



CAPTRUST

February 8, 2023

Company	Ticker	Sector	Industry
Webster Financial Corporation	WBS-US	Financials	Banks

Business Description

Webster Financial Corp. is holding company which engages in the provision of financial services to individuals, small businesses, middle market clients, and municipalities within its New England-based footprint. It operates through the following business segments: Commercial Banking, HSA Bank, and Community Banking. The Commercial Banking segment includes commercial banking and private banking. The HSA Bank segment offers comprehensive consumer directed healthcare solutions, including acting as a health savings account trustee and providing administrative services. The Community Banking segment comprises personal and business banking. Webster Financial holds the number two deposit market share in Connecticut and provides services through over 200 banking centers (pro-forma for the merger with Sterling Bancorp). The company was founded in 1986 and is headquartered in Waterbury, CT.

Price Chart

Key Info & Metrics



Empirical Research Rank:	8
Date Purchased:	05/05/2021
Price:	\$55.65
52-Week Range:	\$41.78 - \$62.54
Dividend Yield:	2.88%
Market Cap (\$M):	\$9,684
Forward Price-to-Earnings:	8

Total Return

Year-to-Date:	18.4%
1 Year:	-4.6%
3 Year:	33.4%
5 Year:	20.4%

Investment Case - Updated: November 6, 2022

Webster Financial is a mid-cap regional bank with most of its footprint in Connecticut and New York, including its merger of equals with Sterling Bancorp which is expected to close in early 2022. Regional banks benefit the most during the early stages of an economic upturn, and the U.S. economy is likely to be in this stage for at least another year. Webster is commercially focused and has a higher mix of floating rate loans—both are pro-cyclical elements. The crown jewel of Webster is HSA Bank, which is the third largest custodian of health savings accounts in the U.S. The HSA industry has the potential to be as large as 401Ks in terms of potential number of accounts. This is a fantastic source of deposit growth, fee income, and revenue synergies with Webster's traditional banking businesses. The merger with Sterling Bancorp will create greater scale in the company's Northeast footprint, generate meaningful cost savings, and allow the company to more aggressively grow and invest in HSA Bank.

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