



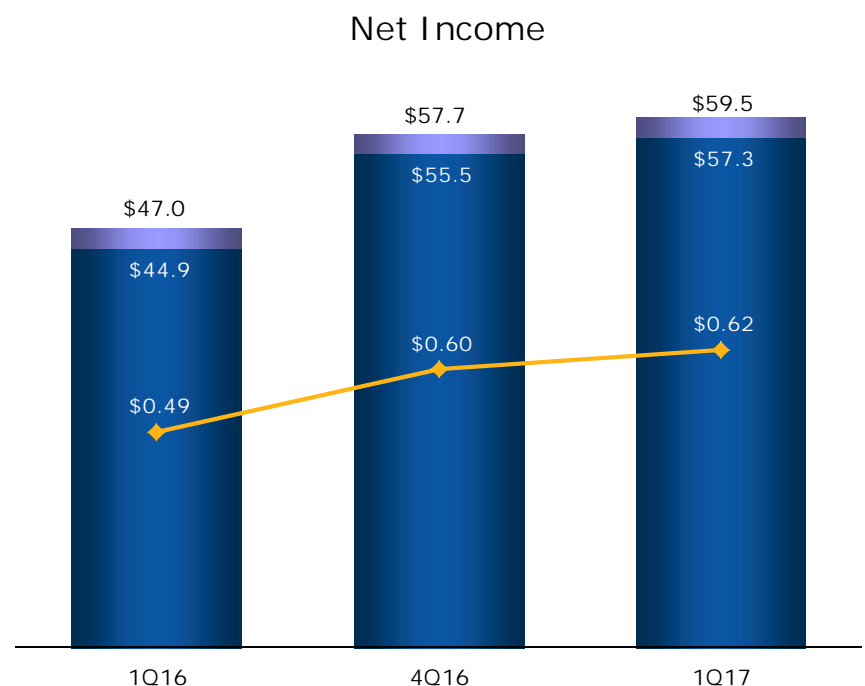
Webster
Financial Corporation

LIVING UP TO YOU™

First Quarter 2017
Earnings Conference Call
April 21, 2017

WBS 1Q17 Earnings | Highlights

(\$ in millions, except EPS data)



■ Preferred Stock Dividends & Other of \$2.1M in 1Q17, \$2.2M in 4Q16 and \$2.1M in 1Q16
■ Earnings Applicable to Common Shareholders

◆ Diluted earnings per common share

ROACE:		
7.80%	9.26%	9.43%
ROATCE:		
10.53%	12.31%	12.47%

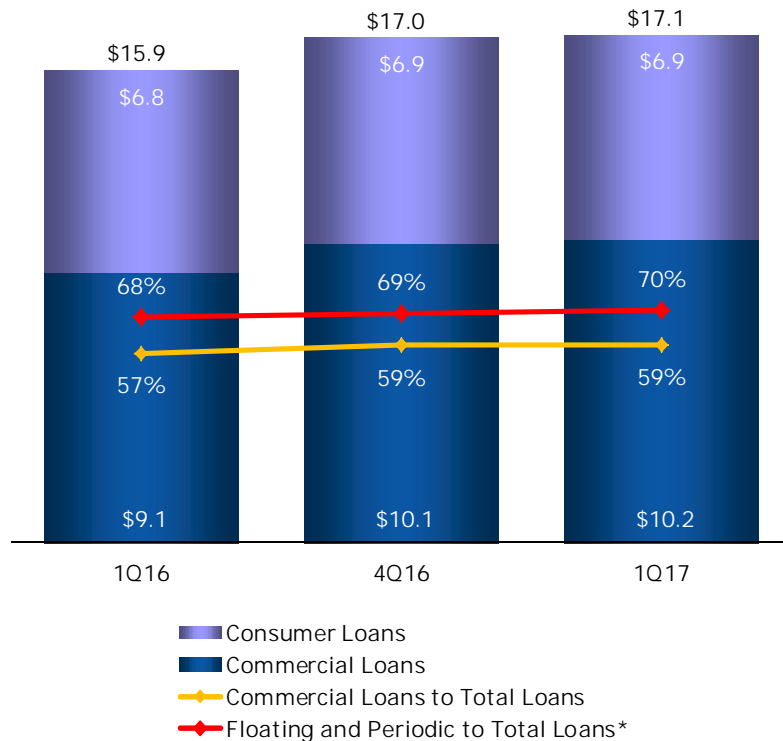
Key Observations:

- Return on average common shareholders' equity of 9.43%
- Continued progress in our growth strategies:
 - 19 consecutive quarters of double-digit year-over-year commercial loan growth
 - HSA Bank year-over-year growth of 20.2% in total footings and account growth of 20.9%
 - 30 consecutive quarters of year-over-year revenue growth with total revenue of \$256 million (+7.3%)
- Expenses support strategic approach to investing capital and resources (+7.4%)
- Effective tax rate of 27%
- Stable credit performance
- Strong capital position to support ongoing growth

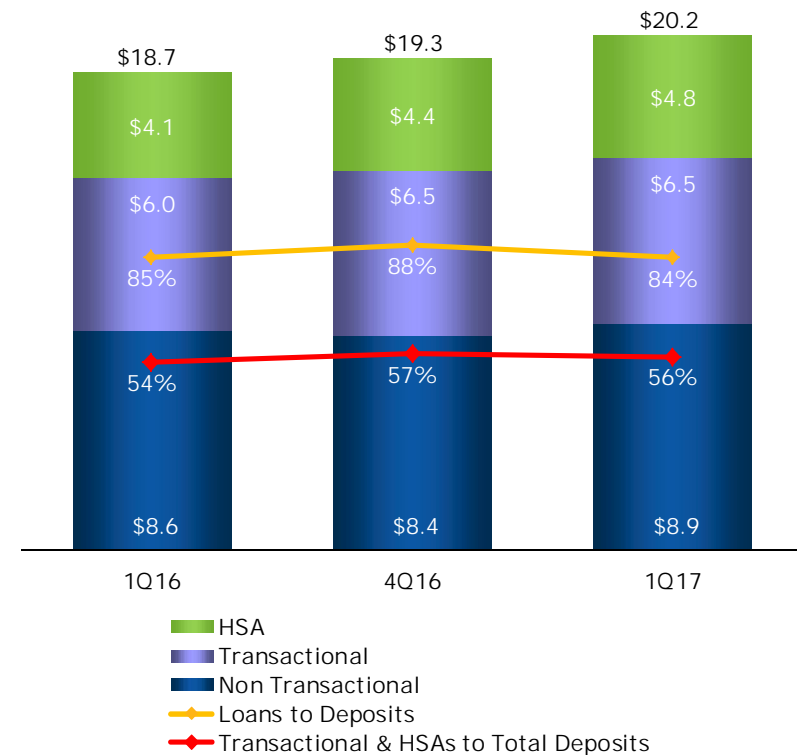
WBS 1Q17 Earnings | Loans & Deposits

(\$ in billions)

Loans: +7.8% YOY



Deposits: +8.1% YOY



\$1.1 billion of commercial loan growth over the past year, fully funded by HSA and transactional deposit growth

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

WBS 1Q17 Earnings | Commercial Banking

(\$ in millions)

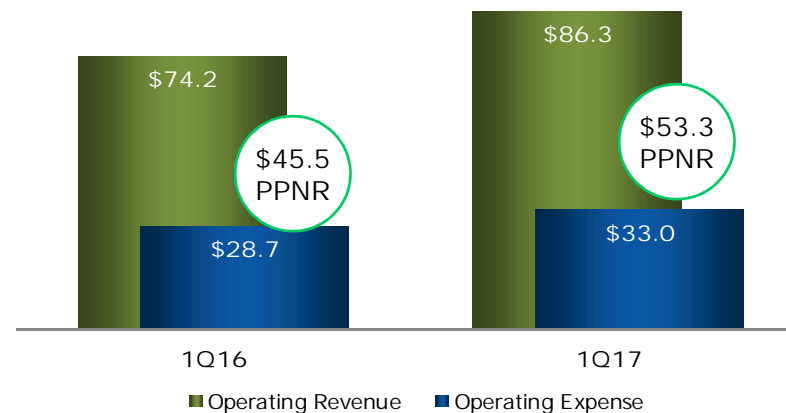
Loans: +12.7% YOY



Portfolio yield:

3.59% 3.79% 3.99%

PPNR: +17.1% YOY



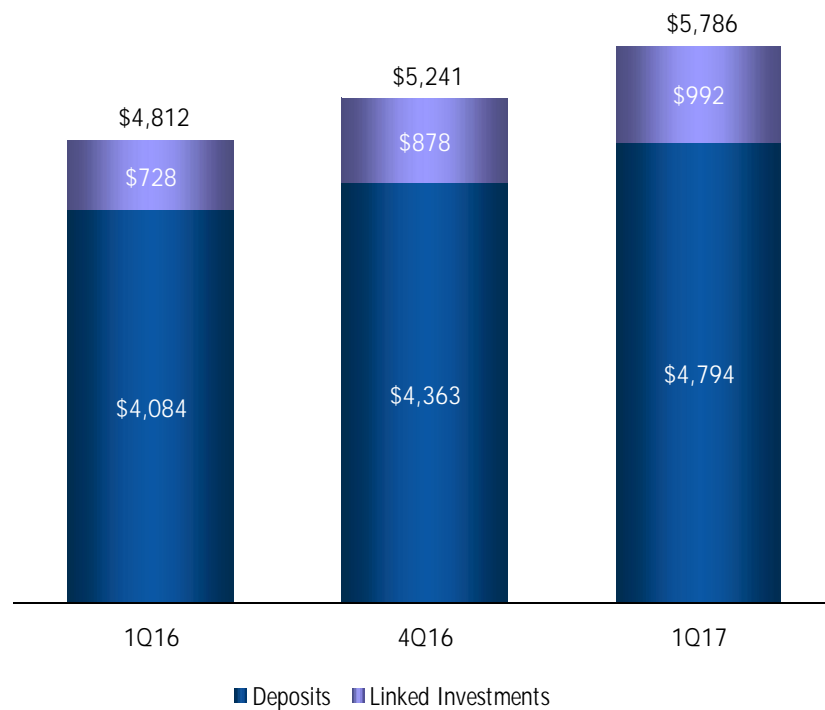
Key Business Metrics

	1Q17	Increase / (Decrease)	
		4Q16	1Q16
Loan originations	\$ 695	\$ (446)	\$ 199
Loan fundings	\$ 535	\$ (327)	\$ 154
Yield on fundings	4.90%	+108 bps	+111 bps
Pipeline	\$ 271	\$ 51	\$ (191)
Deposits	\$ 3,675	\$ 309	\$ 360
Transaction deposits / Total deposits	57.99%	-730 bps	+95 bps
Non-interest income / Total revenue	12.80%	-265 bps	-96 bps

WBS 1Q17 Earnings | HSA Bank

(\$ in millions)

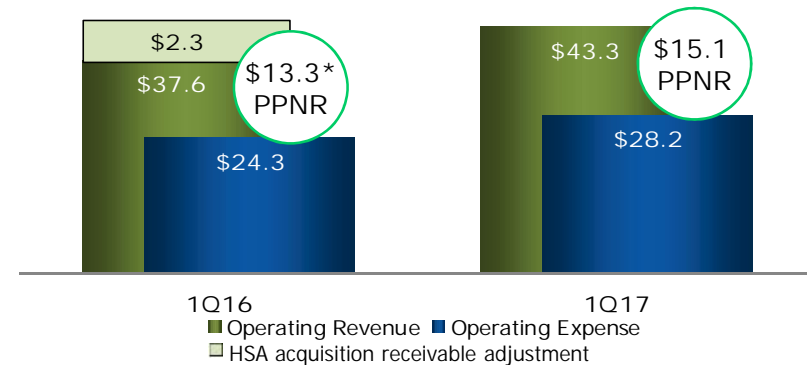
Total Footings: +20.2% YOY
Total Deposits: +17.4% YOY
Total Accounts: +20.9% YOY



Deposit Cost:

0.24% 0.21% 0.20%

PPNR: +13.5% YOY*



Key Business Metrics

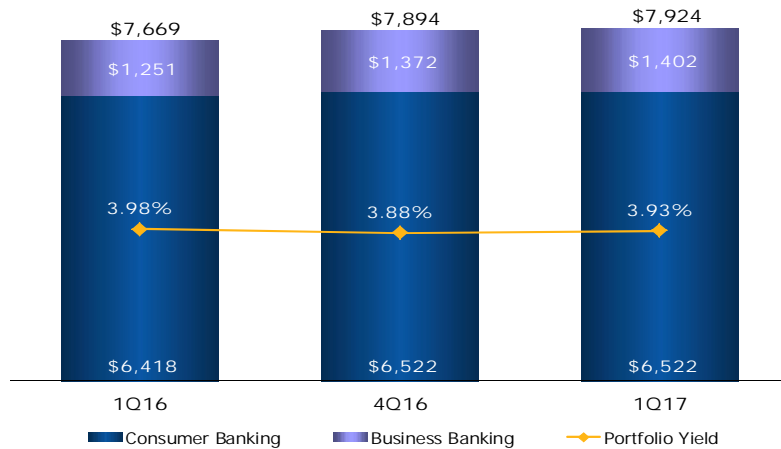
End of period	1Q17	Increase / (Decrease)	
		4Q16	1Q16
Accounts	2,381	290	412
% < 2 years old	58.89%	+210 bps	+59 bps
% of Unfunded accounts	6.51%	+51 bps	+299 bps
Footings per account	\$ 2,431	\$ (76)	\$ (14)
Investments as % of total footings	17.15%	+39 bps	+201 bps
New accounts ('000)	371	273	36
PPNR/avg. account *	\$ 26.99	\$ 2.31	\$ (1.58)

*1Q16 PPNR excludes HSA acquisition receivable adjustment. Including adjustment, PPNR was \$15.6M

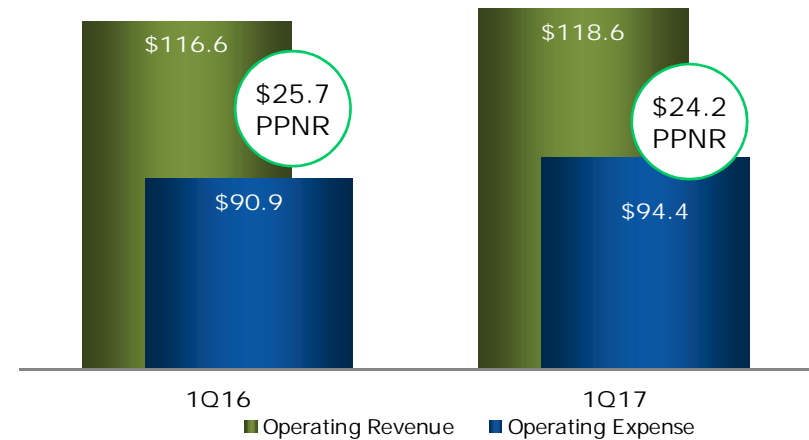
WBS 1Q17 Earnings | Community Banking

(\$ in millions)

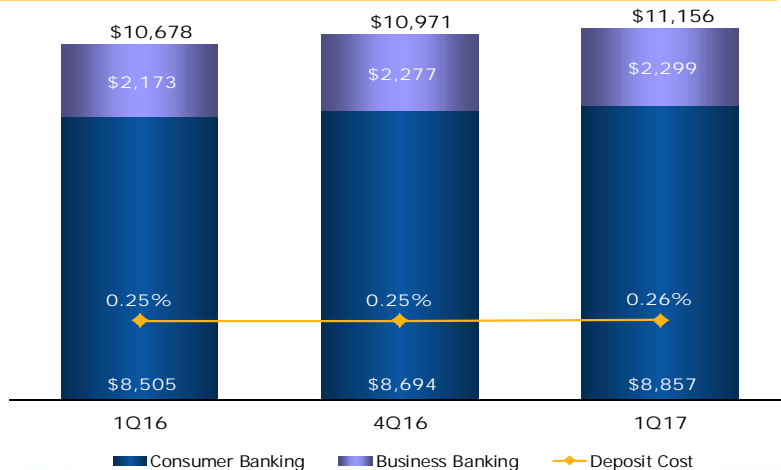
Loans: +3.3% YOY



PPNR: -6.2% YOY



Deposits: +4.5% YOY



Key Business Metrics

	1Q17	4Q16	1Q16	Increase / (Decrease)
Loan originations - Mortgage / Consumer	\$ 375	\$ (137)	\$ 7	
Loan originations - Business Banking	\$ 90	\$ (20)	\$ 9	
Yield on fundings	4.07%	+30 bps	+13 bps	
Transaction deposits / Total deposits	38.77%	-31 bps	+56 bps	
Digitally active households / Total households	45.80%	+140 bps	+140 bps	
Self-service transactions / Total transactions	70.00%	+60 bps	+110 bps	
Assets Under Administration	\$ 3,078	\$ 98	\$ 327	

WBS 1Q17 Earnings | Balance Sheet

(\$ in millions)

(Average balances)	Increase / (Decrease)		
	1Q17	4Q16	1Q16
Securities	\$ 7,071	\$ 13	\$ 176
Commercial loans	\$ 10,099	\$ 290	\$ 1,124
Consumer loans	<u>6,942</u>	<u>(5)</u>	<u>118</u>
Total loans	\$ 17,041	\$ 285	\$ 1,242
Deposits	\$ 20,018	\$ 729	\$ 1,533
Borrowings	\$ 3,268	\$ (550)	\$ (345)
Common equity	\$ 2,437	\$ 34	\$ 124

(At end of period)

Key Ratios:			
Loans / total deposits	84.5%	-375 bps	-24 bps
Transactional & HSAs / total deposits	55.9%	-63 bps	+179 bps
Common Equity Tier 1	10.73%	+21 bps	+12 bps
Tangible Common Equity	7.34%	+15 bps	+21 bps
Tangible book value per common share	\$ 20.26	\$ 0.32	\$ 1.31

Highlights:

1Q17 yield of 2.98%, +13 bps LQ; duration of 4.1 years

Growth of 3.0% LQ (+11.8% annualized)

Modest growth in residential offset by decline in other consumer

Total loan growth of 1.7% LQ

Health Savings Accounts +\$507 million LQ (+12%)

Borrowings paid down by deposit growth

1Q17 dividends of \$23.1 million

Multiple deposit levers funding balance sheet growth

HSA's now 24% of total deposits vs. 22% a year ago

Ratio remains in excess of Basel III 6.5% well-capitalized level

LQ increase reflects growth in tangible common equity (+ 8% annualized)

WBS 1Q17 Earnings | Income Statement

(\$ in millions)

Highlights:

	Increase / (Decrease)		
	1Q17	4Q16	1Q16
Net interest income	\$ 192.7	\$ 7.4	\$ 16.5
Total non-interest income	<u>63.0</u>	<u>(7.6)</u>	<u>0.6</u>
Total revenue	\$ 255.7	\$ (0.2)	\$ 17.1
Less: Gain on securities (including write-downs)	0.0	(0.0)	(0.2)
One time gain on the sale of an asset	<u>0.0</u>	<u>(7.3)</u>	<u>0.0</u>
Total non-interest expense	<u>\$ 163.8</u>	<u>\$ 1.9</u>	<u>\$ 11.4</u>
Pre-provision net revenue	\$ 91.9	\$ (2.1)	\$ 5.7
Provision for loan losses	\$ 10.5	\$ (2.0)	\$ (5.1)
Reported pre-tax income	\$ 81.4	\$ (0.1)	\$ 10.9
Reported Net Income	\$ 59.5	\$ 1.8	\$ 12.5
Tax Rate	27.0%	-230 bps	-620 bps
Efficiency Ratio (non-GAAP) ⁽¹⁾	62.10%	-103 bps	+10 bps

LQ increase driven by NIM expansion (11 bps) and average loan growth (171 bps)

LQ decline reflects \$7.3 million asset sale gain in Q4

Seasonal expense increases and continued strategic investments

LQ decline reflects favorable credit profile and modest growth compared to 4Q16

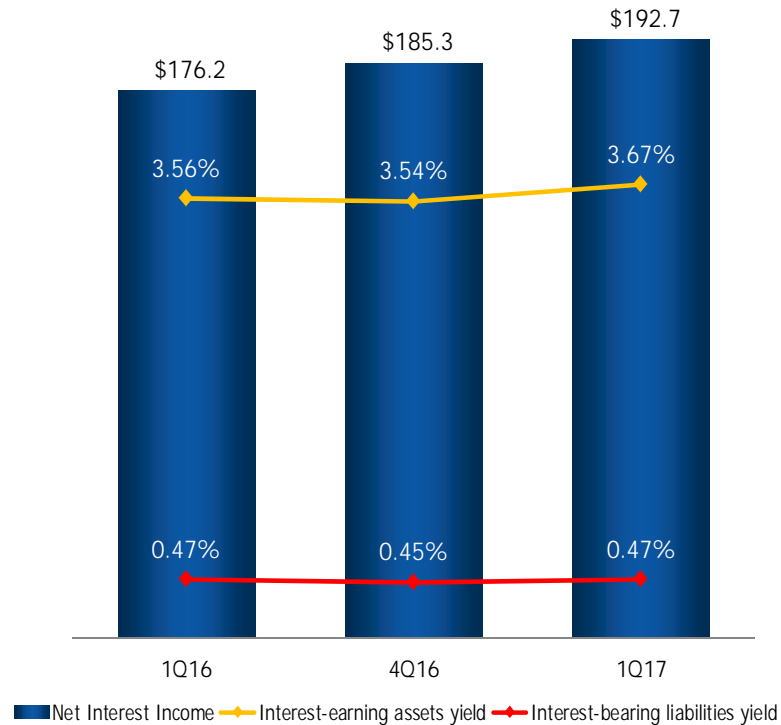
Modest improvement from 4Q16, as expected

¹ See reconciliation on page 15

WBS 1Q17 Earnings | Net Interest Income

(\$ in millions)

+9.4% YOY



NIM:

3.11% 3.11% 3.22%

Linked Quarter Drivers:

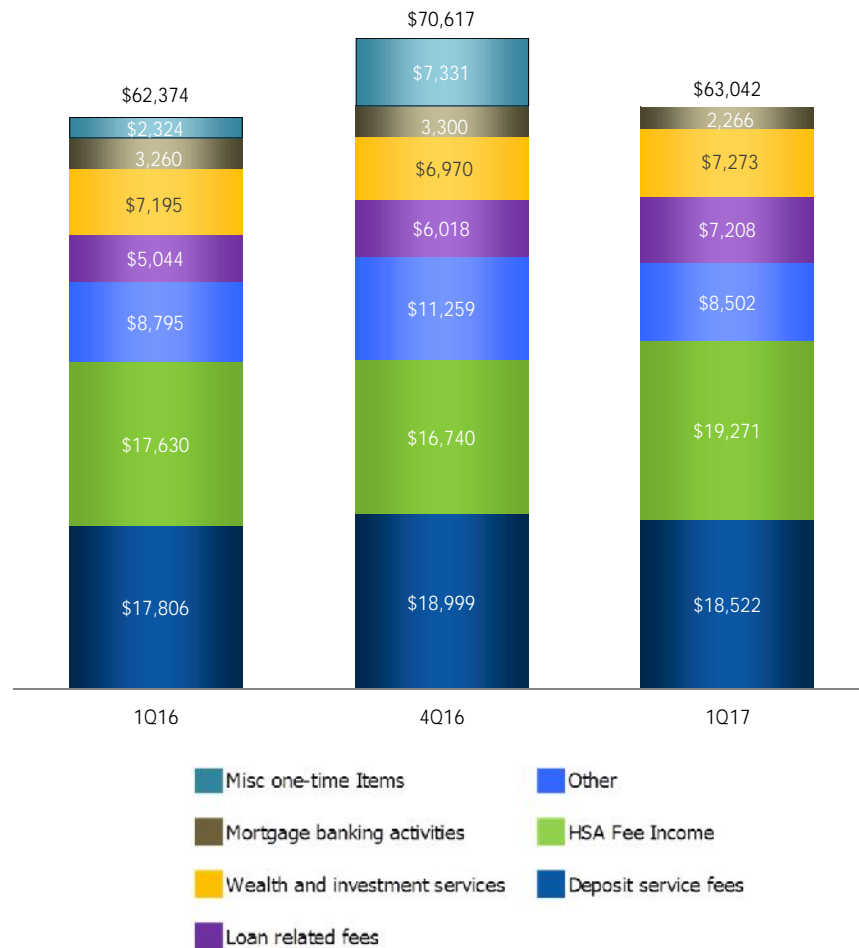
- ▀ NII: +\$7.4 million (non FTE)
 - \$5.8 million increase in interest on loans (yield up 13 bps)
 - \$2.5 million increase in interest on securities, reflecting \$3.1 million decrease in securities premium amortization to \$11.3 million (yield up 13 bps)
 - \$0.8 million increase in interest on deposits (yield up 1 bp)

- ▀ NIM: +11 bps
 - +10 bps from loans
 - +4 bps from securities
 - 3 bps from borrowings
 - 0 bps from deposits

WBS 1Q17 Earnings | Non-interest Income

(\$ in thousands)

Diverse Sources



Key Observations:

- ▮ \$7.6 million decrease linked-quarter
 - ▶ Decrease is due to a prior quarter one time gain on the sale of an asset (\$7.3 million)
 - ▶ Increase in HSA fee income is related to interchange and service fees
 - ▶ Increase in loan related fees due to increased syndication volume
 - ▶ Decrease in other is due to lower client hedge fees and lower fee driven commercial loan activity

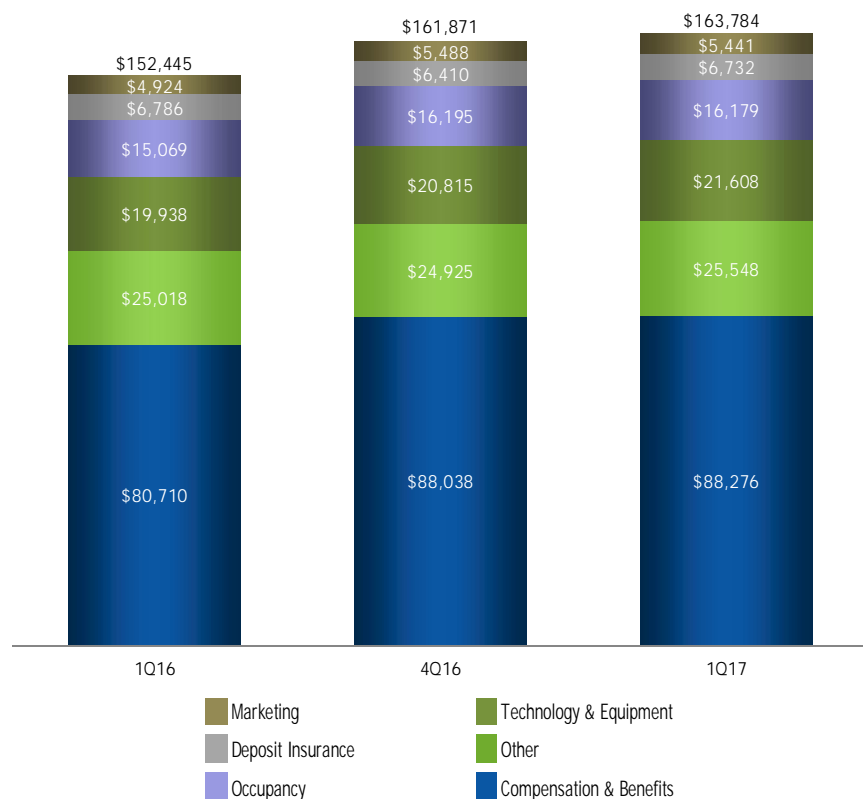
- ▮ \$0.7 million increase year-over-year
 - ▶ Increase in HSA fee income (\$1.6 million) is due to account growth
 - ▶ Increase in loan related fees (\$2.2 million) related to higher syndication fees
 - ▶ Partially offset by HSA acquisition receivable adjustment (\$2.3 million)

Note: Gains on securities were: 1Q17: \$0.0M, 4Q16: \$0.0M, and 1Q16: \$0.2M

WBS 1Q17 Earnings | Non-interest Expense

(\$ in thousands)

Maintaining discipline while investing for growth



Key Observations:

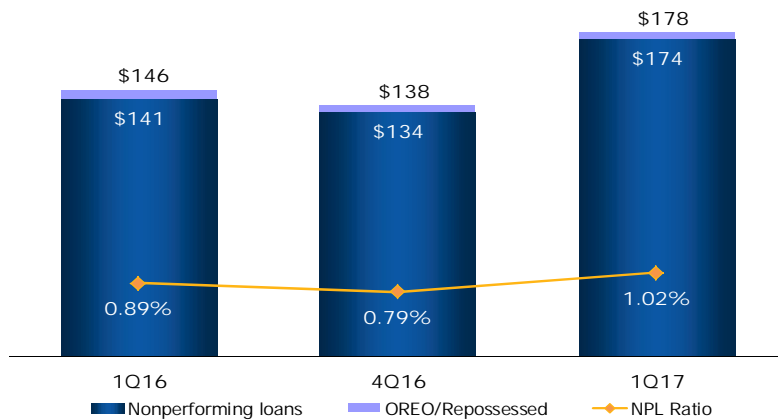
- ▀ \$1.9 million increase linked-quarter
 - Increase in compensation and benefits due to seasonality (\$5.0 million), partially offset by a decrease in variable compensation (\$4.6 million)
 - Increase in technology and equipment (\$0.8 million) to support infrastructure
 - Increase in other (\$0.5 million) due to internal initiatives

- ▀ \$11.3 million increase year-over-year
 - Increase in occupancy (\$1.1 million) due to corporate buildings and Boston banking center rents
 - Increase in technology and equipment (\$1.7 million) as result of ongoing investments in bank infrastructure, regulatory, and cyber security
 - Increase in compensation and benefits (\$7.6 million) as a result of strategic hires, annual merit, and higher medical expense

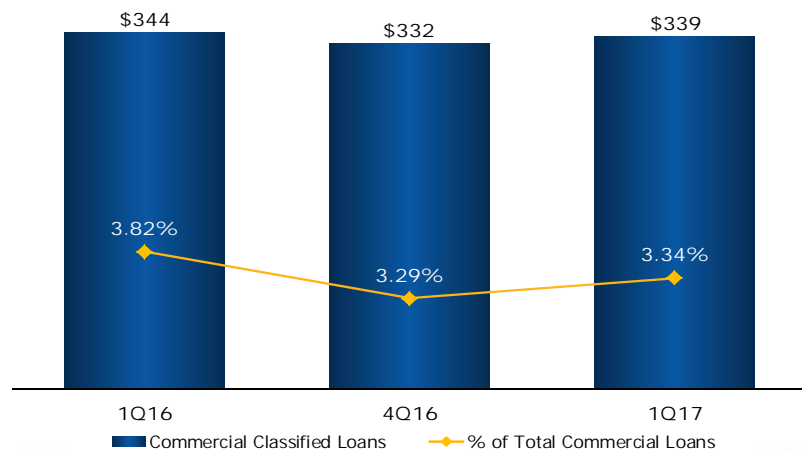
WBS 1Q17 Earnings | Key Asset Quality Metrics

(\$ in millions)

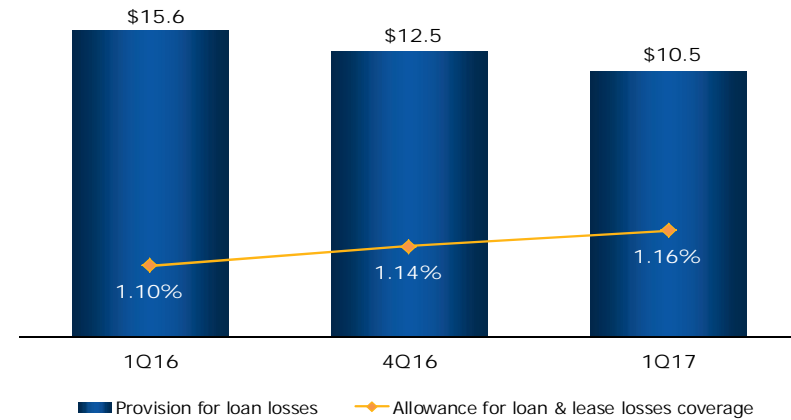
Nonperforming Loans, OREO, NPL Ratio



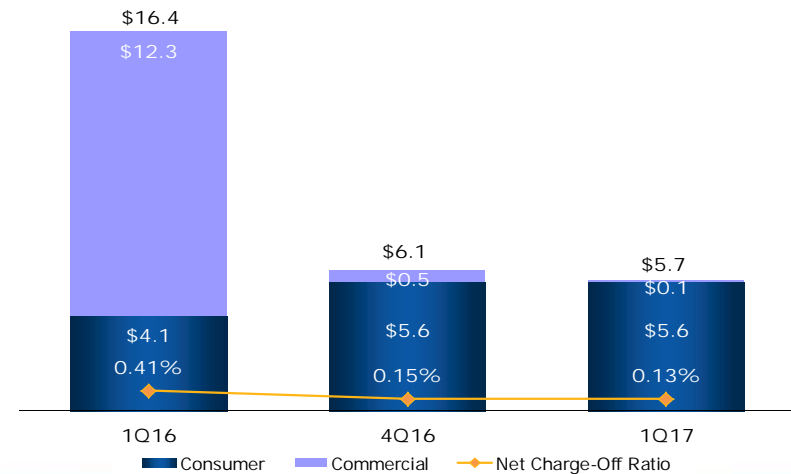
Commercial Classified Loan Trend



Provision for Loan Losses



Net Charge-offs



WBS 1Q17 Earnings | 2017 Outlook Relative to 1Q17

Balance Sheet

Average Loans + 1% to 2%

Average Earning Assets + 0% to 1%

Net Interest Margin + 1 to 3 bps

Income Statement

Net Interest Income + \$3 to \$5 million

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

Efficiency Ratio 60% to 62%

Banking Center Optimization Around \$2.5 million

Provision for Loan and Lease Losses Driven by loan growth

Tax Rate Around 32%

Diluted Share Count Around 92.5 million

WBS 1Q17 Earnings | Concluding Comments

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

WBS 1Q17 Earnings | Efficiency Ratio non-GAAP – QTD

(\$ in thousands)

	1Q17	4Q16	1Q16
Non-Interest Expense	\$ 163,784	\$ 161,871	\$ 152,445
Severance, facilities optimization & net foreclosed exp	(1,197)	(1,153)	(1,059)
Amortization of Intangibles	(1,055)	(1,082)	(1,554)
Non-Interest Expense (net of above)	<u>\$ 161,532</u>	<u>\$ 159,636</u>	<u>\$ 149,832</u>
Net Interest Income Before Provision	\$ 192,664	\$ 185,259	\$ 176,152
FTE Adjustment	4,033	3,902	2,975
Non-Interest Income	63,042	70,617	62,374
Gain on Securities	0	0	(320)
One time gain on the sale of an asset	0	(7,331)	0
Other	391	408	481
Total Revenue (net of above)	<u>\$ 260,130</u>	<u>\$ 252,855</u>	<u>\$ 241,662</u>
Efficiency Ratio	62.10%	63.13%	62.00%

WBS 1Q17 Earnings

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