

Webster Financial Corporation

Basel III Pillar 3 Regulatory Capital Disclosure Report

March 31, 2025

WEBSTER FINANCIAL CORPORATION
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WEBSTER FINANCIAL CORPORATION

KEY TO ACRONYMS AND TERMS

ACL	Allowance for credit losses
ACH	Automated Clearing House
Agency	A financial services corporation created by the United States Congress
Agency CMBS	Agency commercial mortgage-backed securities
Agency CMO	Agency collateralized mortgage obligations
Agency MBS	Agency mortgage-backed securities
AI	Artificial Intelligence
ALCO	Asset Liability Committee
Ametros	Ametros Financial Corporation
AOI / AOCL	Accumulated other comprehensive income (loss), net of tax
ASC	Accounting Standards Codification
ASU or the Update	Accounting Standards Update
ATM	Automated teller machine
Basel III Capital Rules ..	Capital rules under a global regulatory framework developed by the Basel Committee on Banking Supervision
Bend	Bend Financial, Inc.
BHC Act	Bank Holding Company Act of 1956, as amended
Board	The Board of Directors of Webster Financial Corporation
BSA	The Bank Secrecy Act
CARES Act	The Coronavirus Aid, Relief, and Economic Security Act
CECL	Current expected credit loss model, defined in ASC 326 “Financial Instruments – Credit Losses”
CET1	Common Equity Tier 1 Capital, defined by the Basel III Capital Rules
CET1 Risk-Based Capital	Ratio of CET1 capital to total risk-weighted assets, defined by the Basel III Capital Rules
CFPB	Consumer Financial Protection Bureau
CIO	Chief Information Officer
CISO	Chief Information Security Officer
CMBS	Non-agency commercial mortgage-backed securities
CNBC	Consumer News and Business Channel
CODM	Chief Operating Decision Maker
CRA	Community Reinvestment Act of 1977
DTA / DTL	Deferred tax asset / deferred tax liability
EAD	Exposure at default
FASB	Financial Accounting Standards Board
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FDICIA	The Federal Deposit Insurance Corporation Improvement Act of 1991
FDIF	Federal Deposit Insurance Fund
FHLB	Federal Home Loan Bank
FICO	Fair Isaac Corporation
FRA	Federal Reserve Act
FRB	Federal Reserve Bank
FTE	Fully tax-equivalent
FTP	Funds Transfer Pricing, a matched maturity funding concept
GAAP	U.S. Generally Accepted Accounting Principles
Holding Company	Webster Financial Corporation
HSA	Health savings account
HSA Bank	HSA Bank, a division of Webster Bank, National Association
interLINK	Interlink Insured Sweep LLC
ISACA	Information Systems Audit and Control Association
LGD	Loss given default
LIHTC	Low income housing tax-credit
LTV	Loan-to-value

Marathon Asset Management	Marathon Asset Management MW Holding, LLC
MBS	Mortgage-backed securities
Moody's	Moody's Investor Services
NAICS	North American Industry Classification System
NAV	Net asset value
NYSE	New York Stock Exchange
OCC	Office of the Comptroller of the Currency
OCI / OCL	Other comprehensive income (loss)
OFAC	Office of Foreign Assets Control of the U.S. Department of the Treasury
OPEB	Other post-employment medical and life insurance benefits
OREO	Other real estate owned
PCAOB	Public Company Accounting Oversight Board
PCD	Purchased credit deteriorated
PD	Probability of default
PPNR	Pre-tax, pre-provision net revenue
ROU	Right-of-use
S&P	Standard and Poor's Rating Services
SALT	State and local tax
SEC	U.S. Securities and Exchange Commission
SERP	Supplemental executive retirement plan
SOFR	Secured Overnight Financing Rate
SOX	Sarbanes-Oxley Act of 2002
Sterling	Sterling Bancorp, collectively with its consolidated subsidiaries
TDR	Troubled debt restructuring, defined in ASC 310-40 "Receivables-Troubled Debt Restructurings by Creditors"
Tier 1 Leverage Capital	Ratio of Tier 1 capital to average tangible assets, defined by the Basel III Capital Rules
Tier 1 Risk-Based Capital	Ratio of Tier 1 capital to total risk-weighted assets, defined by the Basel III Capital Rules
Total Risk-Based Capital	Ratio of total capital to total risk-weighted assets, defined by the Basel III Capital Rules
UPB	Unpaid principal balance
U.S.	United States of America
USA PATRIOT Act	Uniting and Strengthening America by Providing Appropriate Tools Requirement to Intercept and Obstruct Terrorism Act of 2001
UTB	Unrecognized tax benefit
VIE / VOE	Variable interest entity / voting interest entity, defined in ASC 810-10 "Consolidation-Overall"
Webster Bank or the Bank	Webster Bank, National Association, a wholly-owned subsidiary of Webster Financial Corporation
Webster or the Company	Webster Financial Corporation, collectively with its consolidated subsidiaries

Forward Looking Statements

This disclosure contains 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,” “outlook,” “target,” “continue,” “remain,” “will,” “should,” “may,” “plans,” “estimates,” and similar references to future periods. However, these words are not the exclusive means of identifying such statements.

Examples of forward-looking statements include, but are not limited to:

- projections of revenues, expenses, income or loss, earnings or loss per share, and other financial items;
- statements of plans, objectives, and expectations of the Company or its management or Board of Directors;
- statements of future economic performance; and
- statements of assumptions underlying such statements.

Forward-looking statements are based on the Company’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, and in many cases, are beyond the Company’s control. The Company’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 the Company’s actual results to differ from those discussed in any forward-looking statements include, but are not limited to:

- our ability to successfully execute our business plan and strategic initiatives, and manage any risks or uncertainties;
- continued regulatory changes or other risk mitigation efforts taken by government agencies in response to the risk to safety and soundness in the banking industry;
- volatility in Webster’s stock price due to investor sentiment and perception of the banking industry;
- local, regional, national, and international economic conditions or macroeconomic instability (including any economic slowdown or recession, inflation, monetary fluctuation, tariff increases, interest rate changes, credit loss trends, unemployment, changes in housing or securities markets, or other factors) and the impact of the same on us or our customers;
- volatility, disruption, or uncertainty in national and international financial markets, including as a result of geopolitical developments;
- the impact of unrealized losses in our financial instruments, particularly in our available-for-sale securities portfolio;
- changes in laws and regulations, or existing laws and regulations that we become subject to, including those concerning banking, taxes, dividends, securities, insurance, cybersecurity, and healthcare administration, with which we must comply;
- adverse conditions in the securities markets that could lead to impairment in the value of our securities portfolio;
- possible changes in governmental monetary and fiscal policies, or any leadership changes of those determining such policies, including, but not limited to, Federal Reserve policies in connection with continued inflationary pressures;
- the effects of any U.S. federal government closures or significant staff reductions or restructurings in agencies regulating or otherwise impacting our business;
- the impact of any new regulatory, policy, or enforcement developments resulting from the policies or actions of the current U.S. presidential administration, including the announcement and/or implementation of tariffs and other protectionist trade policies, and any reciprocal and/or retaliatory tariffs by foreign countries, including the effect on our customers;
- the timely development and acceptance of any new products and services, and the perceived value of those products and services by customers;
- changes in deposit flows, consumer spending, borrowings, and savings habits;
- our ability to implement new technologies and maintain secure and reliable information and technology systems;
- the effects of any cybersecurity threats, attacks or disruptions, fraudulent activity, or other data breaches or security events, including those involving our third-party vendors and service providers;
- performance by our counterparties and third-party vendors;
- our ability to increase market share and control expenses;
- changes in the competitive environment among banks, financial holding companies, and other traditional and non-traditional financial service providers;
- our ability to maintain adequate sources of funding and liquidity;
- our ability to attract, develop, motivate, and retain skilled employees;
- changes in loan demand or real estate values;

- changes in the mix of loan geographies, sectors, or types, and the level of non-performing assets, charge-offs, and delinquencies;
- changes in our estimates of current expected credit losses based upon periodic review under relevant regulatory and accounting requirements;
- the effect of changes in accounting policies and practices applicable to us, including impacts of recently adopted accounting guidance;
- legal and regulatory developments, including any due to judicial decisions, the initiation or resolution of legal proceedings or regulatory or other governmental inquiries, the results of regulatory examinations or reviews, disruptions at regulatory agencies, government funding, or other issues;
- our ability to navigate differing environmental, social, governmental, and sustainability concerns among federal and state governmental administrations and judicial decisions, our stakeholders, and other activists that may arise from our business activities;
- our ability to assess and monitor the effect of evolving uses of artificial intelligence on our business and operations; and
- the occurrence of natural disasters, severe weather events, and public health crises, and any governmental or societal responses thereto.

Any forward-looking statement in this disclosure 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.

Overview

Organization

Webster Financial Corporation (the Holding Company) is a bank holding company and financial holding company headquartered in Stamford, Connecticut. The terms "Webster," the "Company," "we," "us" and "our" as used herein mean collectively Webster Financial Corporation, a Delaware corporation, together with its subsidiaries when or where appropriate. As a registered bank holding company, Webster Financial Corporation is subject to regulation under the BHC Act and to inspection, examination, and supervision by its primary federal regulator, the Board of Governors of the Federal Reserve System. As a publicly-traded company, Webster is also subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended and the Securities Exchange Act of 1934 as amended, which are administered by the SEC. As a publicly-traded company with securities listed on the NYSE, Webster is subject to the rules of the NYSE.

Webster conducts its banking operations through its principal consolidated subsidiary, Webster Bank, National Association (the Bank), a national banking association under the National Bank Act, as amended, and is subject to the supervision of and regular examination by the OCC, its primary federal regulator, as well as by the FDIC, its deposit insurer. As a national banking association, the Bank derives its lending, investment, and other bank activity powers from the National Bank Act, as amended, and the regulations of the OCC promulgated thereunder.

Webster's non-bank subsidiaries are also subject to regulation by the Board of Governors of the Federal Reserve System and other applicable federal and state agencies.

Webster Bank is a commercial bank with a national bank charter focused on providing financial products and services to businesses, individuals, and families. While its core footprint spans the Northeast from the New York metropolitan area to Rhode Island and Massachusetts, certain businesses operate in extended geographies. Webster Bank offers three differentiated lines of business: Commercial Banking, Healthcare Financial Services, and Consumer Banking. Webster had total consolidated assets of approximately \$80.3 billion, total consolidated deposits of approximately \$65.6 billion and total consolidated stockholders' equity of approximately \$9.2 billion at March 31, 2025.

Regulatory Capital Standards and Disclosures

The Board of Governors of the Federal Reserve System, the OCC and the FDIC have adopted the regulatory capital standards in accordance with Basel III, as developed by the Basel Committee on Banking Supervision. The Basel III Capital Rules strengthened international capital adequacy standards by increasing institutions' minimum capital requirements and holdings of high-quality liquid assets, and decreasing bank leverage.

Failure to meet minimum capital requirements can initiate certain mandatory actions by regulators that could have a direct material affect on our consolidated financial statements. Under capital adequacy guidelines and/or the regulatory framework for prompt corrective action (applies to the Bank only), both the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated pursuant to regulatory

directives. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

A key strategic and risk management tool for Webster is its capital plan which includes certain stress tests and incorporates the economic models and information developed through its stress testing program into its risk management and capital planning activities.

The Board of Governors of the Federal Reserve System established enhanced prudential standards for larger bank holding companies based on size and certain risk-based indicators. On October 10, 2019, the Federal Reserve Board, along with other federal bank regulatory agencies, tailored these prudential standards allowing bank holding companies with total consolidated assets of \$250 billion or less to be exempt from certain enhanced capital and liquidity prudential standards, including company-run stress testing, capital planning, liquidity coverage ratio, and resolution planning requirements, among others. Although the Holding Company's total consolidated assets are beneath the \$250 billion threshold, the Company performs certain stress tests internally and incorporates the economic models and information developed through its stress testing program into its risk management and capital planning activities, which continue to be subject to the regular supervisory processes of the Federal Reserve System and the OCC.

The transition to heightened supervision under enhanced prudential standards for large banks (e.g., crossing \$100 billion of assets, and thus becoming a Category IV institution under the tailoring framework) is a significant regulatory hurdle and involves additional liquidity risk management requirements, more onerous internal liquidity stress testing and liquidity buffer requirements, supervisory stress testing, the stress capital buffer, additional capital planning requirements, additional reporting to the Federal Reserve and more comprehensive resolution plan filings with the FDIC.

In addition, publicly-traded bank holding companies with \$50 billion or more in total consolidated assets are required to maintain a risk committee that is responsible for the oversight of enterprise risk management practices and that meets other statutory requirements. The Company maintains a standing Risk Committee of the Board of Directors that oversees its risk management program.

Capital Adequacy

Webster and Webster Bank are subject to various regulatory capital requirements administered by federal and state banking agencies under Basel III. This regulatory framework establishes two comprehensive methodologies for calculating regulatory capital and risk-weighted assets (RWA): a general standardized approach and a more risk-sensitive advanced approach. Webster currently follows the general standardized approach.

Under the standardized approach, RWA is generally based on supervisory risk-weightings which vary by counterparty type and asset class. Under the standardized approach, capital is required for credit risk RWA to cover the risk of unexpected losses due to failure of a customer or counterparty to meet its financial obligations in accordance with contractual terms. The advanced approach applies to entities with total consolidated assets greater than \$250 billion or balance sheet foreign exposures greater than \$10 billion. If trading assets and liabilities exceed certain thresholds, an entity is also subject to the market risk provision of Basel III (Market Risk Rule) and capital is also required for market risk RWA to cover the risk of losses due to adverse market movements or from positions specific factors.

Under the Basel III Capital Rules standardized approach, risk weights can range from 0% for U.S. government securities to 1,250% for certain tranches of complex securitization or equity exposures. Risk-weighted assets serve as the base against which regulatory capital is measured, and are used to calculate Webster's and the Bank's minimum capital ratios of CET1 capital to total risk-weighted assets (CET1 risk-based capital), Tier 1 capital to total risk-weighted assets (Tier 1 risk-based capital), Total capital to total risk-weighted assets (Total risk-based capital), and Tier 1 capital to average tangible assets (Tier 1 leverage capital), as defined in the regulations, which the Company is required to maintain. CET1 capital consists of common stockholders' equity less deductions for goodwill and other intangible assets, and certain deferred tax adjustments. At the time of initial adoption of the Basel III Capital Rules, the Company had elected to opt-out of the requirement to include certain components of AOCI in CET1 capital. Tier 1 capital consists of CET1 capital plus preferred stock. Total capital consists of Tier 1 capital and Tier 2 capital, as defined in the regulations. Tier 2 capital includes qualifying subordinated debt and the permissible portion of the ACL.

In addition, Basel III mandates that most deductions from or adjustments to regulatory capital be made to CET1 capital, not to the other components. For instance, the deduction of mortgage servicing assets, certain DTAs, and capital investments in unconsolidated financial institutions is required to the extent that any one such category exceeds 10% of CET1 capital or exceeds 15% of CET1 capital in the aggregate.

Basel III also includes a capital conservation buffer comprised entirely of CET1 capital, which is considered in addition to the 4.5% CET1 capital ratio, and is equal to 2.5% of risk-weighted assets for both Webster and the Bank. This buffer is designed to absorb losses during periods of economic stress, and is generally required in order to avoid limitations on capital distributions and certain discretionary bonus payments to executive officers.

Disclosures

The qualitative and quantitative disclosures in this report regarding Webster's capital structure, capital adequacy, risk exposures, RWA and market risk (if applicable) are based on management's current understanding of Basel III as described in Title 12 Code of Federal Regulation (CFR) Subsections 61-63 and other factors, which may be subject to change as additional clarification and implementation guidance is received from regulators and the interpretation of the rule evolves over time. The disclosures were reviewed and approved in accordance with Webster's regulatory disclosure policy, which has been approved by Webster's Board of Directors.

These Regulatory Capital Disclosures should be read in conjunction with the 2024 Form 10-K, and Quarterly report on Form 10-Q for the period ended March 31, 2025 (First Quarter 10-Q), as well as the Consolidated Financial Statements for Holding Companies - FR Y-9C dated March 31, 2025. The Regulatory Capital Disclosures Matrix presented in Appendix 1 specifies where all disclosures required by the Basel III Rules are located.

Scope of Application

Basis of consolidation

Webster's basis of consolidation for both financial and regulatory reporting purposes conforms to U.S. GAAP. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Some of Webster's equity investments accounted for under either the proportional method, equity method or cost method are neither consolidated nor deducted from regulatory capital under Basel III, but instead are assigned an appropriate risk weight. For further information regarding Webster's basis of presentation and principles of consolidation, see Note 1, "Summary of Significant Accounting Policies" to the consolidated financial statements included in Webster's 2024 Form 10-K.

Capital in regulated subsidiaries

At March 31, 2025, none of the Company's subsidiaries that have a capital requirement had capital less than the minimum total capital requirement.

There are no entities at March 31, 2025, within Webster that are deconsolidated or whose capital is deducted for Basel III.

Webster has no insurance subsidiaries and therefore there is no aggregate surplus capital of insurance subsidiaries included in the total capital in the consolidated group.

Restrictions on funds and capital transfers

Transactions with affiliates

Various federal laws limit borrowings by Webster and its nonbank subsidiaries from its affiliate insured banking subsidiaries, and also limit various other transactions between Webster and its nonbank subsidiaries, on the one hand and Webster's affiliate insured banking subsidiaries, on the other. For further information, refer to "Transactions with Affiliates and Insiders" in Part I, Item 1 of Webster's 2024 Form 10-K.

Dividends

Dividends paid by the Bank are subject to various federal and state regulatory limitations. Express approval by the OCC is required if the effect of dividends declared would cause the regulatory capital of the Bank to fall below specified minimum levels or if the amount would exceed the net income for that year combined with the undistributed net income for the preceding two years. Webster Bank paid \$100.0 million in dividends for the three months ended March 31, 2025, for which no express approval from the OCC was required. For further information, see "Dividends" in Part I, Item 1 and Note 14, "Regulatory Capital and Restrictions" in Webster's 2024 Form 10-K.

Common stock repurchase program

The Holding Company maintains a common stock repurchase program, which was approved by the Board of Directors, that permits management to repurchase shares of its common stock in open market or private transactions, through block trades, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the SEC, subject to the availability and trading price of stock, general market conditions, alternative uses for capital, regulatory considerations, and the Company's financial performance.

During the three months ended March 31, 2025, the Holding Company repurchased 3,569,454 shares under the program at a weighted-average price of \$50.70 per share, totaling \$181.0 million. At March 31, 2025, the Holding Company's remaining repurchase authority was \$47.0 million. On April 30, 2025, the Board of Directors increased management's authority to repurchase shares of Webster common stock under the repurchase program by \$700.0 million. In addition, the Holding Company will periodically acquire common shares outside of the repurchase program related to employee stock compensation plan activity. During the three months ended March 31, 2025, the Holding Company repurchased 384,673 shares at a weighted-average price of \$56.62 per share, totaling \$21.8 million, for this purpose.

Cash restrictions

The Bank is required under Federal Reserve regulations to maintain cash reserve balances in the form of vault cash or deposits held at a FRB to ensure that it is able to meet customer demands. The reserve requirement ratio is subject to adjustment as economic conditions warrant. On March 26, 2020, the Federal Reserve reduced the reserve requirement ratios on all net transaction accounts to zero percent. As a result, the Bank has not been required to hold cash reserve balances since that date.

Capital Structure

Regulatory capital instruments

Webster has issued a variety of capital instruments to meet its regulatory capital requirements and business interests. These capital instruments include common stock that qualifies as CET1, noncumulative perpetual preferred stock that qualifies as additional Tier 1 capital and subordinated debt that qualifies as Tier 2 capital.

- For further information on the Company's capital instruments and regulatory requirements, see Note 11 "Borrowings", Note 14 "Regulatory Capital and Restrictions", Note 12 "Stockholders' Equity" and Note 13 "Accumulated Other Comprehensive (Loss) Income, Net of Tax" to the consolidated financial statements in Part II, Item 8 of the 2024 Form 10-K, and
- Note 7 "Borrowings", Note 10 "Regulatory Capital and Restrictions", and Note 9 "Accumulated Other Comprehensive (Loss), Net of Tax" to the consolidated financial statements in Part I, Item 1 of the First Quarter Form 10-Q.

Regulatory capital components

Table 2: Reconciliation of stockholders' equity to total capital

The following table represents the amounts of CET1, Tier 1 capital and Total capital along with the related components and regulatory adjustments and deductions.

<i>March 31, 2025 (dollars in thousands)</i>	Webster Financial Corporation	Webster Bank
Common Equity Tier 1 Capital:		
Preferred stock	283,979	—
Common stock	1,828	1
Capital surplus	6,140,885	7,680,125
Accumulated other comprehensive loss	(449,401)	(449,401)
Retained earnings	3,913,169	2,401,733
Less cost of common stock in treasury	(686,306)	—
Total Shareholders' equity before adjustments and deductions	9,204,154	9,632,458
Less: Preferred stock	(283,979)	—
Total Common stockholders' equity	8,920,175	9,632,458
Less adjustments and deductions:		
Goodwill and Intangibles net of associated deferred tax liabilities	3,087,418	3,087,418
Deferred tax assets	6,072	6,069
AOCI-related adjustments	(449,401)	(449,401)
Total CET1 capital	6,276,086	6,988,372
Add: Preferred stock	283,979	—
Total Tier 1 capital	6,560,065	6,988,372
Qualifying subordinated debt	532,665	
Allowance for credit losses includable in Tier 2 capital	695,771	696,039
Tier 2 capital	1,228,436	696,039
Total capital	7,788,501	7,684,411

Further details about Webster's regulatory capital can be found in Schedule HC-R to the March 31, 2025 Consolidated Financial Statements for Holding Companies - Form FR Y-9C.

Capital Adequacy

Capital Management

Webster believes that the prudent management of capital is paramount in ensuring the Company's continued ability to provide uninterrupted high quality service to the businesses and communities it serves. Webster believes that no single tool or model can sufficiently assess capital adequacy. As previously stated, Webster is not currently subject to most of the enhanced prudential standards under the Dodd-Frank Act, as implemented by tailoring rules of the Federal Banking Agencies (Tailoring Rules). The FDIC requires certain insured depository institutions with more than \$50 billion in total assets to periodically submit resolution plans to provide the FDIC with information about the bank that is essential to effective resolution planning and to support the execution of a resolution, if necessary. In June 2024, the FDIC amended its insured depository institution resolution plan rule, which requires the Bank, as a "Group B" insured depository institution with between \$50 billion and \$100 billion in total assets, to submit informational filings on a three-year cycle and provide limited interim supplements in each of the off-years. The final rule became effective October 1, 2024. The Bank's initial information filing submission is due on or before April 1, 2026.

Risk-weighted assets

Table 3-1: Risk-Weighted Assets by Exposure Type

The following table presents components of the Company's and the Bank's risk-weighted assets calculated in accordance with the Basel III standardized approach as of March 31, 2025.

<i>As of March 31, 2025 (dollars in millions)</i>	Webster Financial Corporation	Webster Bank
Cash and balances due from depository institutions, fed funds sold and S.P.U.A.R.	\$ 21	\$ 21
Claims on U.S. Government sponsored entities	1,700	1,700
Exposures to state and local governments in the U.S.	210	210
Corporate exposures	475	475
Sovereign debt exposures	—	—
Other investment exposures	—	—
Residential mortgage exposures ⁽¹⁾	6,750	6,750
High Volatility commercial real estate loans	133	133
Past Due Loans	982	982
Other Loan exposure, including held-for-sale ⁽³⁾	35,516	35,516
Other assets ⁽⁴⁾	3,828	3,698
Separate account bank-owned life insurance	552	552
Securitization exposures ⁽²⁾	526	526
Total on-balance sheet exposures	50,693	50,563
Letters of credit	457	457
Unused and cancellable commitments ⁽³⁾	4,563	4,568
Derivatives	43	43
Securitization exposures ⁽²⁾	52	52
Other off-balance sheet items	—	—
Total off-balance sheet items	5,115	5,120
LESS: Allocated transfer risk reserve	22	21
Total Risk-Weighted Assets	\$ 55,786	\$ 55,662

⁽¹⁾ Loans collateralized by one-to-four family residential properties, consumer home equity loans and statutory multi-family loans.

⁽²⁾ See Table 8 for further presentation on Securitization exposures

⁽³⁾ Some loans and unused and cancellable commitments include eligible Guarantees included in Table 7

⁽⁴⁾ Equity exposures are included in other assets. Details on these exposures can be found in Table 9

Further details about the Company's risk-weighted assets can be found in Schedule HC-R to the March 31, 2025 Consolidated Financial Statements for Holding Companies - Form FR Y-9C.

Risk-based capital ratios

Webster and Webster Bank are required to maintain minimum ratios of CET1, Tier 1 and Total capital to RWA, as well as minimum leverage ratios (defined as Tier 1 capital divided by adjusted average assets) to be considered “adequately capitalized.” Failure to meet minimum capital requirements could trigger certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company’s financial condition and results of operations.

Table 3-2: Minimum Required Capital Ratios

The following table summarizes the Basel III minimum and well-capitalized regulatory capital ratio requirements at March 31, 2025.

Ratio ⁽¹⁾	Minimum ⁽²⁾	Well-Capitalized ⁽³⁾
CET1 capital	4.5 %	6.5 %
Tier 1 risk-based capital	6.0 %	8.0 %
Total risk-based capital	8.0 %	10.0 %
Tier 1 leverage	4.0 %	5.0 %

⁽¹⁾ Tier 1 leverage ratio represents Tier 1 capital as a percentage of total average assets, after certain adjustments. All other ratios presented above represent the applicable capital measure as a percentage of RWA.

⁽²⁾ At March 31, 2025, Webster also must maintain a capital conservation buffer of CET1 capital in excess of minimum risk-based capital ratios by at least 2.5 percentage points to avoid limits on capital distributions and certain discretionary bonus payments to executive officers and similar employees.

⁽³⁾ Applies to the Bank only. For Webster to be a well-capitalized bank holding company and financial holding company, the Bank must be well-capitalized and Webster must not be subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve Board to meet and maintain a specific capital level for any capital measure.

Table 3-3: Summary of Capital Positions and Ratios

The following table presents the regulatory capital ratios for Webster and Webster Bank at March 31, 2025.

Regulatory Capital Ratios (<i>dollars in millions</i>)	Basel III	
	Webster Financial Corporation	Webster Bank
<i>As of March 31, 2025</i>		
CET1 capital	\$ 6,276	\$ 6,988
Tier 1 risk-based capital	6,560	6,988
Total risk-based capital	7,789	7,684
Eligible retained income ⁽¹⁾	\$ 194.8	\$ 201.9
Risk-weighted assets	\$ 55,786	\$ 55,662
Adjusted average assets ⁽²⁾	76,824	76,745
CET1 capital to risk-weighted assets	11.3 %	12.6 %
Tier 1 risk-based capital to risk-weighted assets	11.8	12.6
Total risk-based capital to risk-weighted assets	14.0	13.8
Capital conservation buffer ⁽³⁾	5.8	5.8
Tier 1 leverage to adjusted average assets	8.5	9.1

⁽¹⁾ Represents the amount to which restrictions on capital distributions and discretionary bonuses would apply if the capital conservation buffer falls below the required minimum. The Bank has ratios above the minimum requirements and therefore eligible retained income is the average of its previous four quarters of net income.

⁽²⁾ Adjusted average assets include total quarterly average assets (reflecting available-for-sale securities at amortized cost), less amounts deducted from CET1 capital and additional Tier 1 capital, plus assets derecognized as an adjustment to AOCI as part of the incremental effect of applying certain provisions in accounting for defined benefit postretirement plans.

⁽³⁾ The Company and the Bank are required to maintain a capital conservation buffer of 2.5% in order to avoid restrictions on capital distributions and discretionary bonuses. The capital conservation buffer is the lowest of (i)

CET1 ratio less minimum CET1 requirement, (ii) Tier 1 ratio less minimum Tier 1 requirement and (iii) Total capital ratio less minimum Total capital requirement.

As of March 31, 2025, Webster and Webster Bank exceeded the ratios required for an institution to be considered “well capitalized.” There have been no events since March 31, 2025, that management believes have changed the capital adequacy classification of the Company or the Bank.

Capital Conservation Buffer

Table 4-1: Capital Conservation Buffer

The following table presents the calculation of the capital conservation buffer:

<i>As of March 31, 2025</i>	Webster Financial Corporation	Webster Bank
CET1 capital	11.3 %	12.6 %
Less: minimum	4.5	4.5
	6.8	8.1
Tier 1	11.8 %	12.6 %
Less: minimum	6.0	6.0
	5.8	6.6
Total	14.0 %	13.8 %
Less: minimum	8.0	8.0
	6.0	5.8
Reportable capital conservation buffer (lowest of subtotals above)	5.8	5.8

Credit Risk: General Disclosures

As a publicly-traded bank holding company with \$50 billion or more in total consolidated assets, under federal banking laws, the Company is required to maintain a risk committee, led by an independent director, with at least one risk management expert, that is responsible for the oversight of its enterprise risk management framework and that meets other statutory and regulatory requirements set by the OCC. The Company maintains a standing Risk Committee of the Board of Directors that meets the OCC’s regulatory requirements to oversee its enterprise risk management framework. In addition, the Enterprise Risk Management Committee, which is the highest management-level risk committee, provides oversight of the risks inherent in Webster’s business and serves as an escalation point for risk topics and issues raised by its seven sub-committees.

At Webster, risk is defined as the potential that events, expected or unexpected, may have an adverse effect on the Company’s earnings, capital, and/or enterprise value. Webster’s enterprise risk management framework, which is aligned with the OCC’s Heightened Standards and the Handbook on Large Bank Supervision, reflects a structured and systematic approach to managing risks and controlling risk-taking activities across the organization.

Risk identification is a continuous process and occurs at various levels throughout the organization. The approaches used to identify risk include process and data analysis, risk metrics, and risk assessments. Risks are assessed across all risk categories required by the OCC guidance, and include an assessment of inherent risk and residual risk after taking into account the effectiveness of the control environment.

Risks are mitigated through the establishment of robust controls and documented policies and related procedures. A control is a specific activity, procedure, tool, or technical standard designed to satisfy the control objective and implemented within a business process to mitigate the impact and likelihood of associated inherent risk. For those risks that cannot be controlled, management may decide to accept these risks, reduce the level of business activity, share or transfer the risks, or withdraw from the activity altogether.

Impacts of risk can be both quantitative and qualitative. Webster maintains a Risk Appetite Statement, which provides the organization with guidance regarding the nature and level of residual risk that the Company is willing to accept in pursuit of its business strategy and financial plans. The Risk Appetite Statement establishes a risk appetite across Level 1 risk categories, which represent the top risks that drive the organization’s risk profile, and defines the level of risk appetite using a 5-point rating scale (minimal to critical). Further delineation and detail is provided at Level 2 and Level 3 to enable more precise risk identification, assessment, and response. Management determines whether the risks it assumes are warranted and within the boundaries expressed in the Risk Appetite Statement. A risk is warranted when it can be identified, understood, measured, monitored, and controlled as part of a deliberate risk/reward strategy. The Risk Appetite Statement contains a set of qualitative

risk statements and quantitative Board level metrics along with the Board level tolerances, which are approved by the Board annually. Breaches of approved tolerances are required to be escalated and actioned in a timely manner.

The Chief Executive Officer is ultimately responsible for all of Webster's risk-taking activities and for ensuring that an effective enterprise risk management framework is adopted, operationalized, and executed. The Chief Executive Officer sets the tone at the top and reinforces a strong risk culture that values risk self-identification and for holding executives accountable for their adherence to the enterprise risk management framework, appropriately assessing and effectively managing all of the risks associated with their activities and operating within the established risk appetite.

The Company has adopted the Three Line Model of enterprise risk management, in which the First Line manages risks, ensures compliance, performs control activities, and works in coordination with the Second Line, who provides additional expertise, support, and tools, and challenges risk management to enhance efficiency and effectiveness of the control environment. The Third Line provides an independent and objective assurance to management and the Board and assesses whether the First and Second Line functions are operating effectively. Detailed roles and responsibilities for each line are as follows:

Front Line Units, also referred to as First Line Functions, represent process owners that engage in activities designed to generate revenue and reduce expenses, provide operational and technology services, and provide operational support and servicing in the delivery of products or services. Since Front Line Unit activities inherently create risk, the Front Line Units are responsible for assessing and managing that risk.

Independent Risk Management, also referred to as the Second Line Function, is responsible for identifying, measuring, monitoring, or controlling risks independently from the Front Line Units and providing effective challenge to the Front Line Units. Independent Risk Management includes Enterprise Risk, which reports to the Chief Risk Officer, and Credit Risk Management which, reports to the Chief Credit Officer.

Internal Audit, also referred to as the Third Line Function, independently assesses Webster's risk management processes and controls using methodology developed from professional auditing standards and regulatory guidance. Internal Audit undertakes these responsibilities through periodic reviews of Webster's business activities, operations, and systems, and through special or retrospective reviews that may be specifically requested by the Audit Committee or management. Internal Audit is led by the Chief Audit Executive.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations to Webster. Credit risk arises in Webster's lending operations, and in its funding and investment activities where counterparties have repayment or other obligations to Webster. Credit risk can also arise from other solutions or services that involve customer obligations for the transfer of funds.

The overall focus of credit risk management is to balance returns relative to risk while operating within stated risk tolerances. Webster maintains underwriting standards consistent with our desired risk profile and robust credit processes. Webster's loan portfolio is balanced to include both commercial and consumer lending activity, while closely managing concentrations in borrowers, counterparties, industries, and solutions to avoid excessive correlated risk.

Diversification of the loan portfolio across commercial and industrial, specialty finance, commercial real estate, and residential lending is important in managing credit risk. Accordingly, management aims to actively measure and manage concentrations by portfolio, industry sector and specific sub-sectors, geography, affiliated obligors, and other guidelines. Webster is primarily a relationship lender. In addition, Webster will only assume credit risk when it can be effectively managed from an infrastructure or operational perspective, and it has industry, product, and market expertise.

The Chief Credit Risk Officer is responsible for credit risk oversight. The Credit Risk Management Committee is also responsible for providing oversight and governance of credit risk for the Bank.

For further information related to credit risk management and practice, accounting policies and current exposures as reported under U.S. GAAP refer to the 2024 Form 10-K. See Appendix A for specific references.

Loans and Related Commitments

The Company categorizes its loan portfolio into two segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's two loan portfolio segments are commercial lending and consumer lending. Webster further disaggregates its loans into various classes based on their underlying risk characteristics. The classes within the commercial lending segment are commercial non-mortgage, asset-based lending, commercial real estate, multi-family, and equipment finance. The classes within the consumer lending segment are residential, home equity, and other consumer loans. The following tables present certain of the Company's on - and off-balance sheet positions for which the Company is subject to credit risk exposure and are presented on a U.S. GAAP basis. These amounts do not include the effects of certain credit risk mitigation techniques (for example, netting not permitted under U.S.

GAAP), equity investments or liability positions that also would be subject to credit risk capital calculations, and amounts related to items that are deducted from regulatory capital. For the tables below, the residential and home equity classes have been combined into “consumer real estate”.

- For further information on the Company’s loan portfolios, see the “Loans and Leases” sections of Management’s Discussion and Analysis in Part II, Item 7 of the 2024 Form 10-K and in Part I, Item 2 of the December 31, 2024 Form 10-K, and
- “Loans and Leases” section of Management’s Discussion and Analysis in Part I, Item 2 of the First Quarter 2025 Form 10-Q.

Table 5-1: Credit Risk Exposure of Loans and Leases by Geography

<i>As of March 31, 2025 (Dollars in thousands)</i>	Loans	Unused Commitments	Total Exposure ⁽¹⁾	Percent of Total
New York	\$ 14,747,526	\$ 1,836,528	\$ 16,584,054	26 %
Connecticut	5,723,882	1,957,104	7,680,986	12 %
Massachusetts	5,814,261	1,304,638	7,118,899	11 %
New Jersey	3,186,712	192,339	3,379,051	5 %
Pennsylvania	1,735,953	179,884	1,915,837	3 %
Rhode Island	810,666	244,792	1,055,458	2 %
Other ⁽²⁾	21,037,223	6,236,180	27,273,403	42 %
Total	\$ 53,056,223	\$ 11,951,465	\$ 65,007,688	100 %

(1) Excludes loan receivable held-for sale

(2) The Company’s loan portfolio has a national distribution profile, further breakdown of the other category results in a widespread distribution across a large number of additional states

Table 5-2.1: Total Credit Risk of Loans and Leases Exposure by Type and Contractual Maturity

<i>As of March 31, 2025 (Dollars in thousands)</i>	Loans				Total
	1 Year or Less	1 to 5 Years	5 - 15 Years	After 15 Years	
Commercial non-mortgage	\$ 3,910,513	\$ 8,696,926	\$ 4,131,759	\$ 1,527,500	\$ 18,266,698
Asset-based	459,485	925,557	—	—	1,385,042
Commercial real estate	3,601,503	7,261,607	2,878,045	745,593	14,486,748
Multi-family	937,385	4,457,661	1,427,773	73,577	6,896,396
Equipment financing	107,511	817,203	304,373	—	1,229,087
Residential	3,176	41,533	611,092	8,467,199	9,123,000
Home equity	4,894	23,808	253,699	1,109,727	1,392,128
Other consumer	16,609	227,092	33,390	33	277,124
Total	\$ 9,041,076	\$ 22,451,387	\$ 9,640,131	\$ 11,923,629	\$ 53,056,223

Table 5-2.2: Total Credit Risk of Unused Commitments by Type and Contractual Maturity

<i>As of March 31, 2025 (Dollars in thousands)</i>	Unused Commitments				Total
	1 Year or Less	1 to 5 Years	5 - 15 Years	After 15 Years	
Commercial non-mortgage	\$ 4,690,078	\$ 3,122,011	\$ 142,626	\$ 100,685	\$ 8,055,400
Asset-based	165,192	559,650	—	—	724,842
Commercial real estate	211,539	871,053	38,099	7,003	1,127,694
Multi-family	14,709	67,102	16,515	—	98,326
Equipment financing	—	—	—	—	—
Residential	—	—	—	23,948	23,948
Home equity	452	—	6,206	1,806,886	1,813,544
Other consumer	56,732	50,288	556	135	107,711
Total	\$ 5,138,702	\$ 4,670,104	\$ 204,002	\$ 1,938,657	\$ 11,951,465

Table 5-3.1: Total Credit Risk of Loans and Leases Exposure by Type and Contractual Maturity by Industry

<i>As of March 31, 2025 (Dollars in thousands)</i>	Loans				
	1 Year or Less	1 to 5 Years	5 - 15 Years	After 15 Years	Total
Commercial	\$ 9,016,397	\$ 22,158,954	\$ 8,741,950	\$ 2,346,670	\$ 42,263,971
Consumer					
Real estate secured	8,070	65,341	864,791	9,576,926	10,515,128
Not secured by real estate	16,609	227,092	33,390	33	277,124
Total	\$ 9,041,076	\$ 22,451,387	\$ 9,640,131	\$ 11,923,629	\$ 53,056,223

Table 5-3.2: Total Credit Risk of Unused Commitments by Type and Contractual Maturity by Industry

<i>As of March 31, 2025 (Dollars in thousands)</i>	Unused Commitments				
	1 Year or Less	1 to 5 Years	5 - 15 Years	After 15 Years	Total
Commercial	\$ 5,081,518	\$ 4,619,816	\$ 197,240	\$ 107,688	\$ 10,006,262
Consumer					
Real estate secured	452	—	6,206	1,830,834	1,837,492
Not secured by real estate	56,732	50,288	556	135	107,711
Total	\$ 5,138,702	\$ 4,670,104	\$ 204,002	\$ 1,938,657	\$ 11,951,465

Table 5-4: Past due and Nonperforming by Geography

<i>As of March 31, 2025 (Dollars in thousands)</i>	30 - 89 Days Past Due and Accruing	90 or More Days Past Due and Accruing	Total Accruing	Less than 90 Days in Non- Accrual	90 or More Days Past Due in Non- accrual	Total Non Accrual
New York	\$ 36,883	\$ 507	\$ 37,390	\$ 39,447	\$ 53,692	\$ 93,139
Connecticut	10,478	—	10,478	7,893	24,999	32,892
Massachusetts	4,464	—	4,464	13,167	3,886	17,053
New Jersey	1,922	—	1,922	619	51,212	51,831
Pennsylvania	219	—	219	51,838	23,354	75,192
Rhode Island	937	—	937	1,735	1,306	3,041
Other	31,977	—	31,977	181,457	109,142	290,599
Total	\$ 86,880	\$ 507	\$ 87,387	\$ 296,156	\$ 267,591	\$ 563,747

Table 5-5: Past due and Nonperforming by Industry

As of March 31, 2025 (Dollars in thousands)

	30 - 89 Days Past Due and Accruing	90 or More Days Past Due and Accruing	Total Accruing	Less than 90 Days in Non- Accrual	90 or More Days Past Due in Non- accrual	Total Non- Accrual
Commercial	\$ 60,538	\$ 507	\$ 61,045	\$ 284,407	\$ 243,589	\$ 527,996
Consumer						
Real estate secured	25,686	—	25,686	11,686	23,901	35,587
Not secured by real estate	656	—	656	63	101	164
Total	\$ 86,880	\$ 507	\$ 87,387	\$ 296,156	\$ 267,591	\$ 563,747

Allowance for Credit Losses

The allowance for credit losses represents management's estimate of the allowance for loan losses and the reserve for unfunded credit commitments to cover expected credit losses over the contractual life of loans. Management's measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. For periods beyond which Webster makes or obtains such reasonable and supportable forecasts, Webster reverts to historical credit loss information. Changes in the factors used by management to determine the appropriateness of the allowance or the availability of new information could cause the allowance to be increased or decreased in future periods. In addition, bank regulatory agencies, as part of their examination process, may require changes in the level of the allowance based on their judgments and estimates. Actual losses could vary from management's estimates.

Webster determines its allowance in accordance with applicable accounting literature as well as regulatory guidance related to receivables and contingencies.

- Additional discussion of the methodology used to calculate the allowance is included in "Allowance for Credit Losses on Loans and Leases" in the "Loans and Leases" sections in Part II, Item 7 of the 2024 Form 10-K.

Charge-offs

The total gross and net charge-offs for the three months ended March 31, 2025 were \$56.6 million and \$55.0 million, respectively.

- Refer to Note 4 "Loans and Leases" to the consolidated financial statements in "Allowance for Credit Losses on Loans and Leases" of the 2024 Form 10-K for a roll forward of the allowance for credit losses and more information on total gross and net charge-offs

Corporate and Other Debt Securities

Through its Corporate Treasury function, the Company maintains and invests in debt securities that are primarily used to provide a source of liquidity for operating needs, to generate interest income, and as a means to manage the Company's interest rate risk. The Company's investment securities are classified into two major categories: AFS and HTM.

The ALCO manages the Company's securities in accordance with regulatory guidelines and corporate policies, which include limitations on aspects such as concentrations in and types of investments, as well as minimum risk ratings per type of security. In addition, the OCC may further establish individual limits on certain types of investments if the concentration in such investment presents a safety and soundness concern.

Table 5-6: Corporate and Other Debt Securities by Counterparty and Type

<i>As of March 31, 2025 (dollars in thousands)</i>	Amount	Percent of Total
Available for sale		
U.S. Public Sector ¹	\$ 8,244,374	88.1 %
Corporate - securitized ²	668,510	7.1 %
Corporate	437,930	4.7 %
Foreign debt security	9,283	0.1 %
Total AFS	\$ 9,360,097	100.0 %
Held to maturity		
U.S. Public Sector ¹	\$ 8,232,634	99.2 %
Corporate - securitized ²	65,402	0.8 %
Total HTM	\$ 8,298,036	100.0 %
Total investment securities	<u>\$ 17,658,133</u>	

¹Includes balances with the U.S. government and its agencies, government-sponsored entities and states and municipalities.

² Risk weighted using SSFA RWA method under the standardized approach. Refer to Note 3 “Investment Securities” to the consolidated financial statements in Part II, Item 8 of the December 31, 2024 10-K for further break out of the investment portfolio.

Table 5-7: Corporate and Other Debt Securities Maturity by Counterparty

<i>As of March 31, 2025 (dollars in thousands)</i>	Less than 1 Year	1-5 Years	Greater than 5 Years	Total
Available for sale				
U.S. Public Sector	\$ 6,006	\$ 114,155	\$ 8,124,213	\$ 8,244,374
Corporate - Securitized	—	22,174	646,336	668,510
Corporate	—	80,487	357,443	437,930
Other	—	4,964	4,319	9,283
Total AFS	\$ 6,006	\$ 199,606	\$ 8,485,975	\$ 9,360,097
Held to maturity				
U.S. Public Sector	\$ 1,005	\$ 157,198	\$ 8,074,431	\$ 8,232,634
Corporate - Securitized	—	—	65,402	65,402
Total HTM	\$ 1,005	\$ 157,198	\$ 8,139,833	\$ 8,298,036
Total	<u>\$ 7,011</u>	<u>\$ 356,804</u>	<u>\$ 16,625,808</u>	<u>\$ 17,658,133</u>

Counterparty Credit Risk-Related Exposures

Counterparty credit risk is the risk that a counterparty to a financial contract or transaction could be unable or unwilling to fulfill its contractual obligation which could potentially lead to financial losses for the Company. This risk is inherent to activities in OTC derivatives, margin loans, and repo-style transactions. To aid in mitigating this risk, Webster utilizes various netting agreements including, but not limited to ISDA/CSAs and MRAs. These agreements provide the framework governing activities across a full range of OTC products and repo-style transactions, contractually binding both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

Standard ISDA/CSAs and MRAs are required for all OTC derivative and repo-style transactions with financial institution counterparties. In addition to netting, these agreements provide for the exchange of collateral to further mitigate exposure. Webster has infrastructure in place to calculate net positions and manage collateral exchanges with financial counterparties on a daily basis. Eligible collateral types are documented in each master agreement or supporting annex within, and are managed under established credit policies. This collateral is and has primarily been cash, though certain fixed income securities may be exchanged as well on occasion. In the event of a material adverse change in the Bank’s own credit rating, financial counterparties may require additional collateral (independent amount) to maintain the trading relationship resulting in additional exposure. At present, Webster does not engage in margin loans with any of its financial institution counterparties. At March 31, 2025, Webster did not have any repo-style transactions with financial institution counterparties.

To reduce derivative counterparty credit exposure to individual counterparties, Webster centrally clears eligible transactions. OTC transactions are not centrally cleared and are therefore the only derivatives included in the table below. All exposures, including exposures related to centrally cleared transactions, are managed through internally established limits set by the Company's Counterparty Risk Management group. All OTC derivative financial institution counterparties must be reviewed and approved by Counterparty Risk Management. The approval of all counterparties and the subsequent setting of limits is based on in-depth analysis of each counterparty's creditworthiness and assessment of the credit exposure associated with a counterparty. Internal risk rating tools along with additional quantitative and qualitative assessments of the creditworthiness of a counterparty are utilized to assign a risk rating. Utilizing the internal risk rating along with an assessment of the risks associated with the specific type of exposure are then evaluated to set limits in accordance with Webster's risk tolerance.

Webster also enters into transactions possessing counterparty credit risk with corporate, institutional and real estate customers. These transactions are primarily designed to facilitate the customers' hedging exposures to interest rate, commodity price or foreign exchange rate movements. These transactions are usually not cleared through a clearinghouse; rather, Webster retains the credit exposure of the clients for the life of the trade. The credit risk in these transactions is usually underwritten in conjunction with a loan transaction for the customer, and, when the loan is collateralized, the derivative shares in the collateral which can be real estate, working capital assets, securities, contracts or other assets. The credit approval process for these transactions includes independent credit officers familiar with the underlying credit risk, working in conjunction with a Capital Markets credit officer experienced in derivatives and the underlying documentation. Webster enters into credit derivatives, including RPAs and index-based credit default swaps, in relation to hedging activities and for customer and other risk management purposes. Webster enters into RPAs to share interest rate derivative contracts with other counterparties or to take on credit exposure with other counterparties for revenue generation purposes. Index-based credit default swaps are utilized to hedge spread risk related to Webster's commercial mortgage banking activities.

OTC Derivatives

The following table is presented on a U.S. GAAP basis and summarizes the netting and collateral positions of the Company's OTC derivatives transactions by exposure type. As defined, the gross current credit exposure is the greater of the positive fair value of the derivative or zero (asset derivatives). The collateral is comprised of \$168.1 million of cash.

Table 6-1: OTC Derivatives Exposure by Counterparty

As of March 31, 2025 (Dollars in thousands)

	Exposure	Percent of Total
Customer Derivatives		
Corporate	\$ 49,769	19 %
Consumer	—	— %
Banks	—	— %
Public	—	— %
Total Customer	\$ 49,769	19 %
Dealer hedges (non-customer)	\$ 212,358	81 %
Net current credit exposure	262,127	100 %
Collateral held	(168,060)	
Unsecured net credit exposure	<u><u>\$ 94,067</u></u>	

Table 6-2: OTC Derivatives Exposure by Geography

As of March 31, 2025 (Dollars in thousands)

	Exposure	Percent of Total
New York	\$ 24,828	9 %
Connecticut	3,380	1 %
Massachusetts	1,251	— %
New Jersey	5,781	2 %
Rhode Island	359	— %
All other	14,170	5 %
Total Customer	\$ 49,769	17 %
Dealer hedges (non-customer)	212,358	81 %
Net current credit exposure	\$ 262,127	98 %
Collateral held	(168,060)	
Unsecured net credit exposure	<u>94,067</u>	

Table 6-3: OTC Derivatives Exposure by Maturity

As of March 31, 2025 (Dollars in thousands)

	Less than 1 Year	1 - 5 Years	Greater than 5 Years	Grand Total
OTC Derivatives	\$ 6,518	\$ 117,534	\$ 138,054	\$ 262,106
Counterparty netting				(44,248)
Net current credit exposure				217,858
Collateral held				(168,060)
Unsecured net current credit exposure				<u>\$ 49,798</u>

Credit Derivatives

For a further discussion of the Company's credit derivatives refer to the following filings:

- Note 17 "Derivative Financial Instruments", to the consolidated financial statements in Part II, Item 8 of the Company's 2024 Form 10-K,
- Schedule HC-L, Derivatives and Off-Balance-Sheet Items, in the Company's Consolidated Financial Statements for Holding Companies - FR Y-9C dated March 31, 2025, and
- Note 13 "Derivative Financial Instruments", in Part I, Item 1 of the First Quarter 2025 10-Q.

Credit Risk Mitigation

Credit risk mitigation techniques are primarily utilized in the loan portfolio and derivative transactions. Webster's objective for credit risk mitigation with respect to the loan portfolio is to maintain a credit portfolio that provides for stable credit costs with acceptable volatility through an economic cycle. Webster has a diversified loan portfolio with respect to product type, collateral and geography which helps to mitigate credit risk. Webster looks to enter into master netting agreements and collateral agreements with counterparties to meet its credit risk mitigation objectives for credit risk mitigation of derivative.

The amount and type of collateral supporting a loan impacts the level of credit risk related to that loan. During the underwriting process, the collateral is assessed as part of the overall credit evaluation of the loan. In support of loan collateral values, Webster obtains updated valuations for large commercial and investor real estate non-performing loans on at least an annual basis. For loans that are individually identified for impairment, those valuations are currently discounted as appropriate from the most recent appraisal to consider continued declines in values. The discounted valuations are utilized in the measurement of the level of impairment in the allowance calculation. For loans that are not individually identified for impairment and secured by collateral, Webster considers the impact of declines in valuations in the loss given default estimates within the allowance calculation.

As a matter of business practice, Webster may require some form of credit support as a mitigating factor, such as a guarantee. Guarantees are legally binding and entered into simultaneously with the primary loan agreements. Evaluation of guarantors' ability and willingness to pay is considered as part of the risk rating process, which provides the basis for the allowance for the commercial and investor real estate portfolios.

More information on credit risk management and mitigation can be found in the following filing:

- The "Critical Accounting Estimates and Related Policies - Allowance for Credit Losses", "Risk Management" and "Credit Risk" sections of the Management's Discussion and Analysis disclosures in Part II, Item 7 of the 2024 Form 10-K.

In connection with derivative activities, credit risk is mitigated by entering into legally enforceable master netting agreements. When there is more than one transaction with a counterparty and there is a legally enforceable master netting agreement in place, the exposure represents the net of the gain and loss positions with and collateral received from and/or posted to that counterparty. The majority of interest rate derivatives traded by Webster are subject to mandatory clearing. The counterparty risk for cleared trades effectively moves from the executing broker to the clearinghouse allowing Webster to benefit from the risk mitigation controls in place at the respective clearinghouse.

See the "Market Risk-Interest Rate Risk" section of the Management's Discussion and Analysis disclosures in Part II, Item 7 of the 2024 Form 10-K.

The Basel III Rules allow eligible financial collateral, eligible guarantees, and eligible credit derivatives to be recognized in the calculation of risk-weighted assets. The Company's use of credit risk mitigants related to Webster's major types of credit exposure in the calculation of risk-weighted assets is presented in the following tables. When financial collateral is obtained that qualifies as eligible collateral under the Basel III Rules, the eligible collateral can be substituted for the collateralized portion of the credit exposure in the risk-weighted asset calculation. The impact of any applicable collateral haircuts on the exposure amount secured by eligible collateral is immaterial. As illustrated below, the eligible financial collateral consists of cash and agency securities; the associated risk-weighted asset amounts are immaterial. Similarly, when an eligible guarantee is received, the risk weight applicable to the eligible guarantor would apply to the exposure covered by the guarantee.

Table 7: Eligible Guarantees

<i>As of March 31, 2025 (Dollars in thousands)</i>	Eligible Collateral ¹		Guarantees ²	
	Covered Exposure	Associated RWA Amount	Covered Exposure	Associated RWA Amount
Loans	\$ 4,175	\$ —	\$ 237,990	\$ 47,598
Unfunded commitments	—	—	46,882	9,376

¹ Loans in this category are 100% collateralized by cash

² Loans are guaranteed by the U.S. government, its agencies, or its government sponsored agencies under guarantee or insurance provisions. The balance includes approximately \$0.7 million of Federal government guaranteed Paycheck Protection Program loans.

In addition to the guaranteed loans above, at March 31, 2025 Webster had approximately \$0.7 million in Paycheck Protection Program loans. These loans are guaranteed by the Federal government and the guarantee is not separable from the loan, therefore they are risk-weighted at zero percent.

Securitizations

Under the Basel III Capital Rule, a securitization is defined as:

- All or a portion of the credit risk of one or more underlying exposures is transferred to one or more third parties other than through the use of credit derivatives or guarantees;
- The credit risk associated with the underlying exposures has been separated into at least two tranches reflecting different levels of seniority;
- Performance of the securitization exposures depends upon the performance of the underlying exposures;

- All or substantially all of the underlying exposures are financial exposures (such as loans, commitments, credit derivatives, guarantees, receivables, asset-backed securities, mortgage-backed securities, other debt securities, or equity securities);
- The underlying exposures are not owned by an operating company or a small business investment company; and
- The underlying exposures are not owned by a firm, an investment in which qualifies as a community development investment.

Webster has not engaged in the securitization of its own assets ("originated securitizations") in several years. The remaining estimated fair value of originated securitization exposures is immaterial and is included in securities available for sale. Webster does however invest in products that meet the definition of a securitization. These securitization exposures consist of loans to SPEs secured by financial exposures and purchased tranches of non-agency securitizations (primarily commercial mortgage-backed securities) included in the securities held to maturity and available for sale portfolio. Currently, Webster does not own any re-securitization exposures or synthetic securitization exposures. Other on balance sheet securitization exposures include interest receivable for the aforementioned commercial mortgage backed securities. Off balance sheet securitization exposures primarily relate to unfunded commitments for loans and leases held for investment that are secured by qualifying financial collateral that meets the definition of a securitization exposures.

Securitization exposures can give rise to multiple types of risk including, but not limited to, credit risk, seller risk and market risk. Credit risk arises from the performance of the underlying asset pool (i.e. payment rates, dilution, write-offs/losses). Seller risk represents the portion of the unsecured credit exposure in a transaction with the seller. This exposure principally arises from recourse for losses, lack of cash control, or potential declines in the amount of securitized assets between settlement periods.

Webster's due diligence process is designed to provide an understanding of the features that may materially affect the performance of a securitization exposure. These procedures include analyzing and monitoring the quality of the positions, including information regarding performance of the underlying credit exposures and relevant market data and the structural and other enhancement features that may affect the credit quality of a securitization. Webster evaluates, reviews and updates the ongoing performance of each securitization exposure at least quarterly.

The Company uses the Simple Supervisory Formula Approach (SSFA) under the Basel III Standardized Approach to assign risk weights to securitization exposures. This approach is based on a formula that starts with a baseline derived from the capital requirements that apply to all exposures underlying the securitization and then assigns risk weights based on the subordination level and the level of delinquencies of an exposure. The agencies designed the SSFA to apply relatively higher capital requirements to the more risky junior tranches of a securitization that are the first to absorb losses, and relatively lower requirements to the most senior exposures.

The tables below illustrate Webster's securitization exposures, related capital requirements and risk-weighted asset impact. The available-for-sale securitization exposure amounts for purposes of risk-weighting are the carrying values of the securities less any unrealized gains on the exposure plus any unrealized losses on the exposure recognized in OCI.

Table 8: Securitization Exposure by Type and Risk Weighting

<i>As of March 31, 2025 (Dollars in thousands)</i>	Exposure Amount	RWA	RWA %	RWA Method
Exposure type:				
Commercial mortgage backed Securities HTM	\$ 65,402	\$ 13,080	20 %	SSFA
Commercial mortgage backed Securities AFS	668,510	135,138	20 %	SSFA
Loans to nondepository financial institutions	1,887,519	377,504	20 %	SSFA
Other on balance sheet securitization exposures	1,450	364	25 %	SSFA
Off balance sheet securitization exposures	138,550	27,710	20 %	SSFA
Off balance sheet securitization exposures	1,938	24,225	1250 %	1250 %
	<u>\$ 2,763,369</u>	<u>\$ 578,021</u>		

The capital impact of risk-weighted assets is calculated by multiplying each risk-weighted asset amount in the table above by the minimum total risk-based capital ratio of 8%.

Equity Exposures Not Subject to Market Risk Rule

The Company has total equity exposures of approximately \$2.4 billion, with \$0.5 billion in individual equities and \$1.9 billion in equity funds at March 31, 2025. The majority of the individual investments are related to the Company's Community Reinvestment Act (CRA) activities, including tax-advantaged investments. The Company uses the simple risk-weight approach for its individual equity securities. The equity funds consist of BOLI, private equity, money market and other equity funds. The Company uses the full look-through approach for BOLI assets in separate accounts and other equity funds. Investment guidelines specify objectives and constraints for separate account BOLI investment funds, including permitted and non-permitted investments, concentration and diversification requirements, credit quality requirements and duration parameters. There were no unrealized gains not recognized through earnings included in Tier 2 capital for the year ended March 31, 2025.

Non-marketable equity securities are generally recorded either at historical cost or using the equity method. For further information refer to Note 1 "Summary of Significant Accounting Policies" in the Company's Form 10-K for the year ended December 31, 2024.

Equity securities carried at cost and the related unrealized gains and losses were immaterial at March 31, 2025.

The following table summarizes the capital impact of equities which is calculated by multiplying each risk-weighted asset amount in the table below by the minimum total risk-based capital ratio of 8%.

Table 9: Equities Risk Weights and Capital Impact

<i>As of March 31, 2025 (Dollars in thousands)</i>	Exposure	RWA	Capital Impact of RWA
0% risk weight	\$ 229,995	\$ —	\$ —
20% risk weight	120,707	24,141	1,931
100% risk weight	1,471,104	1,471,104	117,688
400% risk weight	20,975	83,900	6,712
Full look through approach	552,384	552,384	44,191
Total	<u>\$ 2,395,165</u>	<u>\$ 1,579,146</u>	<u>\$ 126,331</u>
Public	\$ 552,384		
Nonpublic	1,842,781		
Total	<u>\$ 2,395,165</u>		

Interest Rate Risk for Non-Trading Activities

Information on interest rate risk, interest rate sensitivity analysis, and the reported level of interest rate risk carried by Webster's balance sheet, can be found in Part II under the section captioned "Asset/Liability Management and Market Risk" contained in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and within Note 17: Derivative Financial Instruments in the December 2024 10-K and "Asset/Liability Management and Market Risk" in Item 2 of the First Quarter 10-Q.

Appendix 1 - Basel III Regulatory Capital Disclosure Matrix

Disclosure Requirement	Description	Disclosure Report	2025 First Quarter 10-Q	2024 Form 10-K
Scope of application	Name of the top corporate entity	6	1	1, 3, 73
	Descriptions of differences in basis for consolidating entities	8	—	73
	Restrictions on transfers of funds or total capital within the group	8	21, 59	7, 53, 121
	Aggregate amount of surplus capital of insurance subsidiaries	N/A	—	—
	Aggregate amount of total capital that is less than minimum capital	8	—	—
Capital Structure	Terms and conditions of capital instruments	9	54	113
	Capital components	10	58	116, 118, 120
Capital adequacy	Capital adequacy assessment process	11	21	4, 5, 22, 53, 120
	Risk-weighted assets by exposure type	11	—	—
	Market risk weighted assets	N/A	—	—
	Risk weighted assets	11	21, 22 58	4, 5, 54, 140
Capital ratios and capital conservation buffer	Capital ratios	12	58	54, 120
	Calculation of capital conservation buffer	12	—	5
	Calculation of eligible retained income	12	—	—
Credit risk: general disclosures	Policies and practices	13	17	10-13, 50
	Credit risk exposures:			
	Loans and related commitments	14	52	17, 50, 92
	Past due and nonperforming loans by industry	17	—	—
	Allowance disaggregated on the basis of impairment methodology	—	—	—
	Charge-offs during the period	17	44	93
	Reconciliation of changes in allowance	17	44	93
	Corporate and Other Debt Securities	17	39	88

Table	Disclosure		Disclosures	First Quarter	2024 Form
Number	Requirement	Description	Report	1Q 10-Q	10-K
6	Counterparty credit risk-related exposures	Policies and practices	18	—	82
		Counterparty risk exposure	19	63	12, 125
		Credit derivatives purchased and sold	19	—	82, 125
7	Credit risk mitigation	Policies and processes	20	—	59, 62
		Exposures covered by eligible financial collateral	21	—	—
		Exposures covered by guarantees/credit derivatives and related risk weighted assets	21	—	—
8	Securitization	Policies and practices	21	60, 74	103
		Loans to SPEs and affiliated entities	22	—	—
		Accounting policies for securitization activities	21	—	—
		Exposures securitized by the bank and re-securitizations	22	—	—
		Securitization exposures	22	—	—
9	Equities not subject to the market risk rule	Policies and Practices	23	—	74, 122, 123
		Amortized cost and fair value by type/nature and public versus nonpublic	23	—	—
		Realized and unrealized gains (losses)	23	—	—
		Capital requirements	23	—	—
10	Interest rate risk for non-trading activities	Nature, assumptions and frequency of measurement	23	26	59- 61
		Earnings sensitivity to rate movements	23	26	59 - 61
NA	Disclosure is not applicable to Webster				