

Risk Factors Comparison 2025-03-03 to 2024-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Investment in Webster stock involves risks and uncertainties, some of which are inherent in the financial services industry and others of which are more specific to our business. The discussion in the paragraphs below addresses the material risks and uncertainties, of which we are currently aware, that could adversely affect our business, results of operations, or financial condition. Before making an investment decision, you should carefully consider the risks and uncertainties together with all of the other information included or incorporated by reference in this report. If any of these events or circumstances actually occurs, our business, results of operations, or financial condition could be significantly impacted. Information Risk A failure or breach of our information systems, ~~or those of our third-party vendors and service providers,~~ including as a result of cyber-attacks, could disrupt our businesses, result in the misuse of confidential or proprietary information, damage our reputation, and cause losses. As a financial institution, we depend on our ability to process, record, and monitor a large number of customer transactions. Accordingly, our operational systems and technology infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, and breakdowns. Our business, financial, accounting, data processing, or other operating systems and facilities, including mobile banking **applications** and other recently developed technologies, may stop operating properly or become disabled or compromised as a result of a number of factors that may be beyond our control. For example, there could be sudden increases in customer transaction volume, electrical or telecommunications outages, natural disasters, pandemics, events arising from political or social matters, including terrorist acts and cyber- attacks, all of which may contribute to a cybersecurity threat. Although we have business continuity plans and information security and technology processes and controls in place, we are at risk of cybersecurity threats due to disruptions or failures in the operational systems or technology infrastructures that support our businesses and customers, or cyber- attacks or security breaches of the networks, systems, or devices on which information assets are stored or are used by customers to access our products and services. Any of these incidents could result in customer attrition, regulatory fines, penalties or intervention, reputational damage, reimbursement, or other compensation costs, which could have a material adverse effect on our business strategy, results of operations, or financial condition. Additionally, third parties with whom we do business or that facilitate our business activities, including exchanges, clearing houses, financial intermediaries, or vendors that provide services or security solutions for our operations, could also be sources of operational risk and information security risk, including breakdowns or failures of their own systems, capacity constraints, and cyber- attacks, each of which could pose a cybersecurity risk. In recent years, information security risks for financial institutions have risen due to the increased sophistication and activities of organized crime, hackers, terrorists, hostile foreign governments, activists, and other external parties. There have been instances involving financial services and consumer-based companies reporting unauthorized access to, and disclosure of, customer information or the destruction or theft of corporate data. There have also been highly publicized cases where hackers have requested ransom- payments in exchange for allowing access to systems and / or not disclosing customer information. Our inherent risk and exposure to information security matters remains heightened, and as a result, the continued development and enhancement of our controls, processes, and practices designed to protect operational systems, computers, software, data, and networks from attack, damage, or unauthorized access remains a high priority for us. While we have purchased network and privacy liability insurance coverage, which includes digital asset loss, business interruption loss, network security liability, privacy liability, network extortion, and data breach coverage, such insurance may not cover any and all actual losses. As cybersecurity threats and related regulations continue to evolve, we may be required to expend significant additional resources to modify our protective measures or to investigate and remediate any information security vulnerabilities. **We are subject to complex state and federal laws and regulations regarding data privacy and security, which impact how we conduct our business. We are subject to complex and evolving data privacy laws, rules and contractual obligations (collectively “ data privacy laws ”) that relate to the privacy and security of the personal information of our customers and employees, or any other natural persons. These data privacy laws require, among other things, that we make certain privacy disclosures, maintain a robust security program, require disclosures and notifications during a cyber or information security incident, and regulate our collection, use, sharing, retention, and safeguarding of consumer or employee information. State and federal regulators may also hold us responsible for privacy and data protection obligations performed by our third- party service providers while providing services to us, as well as disclosures and notifications during a cyber or information security incident. Consumers also have the option to direct us and other financial institutions not to share information about transactions and experiences with affiliated companies for the purpose of marketing products or services. State regulators have also been increasingly active in implementing privacy and cybersecurity regulations. Several states have also recently strengthened their data breach notification and data privacy requirements. We expect this trend of state- level activity in those areas to continue and are continually monitoring developments, particularly if the CFPB is no longer enforcing federal financial institution consumer privacy laws and regulations. As the regulatory environment becomes more rigorous, we anticipate that compliance with these requirements will result in additional costs and expenses, and may impact the way we conduct business. Our failure to comply with data privacy laws could result in potentially significant regulatory or governmental investigations, litigation, fines, or sanctions, or cause damage to our reputation, which could have a material adverse effect on our business, financial condition, or results of operations. We may not be able to successfully implement current or future information technology system enhancements and operational initiatives, which could adversely affect our business operations and profitability. We continue to invest significant resources in our**

core information technology systems in order to provide functionality and security at an appropriate level, and to improve our operating efficiency and to streamline our client experience. These initiatives significantly increase the complexity of our relationships with third- party service providers and such relationships may be difficult to unwind. We may not be able to successfully implement and integrate such system enhancements and initiatives, which could adversely impact our ability to comply with certain legal and regulatory requirements. In addition, these projects could have higher than expected costs and / or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges that adversely impact our financial condition and results of operations, could result in significant costs to remediate or replace the defective components, and could impact our ability to compete. In addition, we may incur significant training, licensing, maintenance, consulting, and amortization expense during and after implementation, and any such costs may continue for an extended period of time. As such, we cannot guarantee anticipated long- term benefits from these system enhancements and operational initiatives. **Reputational--**

Reputation Risk Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our **ESG corporate responsibility** practices may impose additional costs on us or expose us to new or additional risks. Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their **ESG corporate responsibility** practices and disclosure. Investor advocacy groups, investment funds, and influential investors are also increasingly focused on these practices, especially as they relate to the environment **(including with respect to climate change)**, health and safety, **diversity inclusion and belonging, human capital management**, labor conditions, and human rights. **Due to divergent stakeholder views on these matters, we are at increased risk that any action, or lack thereof, concerning these matters will be perceived negatively by some stakeholders, which could negatively affect our business and reputation. Furthermore, as a result of our diverse base of clients and business partners, we may face potential negative publicity based on the identity of our clients or business partners and the public' s (or certain segments of the public' s) view of those entities.** Increased **ESG corporate responsibility**- related compliance costs for us, as well as among our third- party suppliers, vendors, and various other parties within our supply chain, could also result in increases to our overall operational costs. **Any Failure-failure or perceived failure (whether or not valid) to adapt to pursue or fulfill or our sustainability goals and aspirations, to** comply with **evolving** regulatory requirements, **or to meet** investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, access to capital, and the price of our stock. We are subject to financial and reputational risks from potential liability arising from lawsuits. The nature of our business ordinarily results in certain legal proceedings and claims. Whether claims or legal actions are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to us, they may result in significant financial liability and / or adversely affect how the market perceives us, the products and services we offer, as well as customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on our business, which could have a material adverse effect on our financial condition and results of operations. We assess our liabilities and contingencies in connection with outstanding legal proceedings and certain threatened claims and assessments using the latest and most reliable information. For matters identified where it is probable that we will incur a loss and we can reasonably estimate the amount, we will establish an accrual for the loss. Once established, the accrual is then adjusted, as needed, to reflect any relevant developments. However, the actual cost of an outstanding legal proceeding or threatened claim and assessment may be substantially higher than the amount accrued by management. **Operational Risk** We rely on third parties to perform significant operational services for us. Third parties perform significant operational services on our behalf. For instance, we depend on our vendor- provided core banking processing systems to process a large number of increasingly complex transactions on a daily basis. Accordingly, we are exposed to the risk that vendors and third- party service providers might not perform in accordance with their contracts or service agreements, whether due to changes in their organizational structure, strategic focus, support for existing products, technology, services, financial condition, or for any other reason. Their failure to perform could be disruptive to our operations, which could have a materially adverse impact on our business, results of operations, and financial condition. Although we require third- party service providers to have business continuity and disaster recovery plans that are aligned with our plans, such plans may not operate successfully or in a timely manner so as to prevent any such material adverse impact. Our business may be adversely affected by fraud. As a financial institution, we are inherently exposed to risk in the form of theft and other fraudulent activities by employees, customers, or other third parties targeting Webster or Webster' s customers or data. Such activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering, and other dishonest acts. Although we devote substantial resources to maintaining effective policies and internal controls to identify and prevent such incidents, given the increasing sophistication of possible perpetrators, we may experience financial losses or reputational harm as a result of fraud. Our internal controls may be ineffective, circumvented, or fail. Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls and procedures, failure to implement any necessary improvement of controls and procedures, or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations, and financial condition. We are exposed to environmental liability risk with respect to properties to which we obtain title. A significant portion of our loan portfolio is secured by real property. In the normal course of business, we may foreclose on and take title of properties securing certain loans, and there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, we may be held liable for remediation costs, including significant investigation and clean- up costs and for personal injury or property damage. In addition, environmental contamination could materially reduce the affected property' s value or limit our ability to use or sell the affected

property. Although we have policies and procedures to perform environmental reviews prior to lending against or initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. Further, if we are the owner or former owner of a contaminated site, we may be subject to common law claims based on damages and costs incurred by others due to environmental contamination emanating from the property. These remediation costs and liabilities could have a material adverse effect on our financial condition and results of operations. Climate change manifesting as physical or transition risks could adversely affect our operations, businesses, and customers. There is an increasing concern over the risks of climate change and related environmental sustainability matters. The physical risks of climate change include discrete events, such as flooding and wildfires, and longer-term shifts in climate patterns, such as extreme heat, sea level rise, and more frequent and prolonged drought. Such events could disrupt our operations, those of our customers, or third parties on which we rely, including through direct damage to assets and indirect impacts from supply chain disruption and market volatility. In addition, transitioning to a low-carbon economy may entail extensive policy, legal, technological, and market initiatives. Transition risks, including changes in consumer preferences and additional regulatory requirements or taxes, could increase our expenses and undermine our strategies. Our reputation and client relationships may be damaged as a result of our practices related to climate change. **Our reputation and client relationships may be damaged as a result of our practices related to climate change,** including our direct or indirect involvement in certain industries or projects associated with causing or exacerbating climate change, as well as any decisions we make to conduct or change our activities in response to managing climate risk. ~~Further, our ability to attract and retain employees may also be harmed if our response to climate change is perceived as ineffective or insufficient.~~ We have developed and continue to enhance processes to assess and monitor the Bank's exposure to climate risk. However, because the timing and impact of climate change have limited predictability, our risk management strategies may not be effective in mitigating climate risk exposure. **There may be risks resulting from the extensive use of models in our business. We rely on financial and economic models to measure risks, estimate certain financial values, and inform certain business decisions. Models may be used in processes such as risk management, asset management, valuation, capital and reserve calculations, and financial reporting. Models generally predict or infer certain financial outcomes, leveraging historical data and assumptions as to the future, often with respect to macroeconomic conditions. Development and implementation of some of these models requires us (or third parties) to make difficult, subjective, and complex judgments. Such judgments may not capture or fully incorporate conditions leading to losses, particularly in times of market distress, and the historical correlations on which we rely may no longer be relevant. Additionally, as businesses and markets evolve, the data and assumptions used in these models may not accurately reflect this evolution. If the design, implementation, or incorrect use of our models (or our third parties' models) is flawed, or a model's assumptions or limitations are misunderstood or set incorrectly, we could make business, strategic, or tactical decisions based on a model's output that is incorrect, misleading, or incomplete. In addition, information we provide to the public or to our regulators based on poorly designed, implemented, or incorrectly used models could be misleading or inaccurate. Certain decisions that the regulators make, including those related to requests we may make to pay dividends to our stockholders, could be adversely affected due to a regulator's negative perception of our risk or business management, including but not limited to, insufficient model quality or incorrect model use. The development and use of AI presents risks and challenges that may adversely impact our business. We are in the early stages of incorporating AI into our business activities to increase employee productivity. We have not yet deployed AI-driven systems in critical decision-making or client-facing processes. Our vendors or third parties may develop or incorporate AI technology in certain business processes, services, or products. Any reliance on AI presents a number of risks and challenges to our business. The legal and regulatory environment relating to AI is uncertain and rapidly evolving, both in the U. S. and internationally, and includes regulatory schemes targeted specifically at AI. On January 23, 2025, President Trump issued an Executive Order aimed at reducing barriers to AI innovation in the U. S. economy. The Order requires relevant persons and bodies within the federal government to develop an AI action plan to carry out this objective and revokes prior AI-related Executive Orders, as well as all corresponding policies, regulations, order, directives, and other actions taken in response to such Order. These evolving laws and regulations could require changes in our consideration and implementation of AI technology and increase our compliance costs and the risk of non-compliance. AI models may reflect biases included in the data on which they are trained, that could result in the release of company confidential information, infringe on intellectual property rights, or that is otherwise harmful. Further, the complexity of many AI models makes it difficult to fully evaluate. Thus, the use of an AI model could expose us to liability or adverse legal or regulatory consequences and harm our reputation.** Credit Risk Our allowance for credit losses on loans and leases may be insufficient. We maintain an ACL on loans and leases, which is a reserve established through a provision for credit losses charged to expense, that represents management's best estimate of expected credit losses over the life of the loan or lease within our existing portfolio. The determination of the appropriate level of ACL on loans and leases inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and trends using existing qualitative and quantitative information and reasonable supportable forecasts of future economic conditions, all of which may undergo frequent and material changes. Changes in economic conditions affecting borrowers, the softening of macroeconomic variables that we are more susceptible to, along with new information regarding existing loans, identification of additional ~~problems~~ **problem** loans, and other factors, both within and outside our control, may indicate the need for an increase in the ACL on loans and leases. Bank regulatory agencies also periodically review our ACL and may require an increase in the provision for credit losses or the recognition of additional loan charge-offs, based on judgments different than those of management. In addition, if charge-offs in future periods exceed the ACL, we may need, depending on an analysis of the adequacy of the ACL, ~~an additional provisions~~ **provision** to increase the ACL. An increase in the ACL would result in a decrease in net income, and could have a material adverse effect on our financial condition, results of operations, and regulatory capital position. The

soundness of other financial institutions could adversely affect our business. Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about one or more financial services companies, or the financial services industry in general, have led, and may further lead to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions could expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be impacted if the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount of **our investment in** the financial instrument's exposure due to us. Any such losses could materially or adversely affect our business, financial condition, or results of operations. We are subject to the risk of default by our counterparties and clients, particularly with respect to certain types of commercial loans. Many of our routine transactions expose us to credit risk in the event of default of our counterparties or clients. Our credit risk may be exacerbated when the collateral held cannot be realized or is liquidated at prices insufficient to cover the full amount of the loan or derivative exposure to us. In deciding whether to extend credit or enter into other transactions, we may rely on information furnished by or on behalf of counterparties and clients, including financial statements, credit reports, and other information. We may also rely on representations of those counterparties, clients, or other third parties, such as independent auditors, as to the accuracy and completeness of that information. The inaccuracy of that information or those representations affects our ability to evaluate the default risk of a counterparty or client accurately and could cause us to enter into unfavorable transactions, which could have a material adverse effect on our financial condition and results of operations. In addition, we consider our commercial real estate loans and commercial and industrial loans to be higher risk categories in our loan portfolio because these loans are particularly sensitive to economic conditions. Commercial real estate loans generally have large balances and can be significantly affected by adverse economic conditions that are outside of the borrower's control because payments on such loans typically depend on the successful operation and management of the businesses that hold the loans. In **recent years, commercial real estate has been impacted by higher interest rates and inflation, which affected the profitability of new commercial real estate developments, the feasibility of some projects, and the volume of commercial real estate investments. The commercial real estate market has experienced increased property vacancies and declining rent growth.** In the case of commercial and industrial loans, related collateral often consists of accounts receivable, inventory, and equipment. This type of collateral typically does not yield substantial recovery in the event of foreclosure and may rapidly deteriorate, disappear, or be misdirected in advance of foreclosure. In addition, many of our commercial real estate and commercial and industrial borrowers have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship may expose us to significantly greater risk of loss. The risks associated with these types of loans could have a significant negative effect on our earnings in any quarter. **In 2023, higher interest rates and inflation which could have a material adverse** affected **our business** the profitability of new commercial real estate developments, **financial condition** the feasibility of some projects, and **results** the volume of **operations** commercial real estate investments. The commercial real estate market has experienced increased property vacancies and declining rent growth. We are subject to commercial lending concentration risks. At December 31, **2023-2024**, approximately 75 % of our loan and lease portfolio consisted of commercial non-mortgage, commercial real estate, and multi-family loans, and a large portion of the borrowers or properties associated with these loans are geographically concentrated in New York City and proximate areas. We continue to monitor risks associated with office space, anchor tenants, and the general economic and physical risks (such as severe weather, public health, and personal safety risks), affecting commercial properties and borrowers in the Greater New York City area. Additional information regarding our commercial lending business can be found in Part II under the section captioned "Loans and Leases" contained in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Compliance Risk We are subject to extensive government regulation and supervision, which may interfere with our ability to conduct our business operations. We are subject to extensive federal and applicable state regulation and supervision, primarily through Webster Bank and certain non-bank subsidiaries. Banking regulations are primarily intended to protect depositors, the FDIF, and the safety and soundness of the U. S banking system as a whole, not stockholders. These regulations affect our lending practices, capital structure, investment practices, dividend policy, and growth, among other things. Congress and federal regulatory agencies continuously review banking laws, regulations, and policies for possible changes, and proposed changes are to be expected **if there is as a result of** a change in the office of the President of the U. S. Changes to statutes, regulations, or regulatory policies, including changes in interpretation or implementation thereof, could affect us in substantial and unpredictable ways. **For example We expect the Trump Administration will seek to implement a regulatory agenda that is significantly different than that of the Biden Administration, impacting the rule-making, supervision, examination, and enforcement priorities of the federal banking agencies.** such **Such** changes could subject us to additional costs, limit the types of financial services and products we may offer, and restrict what we are able to charge for certain banking services, **or lead to regulatory uncertainty**. Failure to comply with laws, regulations, or policies could result in sanctions by regulatory agencies, civil penalties, and reputation damage, which could have a material adverse effect on our business, financial condition, and results of operations. While we have policies and procedures designed to prevent these types of violations, there can be no assurance that such violations will not occur. **Significant changes to the size and operations of the federal government agencies may cause economic disruptions that could adversely impact our business, results of operations and financial condition. The Trump Administration has started to implement significant changes to the size of the federal government. To date, we have seen executive actions to eliminate or modify federal agency and federal program funding, reduce the size of the federal workforce and minimize the oversight of certain federal agencies, and encourage the use of**

AI and other advanced technologies. Government services and federal program funds and benefits may be disrupted or eliminated which could adversely affect regional and local economies and our customers, and thus our business, results of operations and financial condition. In the absence of comprehensive federal regulation and oversight, we could become increasingly burdened by a patchwork of overlapping by differing state and local laws, rules, and regulations, which would increase uncertainty with respect to certain matters and require us to incur additional costs and expenses in an effort to comply. We face risks related to the adoption of future legislation and potential changes in federal regulatory agency leadership, policies, and priorities. ~~As a result of the bank failures in 2023, it is expected that the banking sector will be subject to more extensive legal and regulatory requirements within the next few years. In addition, changes~~ **Changes** in key personnel at the regulatory agencies, including the federal banking regulators, may result in differing interpretations of ~~existing~~ rules and guidelines, including more stringent enforcement and more severe penalties than previously. Disagreements between, or in, the U. S. Congress on the federal budget and debt ceiling may lead to total or partial government shutdowns, which can create economic instability and negatively affect our business and financial performance. New federal or state laws and regulations regarding lending and funding practices and liquidity standards could negatively impact the Bank's business operations, increase the cost of compliance, and adversely affect profitability. The failure of banks to follow existing laws and regulations contributes to bank failures, which also adversely affects the banking industry and can lead to special FDIC assessments, such as what we ~~are currently subject to.~~ **Regulatory compliance expense likely will increase substantially when we reach \$ 100 billion in assets, which is the next regulatory tier above us now. Moreover, we expect such costs to increase significantly as we approach that size. Regulatory restrictions and costs tend to increase based on a bank holding company's consolidated asset tier. Becoming subject to Category IV enhanced prudential standards will have the most significant impact on us after we cross the \$ 100 billion in assets threshold. As of December 31, 2024, we had more than \$ 79 billion in assets on a consolidated basis. Under such enhanced prudential standards, Category IV bank holding companies are subject to greater regulation and supervision, including, but not limited to: certain capital planning and stress testing and capital buffer requirements; supervisory capital stress testing conducted by the FRB biennially; and certain liquidity risk management and liquidity stress testing and buffer requirements. Our preparations for, and the application of, these enhanced prudential standards and resolution planning requirements for our depository institution could adversely affect our results of operations and financial performance through additional capital and liquidity requirements and increased compliance costs. Compliance costs associated with those and other Category IV regulations are expected to be paying in 2024 significant. Moreover, we expect that a significant portion of those compliance costs to be incurred as we approach the \$ 100 billion tier, rather than commence abruptly when we become a Category IV bank, as we upgrade compliance systems, processes, and staffing before they are fully needed.** Changes in federal, state, or local tax laws may negatively impact our financial performance. We are subject to changes in tax laws that could increase our effective tax rates or cause an increase or decrease in our income tax liabilities. These law changes may be retroactive to previous periods and as a result, could negatively impact our current and future financial performance. We are subject to examinations and challenges by taxing authorities. We are subject to federal and applicable state and local income tax regulations. Income tax regulations are often complex and require interpretation. In the normal course of business, we are routinely subject to examinations and challenges from federal and applicable state and local taxing authorities regarding the amount of taxes due in connection with investments we have made and the businesses in which we have engaged. Recently, federal and state and local taxing authorities have been increasingly aggressive in challenging tax positions taken by financial institutions. These tax positions may relate to compliance, sales and use, franchise, gross receipts, payroll, property, and income tax issues such as tax base, apportionment, and tax credit planning. The challenges made by taxing authorities may result in adjustments to the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in our favor, they could have a material adverse effect on our financial condition and results of operations. ~~Health care reform could adversely affect our HSA Bank division Healthcare Financial Services segment.~~ The enactment of future health care reform affecting HSAs ~~and / or workers compensation~~ **and / or workers compensation** at the federal or state level may affect our ~~HSA Bank division Healthcare Financial Services segment~~ **and insurance claim settlements** as a bank custodian of HSAs ~~and insurance claim settlements~~. We cannot predict if any such reforms will occur, ultimately become law, or if enacted, what the terms or regulations promulgated pursuant to such laws will be. Any health care reform enacted may be phased in over a number of years, but could, with respect to the operations of ~~HSA Bank our Healthcare Financial Services segment~~, reduce revenues, increase costs, and require us to revise the ways in which we conduct business or put us at risk for loss of business. In addition, our results of operations, financial position, and cash flows could be materially adversely affected by such changes.

Acquisitions may be delayed, impeded, or prohibited due to regulatory scrutiny. We have expanded our business through past acquisitions and may do so in the future. Our ability to complete acquisitions is in many instances subject to regulatory approval, and we cannot be certain when or if, or on what terms and conditions, any required regulatory approvals would be granted. Regulatory approvals could be delayed, impeded, restrictively conditioned or denied due to existing or new regulatory issues we have, or may have, with regulatory agencies. We may fail to pursue, evaluate or complete strategic and competitively significant acquisition opportunities as a result of industry experience with timely regulatory approvals. The regulatory approvals may contain conditions on the completion of the merger that adversely affect our business following the closing, or which are not anticipated or cannot be met. Difficulties associated with potential acquisitions that may result from these facts could have a material adverse impact on our business and, in turn, our financial condition and results of operations. Financial Risk Difficult conditions or volatility in the U. S. economy and financial markets may have a materially adverse effect on our business, financial condition, and results of operations. As a financial services company, our business and overall financial performance is highly dependent upon the U. S. economy and strength of its financial markets. Difficult economic and market conditions could adversely affect our business, results of

operations, and financial condition. The risks associated with our business become more acute in periods of a slowing economy or slow growth. In particular, we could face some of the following risks in connection with a downturn in the U. S. economic and market environment: • loss of confidence in the financial services industry and the debt and equity markets by investors, placing pressure on our common share price; • decreased consumer and business confidence levels may decrease credit usage and investment or increase in delinquencies and default rates; • decreased household or corporate incomes, which could reduce demand for our products and services; • decreased value of collateral securing loans to borrowers, causing a decrease in the asset quality of our loan and lease portfolio and / or an increase in charge- offs; • decreased confidence in the creditworthiness of the U. S. government and agency securities that we hold; • increased concern over and scrutiny of capital and liquidity levels; • increased competition or consolidation in the financial services industry; and • increased limitations on or potential additional regulation of financial service companies. The U. S. economy and financial markets have experienced volatility in recent years and may continue to do so in the foreseeable future. Robust demand, labor shortages and supply chain constraints has led to persistent inflationary pressures throughout the economy. In response to these inflationary pressures, the FRB has raised benchmark interest rates in ~~recent months~~ **the past** and may continue to raise interest rates in response to economic conditions, particularly **in** a continued high rate of inflation. Amidst these uncertainties, financial markets have continued to experience volatility. If financial markets remain volatile or if the aforementioned conditions result in further economic stress or recession, the performance of various segments of our business, including the value of our investment securities portfolio, could be significantly impacted. **Although the rate of inflation rose lowered in 2024 after rising sharply throughout in 2022 ; and continued to 2023, certain policy changes or actions during the Trump Administration, such as increased tariffs, may increase the risk that inflation will** rise **again** through the third quarter of 2023, at levels not seen for over 40 years.

Prolonged periods of inflation may further impact our profitability by negatively impacting our fixed costs and expenses, including increasing funding costs and expense related to talent acquisition and retention. If significant inflation continues, our business could be negatively affected by, among other things, increased default rates leading to credit losses which could decrease our appetite for new credit extensions. In addition, a prolonged period of inflation could cause an increase in wages and other costs to the Company. These inflationary pressures could result in missed earnings and budgetary projections causing our stock price to suffer. We continue to closely monitor the pace of inflation and the impacts of inflation on the larger market, including labor and supply chain impacts. Our profitability depends significantly on local economic conditions in the states in which we conduct business. The success of our business **also is depends dependent** on the general economic conditions of the significant markets in which we operate, particularly Connecticut, Massachusetts, Rhode Island, New York, and New Jersey. Difficult economic conditions or adverse changes in such local markets, whether caused by inflation, recession, unemployment, changes in housing or securities markets, or other factors, could reduce demand for our loans and deposits, increase problem loans and charge- offs, cause a decline in the value of collateral securing loans, and otherwise negatively affect our performance and financial condition. Changes in interest rates and spreads may have a materially adverse effect on our business, financial condition, and results of operations. Our financial condition and results of operations are significantly affected by changes in market interest rates. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions, the competitive environment within our markets, consumer preferences for specific loan and deposit products, and policies of various governmental and regulatory agencies, in particular the FRB. Changes in monetary policy, including changes in interest rates, could influence the amount of interest we receive on loans and securities, the amount of interest we pay on deposits and borrowings, our ability to originate loans and obtain deposits, and the fair market value of our financial assets and liabilities. Increased interest rates may decrease demand for interest- rate based products and services, including loans and deposits, and make it more difficult for borrowers to meet obligations under variable- rate or adjustable- rate loans and other debt instruments. Decreased interest rates often increase prepayments on loans and securities as borrowers refinance their loans to reduce borrowing costs. Under these circumstances, we are further subject to reinvestment risk to the extent that we cannot reinvest the cash received from such prepayments with interest rates comparable to pre- existing loans and securities. In a rising interest rate environment ~~, which has occurred recently~~, competition for cost- effective deposits increases, making it more costly for the Bank to fund loan growth. Rapid and unexpected volatility in interest rates creates additional uncertainty and potential for adverse financial effects. There can be no assurance that the Bank will not be materially adversely affected by future changes in interest rates. To a large degree, our consolidated earnings are dependent on net interest income, which is the difference between the interest income earned from our interest- earning assets and the interest expense paid on our interest- bearing liabilities. If the rates paid on interest- bearing liabilities increase at a faster rate than the yields received on interest- earning assets, our net interest income, and therefore earnings, could be adversely affected. Conversely, earnings could also be adversely affected if the yields received on interest- earning assets fall more quickly than the rates paid on interest- bearing liabilities. Although management believes that it has designed and implemented effective asset and liability management strategies to reduce the potential effects of changes in interest rates on our financial condition and results of operations, interest rates are affected by many factors outside of our control and any unexpected or prolonged period of interest rate changes could have a material adverse effect on our financial condition and results of operations. Further, our interest rate modeling techniques and assumption may not fully predict or capture the impact of actual interest rate changes on net interest income. Changes in our financial condition or in the general banking industry, or changes in interest rates, could result in a loss of depositor confidence. Liquidity is the ability to meet cash flow needs on a timely basis at a reasonable cost. The Bank uses its liquidity to extend credit and to repay liabilities as they become due or as demanded by customers. Our primary source of liquidity is our large supply of interest- bearing and non- interest bearing deposits. The continued availability of this supply of deposits depends on customer willingness to maintain deposit balances with banks in general and us in particular, as well as the continued inflow of deposits for new and existing customers. The availability of deposits can also be impacted by regulatory changes (e. g., changes in FDIC insurance, liquidity requirements, healthcare reform etc.), changes in financial condition of the Bank, other banks, or the

banking industry in general, changes in the interest rates our competitors pay on their deposits, and other events which can impact the perceived safety or economic benefits of bank deposits. While we make significant efforts to consider and plan for hypothetical disruptions in our deposit funding, market-related, geopolitical, or other events could impact the liquidity derived from deposits. **Realized and Unrealized-unrealized losses in our financial instruments, particularly** in our available-for-sale securities portfolio, could negatively impact our business, **financial condition, and results of operations. We have a large portfolio of financial instruments, including loans and leases, loan commitments, available-for-sale and held-to-maturity debt securities, derivative assets and liabilities, and non-marketable equity securities that are subject to valuation and impairment assessments. Certain of these financial instruments are measured at fair value and may be subject to considerable fluctuation resulting from, for example, perceived changes in the value of the asset, the volume of trading of the asset, shifts in investor sentiment, and general market conditions. Due to these kinds of fluctuations, the amount that we realize on a financial instrument in a subsequent period may significantly differ from the last reported value.** As market interest rates have increased, we have experienced significant unrealized losses on our available-for-sale securities portfolio. Unrealized losses related to available-for-sale securities are reflected in ~~(AOCL)~~ in our Consolidated Balance Sheets and reduce the level of our tangible common equity. Such unrealized losses do not affect our regulatory capital ratios. We actively monitor our available-for-sale securities portfolio and believe that it is not more likely than not that ~~we the Company~~ will be required to sell securities before the recovery of the amortized cost basis. Nonetheless, our access to liquidity sources, financial condition, and results of operations, could be affected by unrealized losses if securities must be sold at a loss. Additionally, significant unrealized losses could negatively impact market and / or customer perceptions of ~~us the Company~~, which could lead to a loss of depositor confidence and result in an increase in withdrawals, particularly among those with uninsured deposits. The proportion of our deposit account balances that exceed the FDIC insurance limits may expose the Bank to enhanced liquidity risk in times of financial distress. In its assessment of the failures of Silicon Valley Bank and Signature Bank in the first quarter of 2023, the FDIC concluded that a significant contributing factor to the failures of these institutions was the proportion of deposits held by each institution that exceeded FDIC insurance limits. The FDIC similarly concluded that an overreliance on uninsured deposits contributed to the subsequent failure of First Republic Bank in the second quarter of 2023. In response to the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank, many large depositors across the industry withdrew deposits in excess of the applicable deposit insurance limits and deposited these funds in other financial institutions. If a significant portion of our deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet withdrawal demands, the Company may be unable to obtain funding at favorable terms, which may have an adverse effect on our net interest margin. Additionally, obtaining adequate funding to meet our deposit obligations may be more challenging during periods of elevated prevailing interest rates, ~~such as the present period~~. Further, interest rates paid for borrowings generally exceed interest rates paid on deposits. Our ability to attract and retain depositors during a time of actual or perceived distress of instability in the marketplace may be limited. Higher mortgage rates and low inventory adversely impact our ability to originate or refinance residential mortgage loans. The residential mortgage lending business is sensitive to changes in interest rates, especially long-term interest rates. Lower interest rates generally increase the volume of mortgage originations and refinancing, while higher interest rates generally cause that volume to decrease. Therefore, our residential mortgage performance is typically correlated to fluctuations in interest rates. The ~~10-year Treasury rate averaged 3.96% during 2023, which is 251 basis points higher than average rates experienced during 2021. The~~ sustained higher rates experienced throughout **2022 and 2023, and into 2022-2024,** have negatively impacted the mortgage market, including our loan origination volume and refinancing activity. Adverse market conditions, including increased volatility, changes in interest rates and mortgage spreads, and reduced market demand could result in greater risk in retaining mortgage loans. A reduction in our residential mortgage origination and refinancing volume could have a materially adverse effect on our financial condition and results of operations. We may be subject to more stringent capital and liquidity requirements, which could limit our business activities. The ~~Holding~~ Company and the Bank are subject to capital and liquidity requirements and standards. Regulators have and may implement changes to these standards. If we fail to meet the minimum capital adequacy and liquidity guidelines and other requirements, our business activities, including lending and our ability to expand, either organically or through acquisitions, could be limited. It could also result in us being required to take steps to increase our regulatory capital that may be dilutive to stockholders or limit our ability to pay dividends, or sell or refrain from acquiring assets. **Our ability to grow is contingent upon access to capital, which may not be readily available to us. Our ability to access the capital markets, if needed, will depend on a number of factors, including the state of the financial markets. Rising interest rates, disruptions in financial markets, negative perceptions of our business or our financial strength, negative perceptions of the overall banking industry or of other regional banks, or other factors may impact our ability to raise additional capital, if needed, on terms acceptable to us. For example, in the event of future turmoil in the banking industry or other idiosyncratic events, there is no guarantee that the U. S. government will invoke the systemic risk exception, create additional liquidity programs, or take any other action to stabilize the banking industry or provide liquidity. Any diminished ability to access short-term funding or capital markets to raise additional capital, if needed, could subject us to liability, restrict our ability to grow, require us to take actions that would affect our earnings negatively or otherwise adversely affect our business and our ability to implement our business plan, capital plan and strategic goals. A reduction in our credit rating could adversely affect our access to capital and could increase our cost of funds. The credit rating agencies regularly evaluate the Holding Company and the Bank, and credit ratings are based on a number of factors, including our financial strength and ability to generate earnings, as well as factors not entirely within our control, including conditions affecting the financial services industry, the economy, and changes in rating methodologies. There can be no assurance that we will maintain our current credit ratings. A downgrade of our credit ratings could adversely affect our access to liquidity and capital, and could significantly increase our cost of funds,**

trigger additional collateral or funding requirements, and decrease the number of investors and counterparties willing to lend to us or purchase our securities. This could affect our growth, profitability, and financial condition, including liquidity.

Our stock price can be volatile. Stock price volatility may make it more difficult for stockholders to resell their common stock when they want and at prices that they find attractive. Our stock price can fluctuate significantly in response to a variety of factors including, among other things: • actual or anticipated variations in results of operations; • recommendations or projections by securities analysts; • operating and stock price performance of other companies that investors deem comparable to us; • news reports relating to trends, concerns, and other issues in the financial services and healthcare industries; • perceptions in the marketplace regarding us and / or our competitors; • new technology used, or services offered, by competitors; • significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving us or our competitors; • changes in dividends and capital returns; • issuance of additional shares of Webster common stock; • changes in government regulations; and • geopolitical conditions such as acts or threats of terrorism or military conflicts, including any military conflict between Russia and Ukraine, or actions between Israel and its neighbors. General market fluctuations, including real or anticipated changes in the strength of the economy, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes, credit loss trends, among other factors, could also cause our stock price to decrease regardless of operating results. The Holding Company may not pay dividends to stockholders if it is not able to receive dividends from its subsidiary, Webster Bank. The Holding Company is a separate and distinct legal entity from the Bank and its non- banking subsidiaries. A substantial portion of the Holding Company' s revenues comes from dividends paid by the Bank. These dividends are the principal source of funds to pay dividends to common and preferred stockholders. Whether the Bank is able to pay dividends depends on its ability to generate sufficient net income and meet certain regulatory requirements, and the amount of such dividends may then be limited by federal and state laws. In **certain circumstances, we will not be able to make a capital distribution unless the FRB approves such distribution. As a bank holding company, we also are required to consult with the FRB before increasing dividends or redeeming or repurchasing capital instruments. Additionally, the FRB could prohibit or limit our payment of dividends if it determines that payment of the dividend would constitute an unsafe or unsound practice.** In the event the Bank is unable to pay the Holding Company dividends, we may not be able to pay dividends to our common and preferred stockholders. Changes in our accounting policies or in accounting standards could materially impact how we report our financial results. Our accounting policies and methods are fundamental to understanding how we record and report our results of operations and financial condition. Accordingly, we exercise judgment in selecting and applying these accounting policies and methods so they comply with GAAP. The FASB, SEC, and other regulatory bodies that establish accounting standards periodically change the financial accounting and reporting standards, or the interpretation of those standards, that govern the preparation of our financial statements. These changes are beyond our control, can be hard to predict, and could materially impact how we report our results of operations and financial condition. We could be required to apply a new or revised standard retrospectively, which may result in us having to restate our prior period financial statements by material amounts. The preparation of our consolidated financial statements requires the use of estimates that may vary from actual results. The preparation of the Company' s Consolidated Financial Statements, and the accompanying Notes thereto, in conformity with GAAP requires management to make difficult, subjective, or complex judgments about matters that are uncertain, which include assumptions and estimates of current risks and future trends, all of which may undergo material changes. Materially different amounts could be reported under different conditions or using different assumptions and estimates. Because of the inherent uncertainty of estimates involved in preparing our financial statements, we may be required to significantly adjust the financial statements as actual events unfold, which could have a material adverse effect on our financial condition and results of operations. **Material Significant** estimates subject to change include, among other items, the allowance for credit losses, the carrying value of goodwill or other intangible assets, the fair value estimates of certain assets and liabilities, and the realization of deferred tax assets and liabilities. A significant merger or acquisition requires us to make estimates, including the fair values of assets acquired and liabilities assumed. GAAP requires us to record the assets and liabilities of an acquired business to their fair values at the time of the acquisition. With larger transactions, fair value and other estimations can take up to four quarters to finalize. These estimates, and their revisions, can have a substantial effect on the presentation of our financial condition and operating results after the transaction closes. In addition, the excess of the purchase price over the fair value of the assets acquired, net of liabilities assumed, is recorded as goodwill. If the estimates that we have used at any financial statement date are significantly revised in the future, there could be a material negative impact on our goodwill or other acquisition- related intangibles and our results of operations for the period in which the revisions are made. If our goodwill were determined to be impaired, it could have a negative impact on our profitability. GAAP requires that goodwill be tested for impairment at the reporting unit level on at least an annual basis or more frequently upon the occurrence of a triggering event. An impairment loss is to be recognized if the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit. A significant decline in our expected future cash flows, a continued period of local and national economic disruption, changes to financial markets, slower growth rates, or other external factors, all of which can be highly unpredictable, may impact fair value calculations and require us to recognize an impairment loss in the future. Such an impairment loss may be significant and have a material adverse effect on our financial condition and results of operations. Our investments in certain tax- advantaged projects may not generate returns as anticipated, or at all, and may have an adverse impact on our results of operations. We invest in certain tax- advantaged investments that support qualified affordable housing projects and other community development initiatives. Our investments in these projects rely on the ability of the projects to generate a return primarily through the realization of federal and state income tax credits and other tax benefits. We face the risk that tax credits, which remain subject to recapture by taxing authorities based on compliance with relevant requirements at the project level, may not be able to be realized. The risk of not being able to realize the tax credits and other tax benefits associated with a particular project depends on many factors that are outside of our control. A project' s

failure to realize these tax credits and other tax benefits may have a negative impact on our investment, and as a result, on our financial condition and results of operations. Strategic Risk New lines of business or new products and services may subject us to additional risk. On occasion, we may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where markets are not fully developed. In developing and marketing new lines of business and / or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and / or new products or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences may also impact the successful implementation of a new line of business and / or a new product or service. Further, any new line of business and / or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and / or new products or services could have a material adverse effect on our business, results of operations, and financial condition. We may not be able to attract and retain skilled people, and the loss of key employees or the inability to maintain appropriate staffing may disrupt relationships with customers and adversely impact our business. Our success depends, in large part, on our ability to attract, develop, compensate, motivate, and retain skilled people, including executives, managers, and other key employees with the skills and know-how necessary to run our business. The failure to attract or retain talented executives, managers, and employees with diverse backgrounds and experiences, or the loss of certain executives, managers, and key employees, could have a material adverse impact on our business. These risks may be heightened when U. S. labor markets, or segments of those markets, are especially competitive. Competition for the best people in most activities in which we engage can be intense, and we may not be able to hire sufficiently skilled people or retain them. The recent transition towards companies offering remote and hybrid work environments, which is expected to endure, as well as our workplace policies (or perceptions of those policies by current and potential employees), including policies with respect to remote and hybrid work, could impact our ability to attract and retain talent with the necessary skills and experience. In addition, the transition to remote and hybrid work environments may exacerbate the challenges of attracting and retaining skilled employees because job markets may be less constrained by physical geography. The unexpected loss of services of our key personnel could have a material adverse impact on the business because of their skills, knowledge of our markets, years of industry experience, and the difficulty of promptly finding qualified replacement personnel. Further, our business is primarily relationship-driven, in that many of our key employees have extensive customer relationships. The loss of a key employee with such customer relationships may lead to the loss of business if the customers were to follow that employee to a competitor or otherwise choose to transition to another financial services provider. While we believe that our relationships with key personnel are good, we cannot guarantee that all of our key personnel will remain with our organization. We operate in a highly competitive industry and market area. We face substantial competition in all areas of our operations from a variety of different competitors, both within and beyond our financial markets, many of which are larger and may have more financial resources than we do. Such traditional competitors primarily include national, regional, community, and internet banks within the various markets in which we operate, including the HSA market. We also face competition from many other types of financial institutions, including savings and loans, credit unions, non-bank health savings account trustees, finance companies, brokerage firms, insurance companies, online lenders, factoring companies, and other financial intermediaries. Some of these organizations are not subject to the same degree of regulation that is imposed on bank holding companies and federally insured depository institutions, which may give them greater flexibility in accessing funding and providing various services. Moreover, organizations that are larger than we are may be able to achieve greater economies of scale or offer a broader range of products and services, or better pricing on products and services, than what we can offer. The financial services industry could become even more competitive as a result of legislative and regulatory changes, and continued consolidation. In addition, as customer preferences and expectations continue to evolve, technology has lowered barriers to entry and has made it possible for non-banks to offer products and services traditionally provided by banks. The financial services industry also faces increasing competitive pressure from the introduction of disruptive new technologies, such as blockchain and digital payments, often by non-traditional competitors and financial technology companies. Among other things, technology and other changes are allowing customers to complete financial transactions that historically have involved banks at one or both ends of the transaction. Our ability to compete successfully depends on a number of factors, including, among other things: • the ability to develop, maintain, and build upon long-term customer relationships based on top quality service, high ethical standards, and safe, sound financial position; • the ability to expand our market position; • the scope, relevance, and pricing of products and services offered to meet customer needs and demands, including within the HSA market; • the rate at which we introduce new products and services relative to our competitors; • customer satisfaction with our level of service and products; and • industry and general economic trends. Failure to perform in any of these areas could significantly weaken our competitive position, which could adversely affect our growth and profitability, and in turn, could have a material adverse effect on our financial condition and results of operations. Failure to keep pace with and adapt to technological change could adversely impact our business. The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services and the use of artificial intelligence. These new technologies may be superior to, or render obsolete, the technologies currently used in our products and services. Our future success depends, in part, upon our ability to address the needs of our customers by using technology and information to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements because of their larger size and available capital. Developing or acquiring new technologies and incorporating them into our products and services may require significant investment, take considerable time, and ultimately may not be successful. We cannot predict which technological developments or innovations will become widely adopted or how those technologies may be regulated. We also may not be able to effectively

market new technology- driven products and services to our customers. Failure to successfully keep pace with and adapt to technological change affecting the financial services industry could have a material adverse impact on our business and, in turn, our financial condition and results of operations. The loss of key partnerships could adversely affect our ~~HSA Bank division Healthcare Financial Services segment and interLINK operations~~ deposit administration activities. Our ~~Healthcare Financial Services segment and HSA Bank division~~, the sweep deposit management program that we acquired with interLINK ~~operations~~ in January 2023, and the insurance claim settlement funds platform that we acquired in with Ametros in January 2024, all rely on partnerships with either health insurance carriers or other financial services partners to maximize our distribution model. To the extent that we fail to maintain such partnerships, which may be due to mergers and / or acquisitions and may result in changes to their business processes, or our partners choosing to align with competitors or develop their own solutions, our business, financial condition, and results of operations could be adversely affected. In particular, health plan partners who provide high deductible health plan options are a significant source of new and existing HSA holders. If these health plan partners or other partners choose to align with our competitors or develop their own solutions, our business, financial condition, and results of operations could be adversely affected. There is significant competition for our existing partners, and our failure to retain our existing larger partner relationships upon expiration or the earlier loss of a relationship upon the exercise of a partner's early termination rights, or the expiration or termination of a substantial number of small partner relationships, could have a material adverse effect on our results of operations (including growth rates) and financial condition to the extent that we do not acquire new partners of similar size and profitability or otherwise grow our business. In addition, existing relationships may be renewed with less favorable terms to the Company in response to increased competition for such relationships. The competition for new partners is also significant, and our failure to attract new partners could adversely affect our ability to grow.