperforming Loan Rate	0.34 %	0.33 %	0.62 %
NPLs	\$ 14.4	\$ 13.9	\$ 23.8
Portion of NPLs paying	\$ 1.3	\$ 0.6	\$ 0.1
New Nonaccruals	\$ 1.4	\$ 1.0	\$ 0.6

- Diversified by product, geography, and property type; in-construction balance of \$331 million; 70% of the loan portfolio is located in Webster's core lending market
  - ▶ Loans outside of the core lending market are primarily related to sponsors located within Webster's target market
  - ▶ Notable property type concentrations are Multi-Family (26% of the portfolio), Industrial and Warehouse (19% of the portfolio), Office (16% of the portfolio), and Shopping Center/Retail (13% of the portfolio)
  - ▶ Unfunded commitments were \$403.1 million for 3Q16 compared to \$443.9 million for 2Q16

# Residential Mortgages

Average Loans (in millions) and Net Charge-off Rate (annualized)



## Portfolio Statistics

(\$ in millions)	3Q16	2Q16	3Q15
Ending Balance	\$ 4,234	\$ 4,157	\$ 4,016
Originations	\$ 266	\$ 198	\$ 310
Net Charge-offs	\$ 0.8	\$ 0.5	\$ 1.3
30 - 89 Day Past Due Rate	0.26 %	0.23 %	0.43 %
Nonperforming Loan Rate	1.16 %	1.26 %	1.43 %
NPLs	\$ 49.1	\$ 52.4	\$ 57.6
Portion of NPLs paying	\$ 10.8	\$ 13.6	\$ 13.3
New Nonaccruals	\$ 6.3	\$ 5.5	\$ 7.0

- ▀ Updated weighted-average FICO of 744, unchanged from the prior quarter and updated LTV of 63%, slightly up from the prior quarter
  - ▶ At-origination FICO of 752 and LTV of 70%
- ▀ 64% Jumbo, 36% Conforming
- ▀ Portfolio originations include \$150 million generated through correspondent lending channels. In addition to portfolio originations, \$138 million was originated for sale

# Personal Banking | Residential Mortgage Production Trends

(\$ in millions)

## Overview:

- \$394 million in total originations
- \$256 million originated for portfolio (89% jumbo)
- \$138 million originated for sale; gain on sale of \$3.3 million

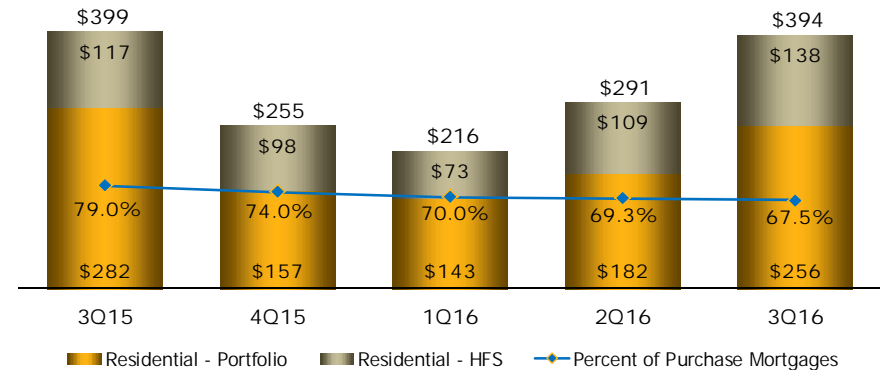
## Year Over Year:

- 1.2% decrease in total residential mortgage production
- 9.2% decrease in mortgages originated for portfolio
- Portfolio originated purchase percent 68% vs. 79%
- 18.2% increase in mortgages originated for sale

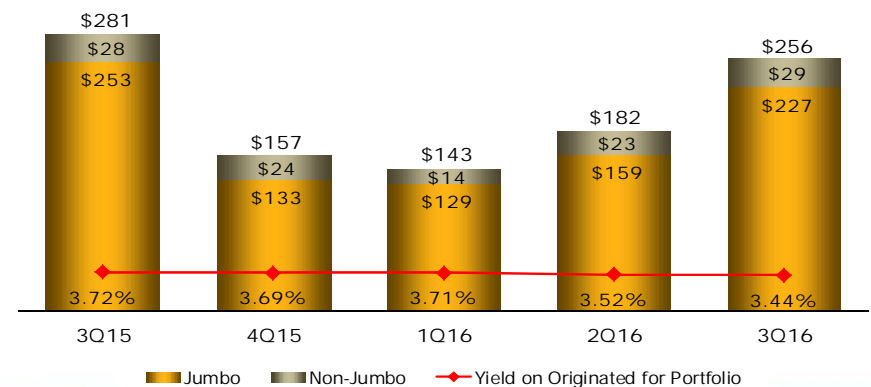
## Linked Quarter:

- 35.4% increase in total residential mortgage production
- 40.4% increase in mortgages originated for portfolio
- Portfolio originated purchase percent 68% vs. 69%
- 27.2% increase in mortgages originated for sale

## Total Residential Mortgage Production

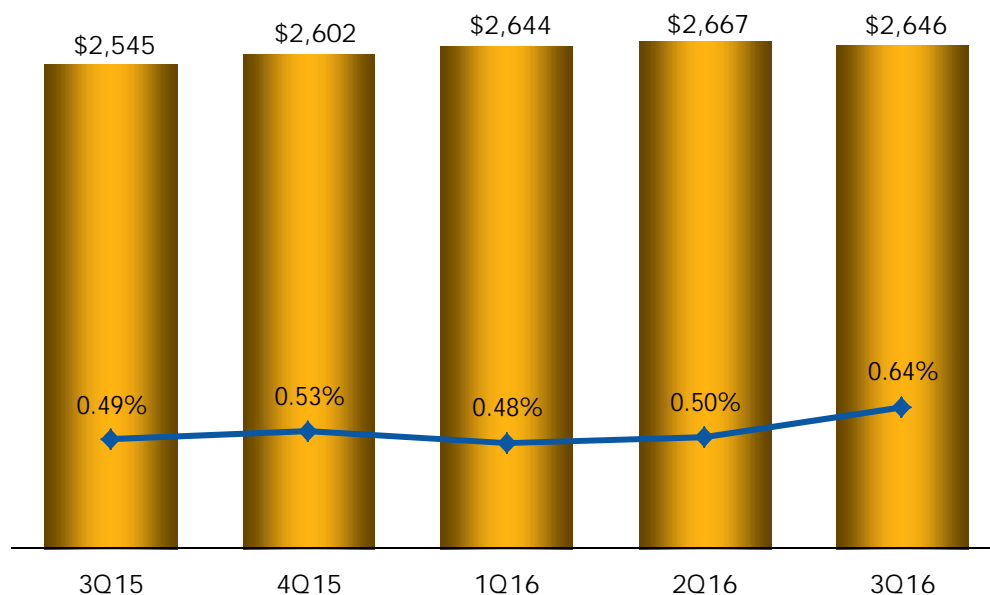


## Residential Mortgage Production – for Portfolio



# Consumer

Average Loans (in millions) and Net Charge-off Rate (annualized)



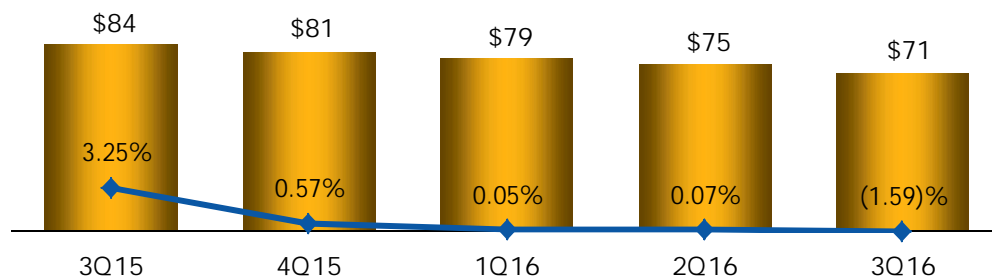
Portfolio Statistics

(\$ in millions)	3Q16	2Q16	3Q15
Ending Balance	\$ 2,637	\$ 2,655	\$ 2,568
Originations	\$ 162	\$ 179	\$ 177
Net Charge-offs	\$ 4.2	\$ 3.3	\$ 3.1
30 - 89 Day Past Due Rate	0.53 %	0.47 %	0.62 %
Nonperforming Loan Rate	1.30 %	1.28 %	1.28 %
NPLs	\$ 34.3	\$ 34.0	\$ 33.0
Portion of NPLs paying	\$ 12.3	\$ 12.4	\$ 13.8
New Nonaccruals	\$ 8.0	\$ 7.2	\$ 8.1

- 90% home equity (78% lines; 22% loans); line utilization of 51% flat from the prior quarter, and 10% of the portfolio in consumer installment loans
- 94% of the portfolio is within the retail footprint
- 42% of Home Equity is in 1<sup>st</sup> lien position
- Portfolio updated weighted-average FICO of 736 and CLTV of 66% (FICO of 774 and CLTV of 66% at origination)
- Unfunded commitments were \$1.9 billion in 3Q16 and 2Q16

# Liquidating

Average Loans (in millions) and Net Charge-off Rate (annualized)



## Portfolio Statistics

(\$ in millions)	3Q16	2Q16	3Q15
Ending Balance	\$ 70	\$ 73	\$ 83
Net (Recoveries) Charge-offs	\$ (0.3)	\$ 0.0	\$ 0.7
30 - 89 Day Past Due Rate	2.03 %	1.79 %	1.15 %
Nonperforming Loan Rate	4.06 %	4.60 %	4.79 %
NPLs	\$ 2.8	\$ 3.4	\$ 4.0
Portion of NPLs paying	\$ 1.5	\$ 1.5	\$ 1.9
New Nonaccruals	\$ 0.1	\$ 0.3	\$ 0.3

- Consists of home equity loans and lines originated prior to 2008 (outside of footprint)

# Troubled Debt Restructures (TDRs)

(\$ in millions)

	Accrual				Nonaccrual		
	Balance of Loans *	Coupon Rate		Modified Greater than One Year	Balance of Loans *	Coupon Rate	
		Before	After			Before	After
<u>At September 30, 2016</u>							
Consumer Finance	\$ 102.2	5.7%	4.7%	\$ 97.7	\$ 53.3	5.2%	4.4%
Commercial	36.4	5.5%	5.5%	8.8	12.7	5.0%	5.0%
Commercial Real Estate	10.7	3.2%	3.2%	10.2	5.8	9.6%	9.6%
Total	\$ 149.3	5.4%	4.8%	\$ 116.7	\$ 71.8	5.5%	4.9%
<u>At June 30, 2016</u>							
Consumer Finance	\$ 105.9	5.7%	4.8%	\$ 101.7	\$ 56.3	5.1%	4.4%
Commercial	30.6	5.6%	5.6%	8.0	12.9	5.0%	5.0%
Commercial Real Estate	18.1	3.0%	3.0%	17.8	5.6	9.6%	9.6%
Total	\$ 154.6	5.4%	4.7%	\$ 127.5	\$ 74.8	5.4%	4.9%

\* Net of related valuation allowance

## Webster Financial Corporation Capital Ratios

	At September 30, 2016*	At June 30, 2016	At September 30, 2015	Well Capitalized
Common Equity Tier 1 Risk-Based Capital	10.46%	10.50%	10.78%	6.5%
Tangible Common Equity	7.25%	7.25%	7.25%	na
Tangible Equity	7.74%	7.75%	7.78%	na
Tier 1 Leverage	8.16%	8.11%	8.27%	5.0%
Tier 1 Risk-Based Capital	11.14%	11.19%	11.62%	8.0%
Total Risk-Based Capital	12.62%	12.66%	13.02%	10.0%

At September 30, 2016* (\$ in millions)	Capital*	Excess Over Well Capitalized*
Common Equity Tier 1 Risk-Based Capital	\$ 1,892	\$ 716
Tier 1 Leverage	\$ 2,015	\$ 781
Tier 1 Risk-Based Capital	\$ 2,015	\$ 568
Total Risk-Based Capital	\$ 2,283	\$ 474

- Tangible book value per common share of \$19.80 at September 30, 2016 compared to \$19.41 at June 30, 2016 and \$18.54 a year ago

\*Preliminary



# Efficiency Ratio | non-GAAP

(\$ in thousands)

	3Q16	2Q16	1Q16	4Q15	3Q15
Non-Interest Expense	\$ 156,097	\$ 152,778	\$ 152,445	\$ 143,780	\$ 139,937
Foreclosed Property Activity, Net	(45)	123	158	(1)	(202)
Amortization of Intangibles	(1,493)	(1,523)	(1,554)	(1,588)	(1,621)
Severance	(766)	(238)	(401)	(254)	(34)
Acquisitions, Branch & Facility Optimization	(27)	(22)	(816)	362	243
Non-Interest Expense (net of above)	<u>\$ 153,766</u>	<u>\$ 151,118</u>	<u>\$ 149,832</u>	<u>\$ 142,299</u>	<u>\$ 138,323</u>
Net Interest Income Before Provision	\$ 180,197	\$ 176,905	\$ 176,152	\$ 173,340	\$ 168,010
FTE Adjustment	3,478	3,282	2,975	2,738	2,596
Non-Interest Income	66,412	65,075	62,374	59,679	61,292
Gain on Securities	0	(94)	(320)	(80)	0
Other	236	655	481	303	324
Total Revenue (net of above)	<u>\$ 250,323</u>	<u>\$ 245,823</u>	<u>\$ 241,662</u>	<u>\$ 235,980</u>	<u>\$ 232,222</u>
Efficiency Ratio	61.43%	61.47%	62.00%	60.30%	59.56%

# Webster 3Q16 Financial Review

## Forward-looking Statements

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

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