



Webster
Financial Corporation

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Second Quarter 2017 Earnings Conference Call

July 21, 2017

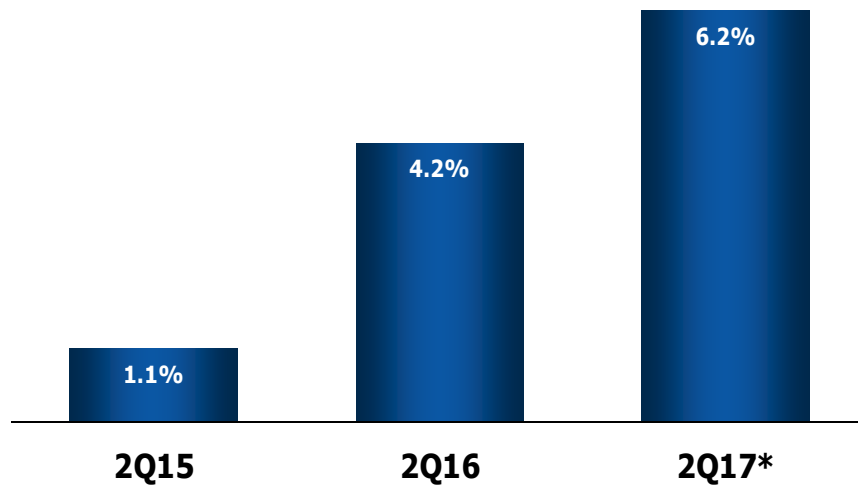
Supplemental Slides

WBS 2Q17 Earnings | *Supplemental Information*

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WBS 2Q17 Earnings | *Interest Rate Risk PPNR Asset Sensitivity Trend*

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



Key Observations:

- Webster continues to be asset sensitive to rising interest rates
- Results assume historical deposit betas
- Loan at floors (\$183 million) continue to decline along with average "in the money" spread (25 bps)

WBS 2Q17 Earnings | *Earning Asset and Funding Mix*

(\$ in millions)

Earning Asset Mix

Type	Balance	Total %	Floating %	Periodic %	Fixed %
Securities	\$ 7,216	29%	6%	7%	87%
Loans HFS	39	0	100	0	0
Resi / HE Loans	5,164	21	1	22	77
HE Lines	1,823	8	98	0	2
C&I Loans	5,731	23	63	21	16
CRE Loans	4,555	19	74	18	8
Total	\$ 24,528	100%	38%	15%	47%

Funding Mix

Type	Balance	Total	< 1 Year	> 1 Year
Checking	\$ 6,766	29%		
HSA	4,806	21		
Savings	4,474	19		
Money Market	2,316	10		
Time	2,096	9	47%	53%
Borrowings	2,866	12	60%	40%
Total	\$ 23,324	100%		

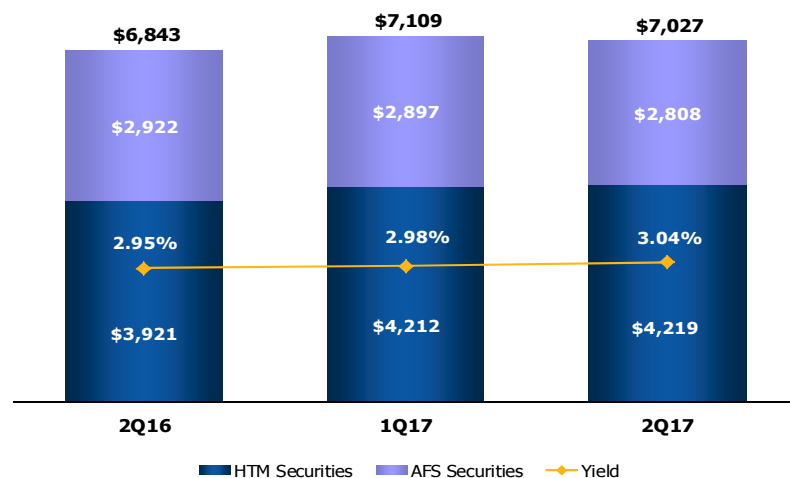
Key Observations:

- ▀ Floating and periodic rate loans represent 70% of total loans:
 - ▶ Floating rate loans represent 51% of total loans
 - ▶ Periodic rate loans represent 19% of total loans
- ▀ CRE loans are predominantly floating rate
- ▀ 53% of time deposits are greater than 1 year
- ▀ HSA deposits continue to be a key component of our balance sheet representing 21% of our funding sources

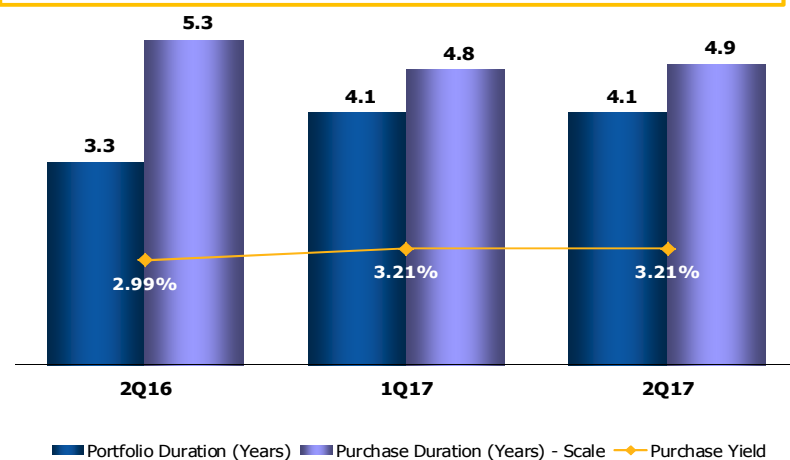
WBS 2Q17 Earnings | *Investment Portfolio*

(\$ in millions)

Investment Securities



Duration / Yield



Key Observations:

- Available-for-Sale portfolio includes \$23.1 million of net unrealized losses at 2Q17 compared to \$28.2 million at 1Q17
- Held-to-Maturity portfolio excludes \$21.8 million of net unrealized losses at 2Q17 compared to \$41.6 million at 1Q17
- Portfolio duration up 0.8 years vs. a year ago with 5 year swap up 98 bps
- Purchase yield unchanged vs. LQ while purchase duration up 0.1 years

WBS 2Q17 Earnings | *Investment Securities*

(\$ in millions)

End of period balances	June 30, 2017	March 31, 2017	Increase/ (Decrease)
Available-for-Sale:			
U.S. Treasury Bills	\$ 3.8	\$ 1.9	\$ 1.9
Agency CMOs	359.0	387.2	(28.2)
Agency MBS	875.7	913.6	(37.9)
Agency CMBS	587.1	587.1	0.0
Non Agency CMBS-fixed	90.7	110.5	(19.8)
Non Agency CMBS-floating	389.2	390.2	(1.0)
Corporate Debt Securities	108.2	108.6	(0.4)
Collateralized Loan Obligations	363.1	368.7	(5.6)
Single-issuer Trust Preferred Securities	31.2	29.3	1.9
Total Available-for-Sale	\$ 2,808.0	\$ 2,897.1	\$ (89.1)
Held-to-Maturity:			
Agency CMOs	\$ 297.6	\$ 317.6	\$ (20.0)
Agency MBS	2,324.3	2,330.2	(5.9)
Agency CMBS	642.7	591.2	51.5
Non Agency CMBS-fixed	265.1	281.1	(16.0)
Private Label MBS	0.6	1.2	(0.6)
Municipal Bonds and Notes	688.9	690.7	(1.8)
Total Held-to-Maturity	\$ 4,219.2	\$ 4,212.0	\$ 7.2

WBS 2Q17 Earnings | Loans and Originations by Loan Portfolio

(\$ in millions)

End of period balances Full quarter originations	2Q17		1Q17		2Q16	
	Balance	Originations	Balance	Originations	Balance	Originations
Commercial Non-Mortgage	\$ 3,867	\$ 466	\$ 3,758	\$ 480	\$ 3,405	\$ 436
Equipment Financing	586	26	620	38	618	70
Asset-Based Lending	<u>861</u>	<u>234</u>	<u>848</u>	<u>51</u>	<u>779</u>	<u>47</u>
Total Commercial	\$ 5,314	\$ 726	\$ 5,226	\$ 569	\$ 4,802	\$ 553
Commercial Real Estate	3,554	151	3,541	134	3,290	294
Business Banking	1,419	80	1,402	90	1,295	90
Residential Mortgages	4,388	230	4,291	165	4,157	198
Consumer	<u>2,599</u>	<u>187</u>	<u>2,634</u>	<u>149</u>	<u>2,728</u>	<u>179</u>
Portfolio Total	\$ <u>17,274</u>	\$ <u>1,374</u>	\$ 17,094	\$ 1,107	\$ 16,272	\$ 1,314
Residential Mortgages originated for sale		\$ <u>74</u>		\$ <u>73</u>		\$ <u>109</u>
Total Originations		\$ <u>1,448</u>		\$ <u>1,180</u>		\$ <u>1,423</u>

WBS 2Q17 Earnings | *Loan Mix and Yield*

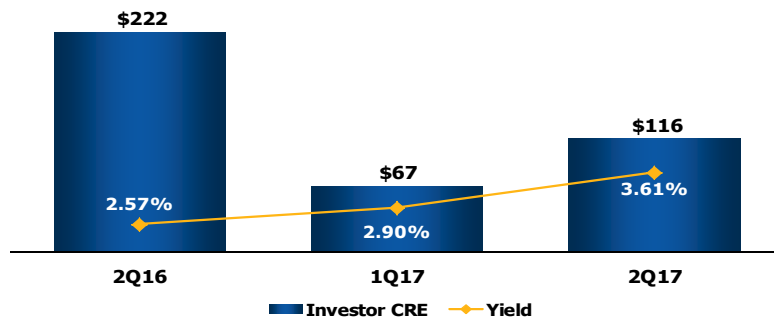
(\$ in millions)

End of period balances Full quarter yields	2Q17		1Q17		2Q16	
	Balance	Yield	Balance	Yield	Balance	Yield
Commercial	\$ 5,731	4.38%	\$ 5,638	4.35%	\$ 5,196	3.90%
CRE	4,556	3.73%	4,531	3.57%	4,191	3.42%
Residential	4,388	3.61%	4,291	3.61%	4,157	3.61%
Consumer	<u>2,599</u>	<u>4.54%</u>	<u>2,634</u>	<u>4.41%</u>	<u>2,728</u>	<u>4.37%</u>
Total	\$ 17,274	4.04%	\$ 17,094	3.97%	\$ 16,272	3.79%

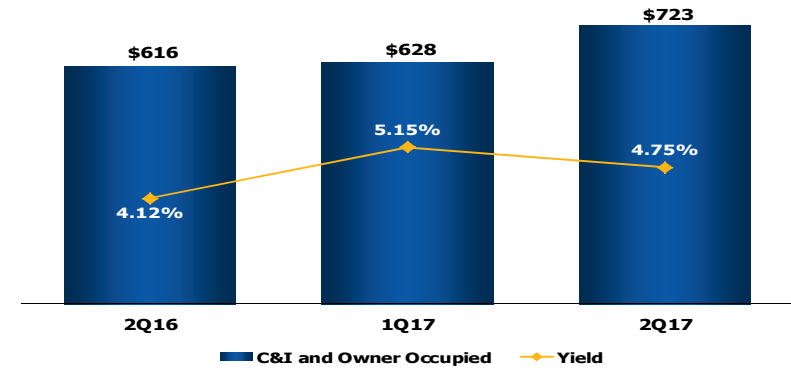
WBS 2Q17 Earnings | *Loan Originations and Yields*

(\$ in millions)

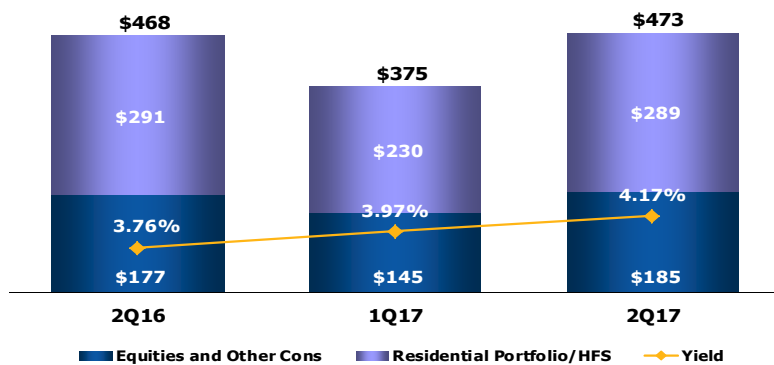
Commercial Banking* - Investor CRE



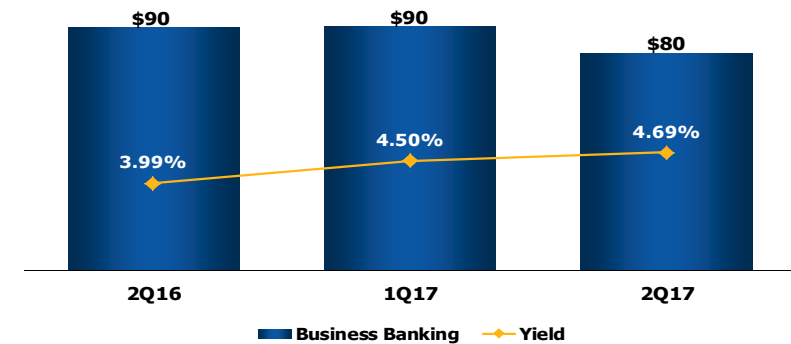
Commercial Banking* - C&I & Owner Occupied



Personal Banking



Business Banking



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

WBS 2Q17 Earnings | *Deposit Mix and Cost by Product*

(\$ in millions)

End of period balances Full quarter cost	2Q17		1Q17		2Q16	
	Balance	Cost	Balance	Cost	Balance	Cost
Demand	\$ 4,075	-	\$ 3,913	-	\$ 3,958	-
Health Savings Accounts	4,828	0.20%	4,794	0.20%	4,156	0.24%
Interest Bearing Checking	2,669	0.07%	2,607	0.07%	2,439	0.06%
Money Market	2,316	0.58%	2,453	0.48%	1,987	0.36%
Savings	<u>4,474</u>	<u>0.22%</u>	<u>4,457</u>	<u>0.20%</u>	<u>4,287</u>	<u>0.20%</u>
Core Deposits	\$ 18,362	0.19%	\$ 18,224	0.18%	\$ 16,827	0.16%
Time Deposits	<u>2,096</u>	<u>1.16%</u>	<u>2,018</u>	<u>1.13%</u>	<u>2,001</u>	<u>1.10%</u>
Total	\$ 20,458	0.29%	\$ 20,242	0.27%	\$ 18,828	0.27%
Core/Total	90%		90%		89%	

WBS 2Q17 Earnings | *Deposit Mix and Cost by Line of Business*

(\$ in millions)

End of period balances Full quarter cost	2Q17		1Q17		2Q16	
	Balance	Cost	Balance	Cost	Balance	Cost
Personal Banking	\$ 8,930	0.31%	\$ 8,857	0.30%	\$ 8,549	0.29%
Commercial Banking	1,520	0.07%	1,451	0.09%	1,374	0.06%
Treasury & Pymt Solutions	2,065	0.47%	2,223	0.36%	1,866	0.23%
Private Banking	241	0.27%	243	0.23%	233	0.21%
Business Banking	2,493	0.10%	2,299	0.10%	2,273	0.08%
HSA Bank	4,828	0.20%	4,794	0.20%	4,156	0.24%
Other	<u>381</u>	<u>1.92%</u>	<u>375</u>	<u>1.92%</u>	<u>377</u>	<u>1.91%</u>
Total	\$ 20,458	0.29%	\$ 20,242	0.27%	\$ 18,828	0.27%

WBS 2Q17 Earnings | *Net Interest Margin – Linked Quarter*

(\$ in millions)

	2Q17			Fav./ (Unfav.)		
	Avg Bal.	Int.	Rate	Avg Bal.	Int.	Bps
Securities	\$ 7,030	\$ 53.6	3.04%	\$ (41)	\$ 0.7	6
Money Market & Other	230	1.7	3.15	(20)	(0.1)	21
Loans HFS	23	0.2	3.53	(13)	(0.1)	4
Commercial Loans	10,306	106.5	4.04	207	5.5	9
Consumer Loans	6,960	68.9	3.97	17	1.2	4
Total Loans & Leases	17,266	175.4	4.04%	225	6.7	7
Interest-Earning Assets	\$ 24,549	\$ 230.9	3.74%	\$ 150	\$ 7.2	7
Deposits	\$ 20,338	\$ 14.7	0.29%	\$ 320	\$ (1.3)	(2)
Borrowings	3,068	14.3	1.85	(200)	(0.7)	(19)
Interest-Bearing Liabilities	\$ 23,406	\$ 29.0	0.49%	\$ 120	\$ (2.0)	(2)
Tax-Equivalent Net Interest Income		\$ 201.9			\$ 5.2	
Less: Tax-Equivalent Adjustment		(4.1)			(0.1)	
Net Interest Income		\$ 197.8			\$ 5.1	
Net Interest Margin			3.27%			5

WBS 2Q17 Earnings | Webster Financial Corporation Capital Ratios

	At June 30, 2017*	At March 31, 2017	At June 30, 2016	Well Capitalized
Common Equity Tier 1 Risk-Based Capital	10.81%	10.75%	10.50%	6.5%
Tangible Common Equity	7.47%	7.34%	7.25%	na
Tangible Equity	7.95%	7.82%	7.75%	na
Tier 1 Leverage	8.28%	8.16%	8.11%	5.0%
Tier 1 Risk-Based Capital	11.48%	11.42%	11.19%	8.0%
Total Risk-Based Capital	12.99%	12.95%	12.66%	10.0%

	Excess Over Well	
At June 30, 2017*	Capital*	Capitalized*
(\$ in millions)		
Common Equity Tier 1 Risk-Based Capital	\$ 2,000	\$ 798
Tier 1 Leverage	\$ 2,123	\$ 841
Tier 1 Risk-Based Capital	\$ 2,123	\$ 643
Total Risk-Based Capital	\$ 2,403	\$ 553

*Preliminary

WBS 2Q17 Earnings Supplemental Slides

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