

2023–2024

Community Investment Strategy

ANNUAL REPORT / YEAR 2



WebsterBank®

In 2023, Webster Bank continued to invest in creating economic vitality in communities, despite the challenges of the macroeconomic environment.

From launching a Special Purpose Credit Program focused on expanding access to homeownership, to a multiyear commitment to serve as the premier bank for a reentry program's new flagship location, Webster has sought to make impact in innovative ways throughout our market.



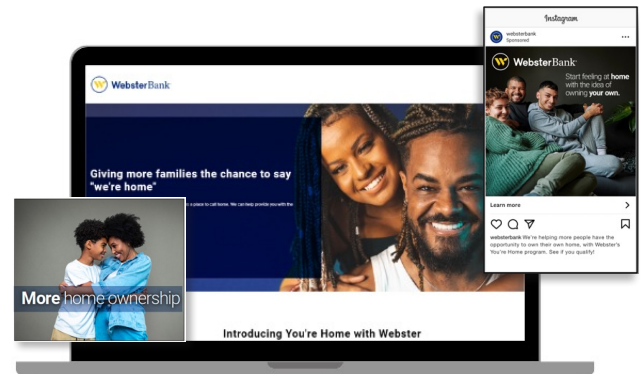
Affordable Housing and Home Ownership



Since 2022, Webster has produced \$539M in CRA-residential lending, against a goal of \$850M. The high interest rate environment, coupled with low inventory of housing stock and high home prices, significantly slowed lending in this arena. To mitigate this, Webster is deploying the following products and programs to ramp up our CRA residential lending volume over the coming years.

In Q4 2023, Webster was proud to announce the launch of “Webster You’re Home,” our Special Purpose Credit Program focused on homeownership. Webster’s SPCP provides an alternative to traditional loan programs and terms, offering up to 97% financing for the purchase of properties located in defined underserved geographic assessment areas and majority minority census tracts in the bank’s footprint. Highlights and features of the program are described below:

- ✓ Includes rate/term refinances and purchase transactions
- ✓ Allowable limits up to 80% of Area Median Income
- ✓ Discounted borrower-paid MI coverage
- ✓ Access to below market interest rates
- ✓ Minimum credit score starting at 620
- ✓ Webster Bank’s Down Payment and Closing Cost Assistance Gift Program allowed
(lesser of 5% of the purchase price, up to a maximum of \$15,000)
- ✓ Homebuyer Education required (unless not a FTHB)
- ✓ Property must be in a designated Webster Bank Geographic Assessment Area and/or majority minority census tracts



Webster’s You’re Home program provides up to 97% financing for the purchase of properties located in defined, underserved geographic assessment areas and majority minority tracts across the bank’s footprint.

Webster’s **Down Payment Assistance Program (DAP)** was enhanced in 2023, based on community feedback. The funds can now be used to cover applicable closings costs. The grant will cover the lesser of 5% of purchase price/appraised value, up to a maximum of \$15,000. This program can be utilized in conjunction with Webster’s HOPE and “You’re Home” programs.

Finally, our **Community Liaison Officers** continue to build relationships with organizations across our market and provide pathways to homeownership for first-time homebuyers. In 2023 Webster partnered with 104 community development organizations to conduct 128 hours of financial literacy and homebuyer workshops to 4,385 participants.



Claudia Tejada Riley
Greater Hartford



Bob Jaekle
Greater New Haven/
Bridgeport



Donna Thompson
Bronx/
Fairfield County



Carla Rosa
SEMass/RI



Alice Dunlop
Waterbury/New Britain



Thomas Jung
Greater Boston

Affordable Housing and Home Ownership

CRA Multifamily Lending

In the Community Investment Strategy, CRA Multifamily Lending is defined as community development lending with a purpose of affordable housing and total units >4. This metric also includes lending provided for LIHTC (Low-Income Housing Tax Credit) projects.

Webster's CRA Multifamily Lending team continues to make great strides in creating affordable housing throughout our market area, having produced just under **\$834M in multifamily lending over the past two years, against a goal of \$650M**. That volume has resulted in 4,353 units of affordable housing, providing safe, stable places for individuals and families to live.

One example of Webster's commitment to affordable housing can be seen at **Matinecock Court**. Bringing 146 units of affordable housing to a plot of land that has been empty for 45 years, Matinecock Court represents a historical affordable housing development in Huntington, Long Island. Webster's participation included a \$50M construction loan and investment of \$37M in Low-Income Housing Tax Credits. The project's lead sponsor is The D+F Development Group, LLC in partnership with Long Island-based nonprofit Housing Help, Inc. Housing Help's Executive Director has been a long-time advocate for this project and serves on Webster's New York Community Advisory Council. The multifamily building will provide much-needed rental inventory in an underserved community.



Other examples of Webster's impact in CRA Multifamily Lending include:

| Project | Amount | CD Purpose & Community Impact |
|--|---------|--|
| Glendower McConaughy Terrace | \$13M | The property is an existing 130-unit public housing complex in New Haven, CT that will undergo LIHTC renovations. |
| Wellington at Madison LLC | \$5.7M | This project in New Haven, CT will provide a total of seven low-rise buildings with thirty-one residential rental units and a mixed-income execution. Seven units marketed to individuals with income at 25% of AMI will be permanent supportive housing units with on-site case management provided under contract with The Connection (a nonprofit). |
| 685 Nostrand LLC | \$7M | This property in Brooklyn, NY (Crown Heights) was constructed in 1910 and consists of a 5-story mixed use building, encompassing three ground-level commercial store fronts and 24 residential units that are 100% affordable. The property was designated a NYC landmark in 2011. The construction loan will be utilized to finance the restoration and modernization of the interior of the building, while preserving the historical elements of the exterior/façade. |
| Gardner Terrace I Preservation Association | \$34.8M | This loan is for a three-story building in Attleboro, MA that contains ninety-two age-restricted rental units, all of which are subsidized by a long-term HUD Section 8 Housing Assistance Program (HAP) contract. |
| East End Lofts LP | \$13.4M | East End Lofts in Newburgh, NY is a mixed-use and mixed-income development consisting of one new construction building comprising sixty-six residential units and one commercial space. |

Small Business Lending



Minority- and Women-Owned Business Enterprises (MWBE) Team

Webster is committed to delivering financial solutions and being a catalyst for economic empowerment and self-sufficiency for Minority and Women-owned Business Enterprises in the communities it serves.

As part of this commitment, the Bank has created a team of MWBE Small Business Relationship Managers to further support businesses located in New England and New York.



Lynette Espinosa



Barrett Stokes



Cheryl Wallace-Smith



Denise Diaz

The MWBE Small Business Relationship Managers report to Denise Diaz, Market President, and partner with all colleagues to support the growth and development of minority and women-owned small businesses and organizations focused on economic development in underserved communities.

Small Business Lending

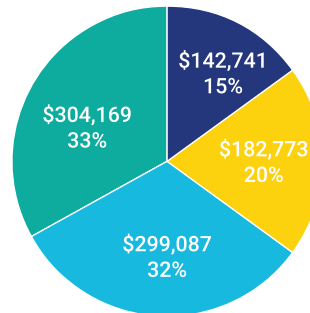
Since 2022, Webster has produced just under \$929M in CRA small business lending within our four-state footprint, against a goal of \$1.35B. In the past year, the Small Business lending team focused on Minority and Women-owned Business Enterprises (MWBE) continued to expand their outreach throughout our market. From enhancing their marketing materials to include collateral in both English and Spanish, to partnering on business development opportunities with many local community partners (WBDC, WEDC, AAFE, BOC, CCNY, and HVEDC), the MWBE team is poised to grow their impact in the coming year.

Our technology platform for small business loan applicants, called Automated Decision Model (ADM), was introduced to the NY market in 2023, allowing for fast turnaround times on loan applications and in many cases greater flexibility in underwriting. Despite a challenging rate environment, about **half of the small business loans Webster has made post-merger are to businesses with revenues under \$1M.**¹ Additionally, **53% of small business loans made over the last two years are for loan amounts under \$100K**, demonstrating our continued commitment to getting capital into the hands of small business owners so that they can grow and thrive.

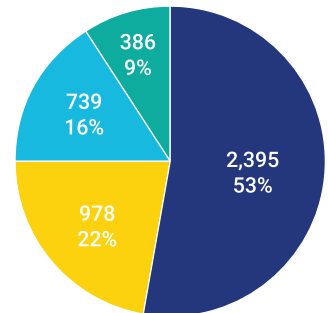


FY22 - FY23

Amount (000s) by Loan Size

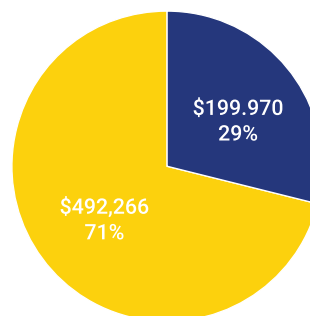


Count by Loan Size

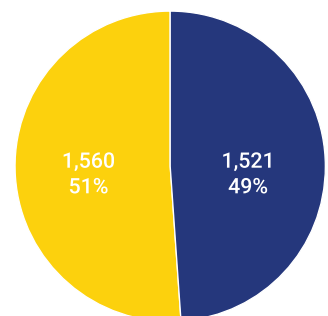


■ <=\$100K ■ >=\$100K<=\$250K ■ >=\$250K<=\$500K ■ >\$500K

Amount (000s) by Revenue Size



Count by Revenue Size



■ <=\$1MM ■ >\$1MM

Distribution of loans where revenue was reported

One example of Webster's commitment to MWBE lending is evident in the deepening of our relationship with the **NYC School Construction Authority (NYSCA) Mentor Program**, which was designed to help minority and women owned businesses gain experience in school construction by providing training and opportunities to work on SCA projects. The multi-year program pairs MWBE contractors with large, well-known construction managers who provide individualized on-the-job-training and guidance. In 2023 Webster booked 43 term loans for \$3.9M for MWBE contractors enrolled in this program, and with the introduction of ADM, lending activity continues to grow.

¹ For loans to businesses with revenues under \$1M, this calculation represents CRA small business loans in which a revenue was reported.

Community Partner Recognition



In 2023 Webster was honored to be recognized as a model corporate citizen by six nonprofit organizations known for their impact in the community:



BNT recognized the bank for our commitment to the preservation of affordable housing in underserved communities throughout Connecticut.

Webster was recognized for our commitment to the health of communities in the Hudson Valley, NYC and Long Island.



The 2023 Corporate Leadership Award was presented to Webster for our role in supporting WHEDco's work to improve financial access for Bronx residents.

Webster received WEDC's 2023 Corporate Partnership Award for supporting WEDC's training and services for underserved women and minority small business owners.



Webster was named YPIE's 2023 Corporate Honoree, in recognition of ongoing support for the Webster-YPIE Finance Lab, which provides financial empowerment programs for underserved youth.

Haitian Americans United for Progress recognized Webster in 2023 for outstanding service to the community.



Community Development Lending



For the purposes of our Community Investment Strategy, Community Development Lending (CDL) does **not** include financing of affordable housing projects, as that type of CDL is categorized under CRA Multifamily. **Since 2022, Webster has produced over \$495M in CDL outside of affordable housing, against a goal of \$825M,** including \$56.5M in lending to Community Development Financial Institutions (CDFIs) throughout our market. Notable Community Development Lending projects include:

| Project | Amount | CD Purpose & Community Impact |
|--|--------|--|
| Lifestream, Inc. | \$2.5M | Working capital to a non-profit in MA which serves the needs of adults with mental and physical disabilities. |
| Leviticus 25:23 Alt Fund | \$10M | A Westchester-based CDFI, providing flexible capital, expertise, and advocacy to propel the growth of more equitable communities through affordable housing. |
| Urban Health Plan | \$10M | UHP operates federally qualified health centers ("FQHC") in NY-metro, providing primary healthcare services to a largely underserved population. |
| City Squash | \$5M | City Squash, Inc. is not-for-profit organization offering afterschool enrichment programs for underserved students in NYC. |
| CAMBA | \$7.5M | This community services loan provides funding for a homeless shelter in Brooklyn, NY. |
| Community Capital NY | \$500K | CCNY is a CDFI focused on small businesses, providing entrepreneurs access to capital for startups and emerging businesses in NY. |
| Connecticut Boost Fund | \$10M | The Small Business Boost Fund was created to provide historically un-banked small businesses with the support they need to recover from the pandemic and thrive. This effort supports small businesses in LMI areas and focuses on those owned by women, POC, disabled individuals and veterans. |
| Providence Revolving Loan Fund | \$1M | Providence Revolving Loan Fund pools private and public capital for affordable homeownership and rental housing projects. This LOC will be used statewide (RI) for projects in LMI urban areas, including support for mortgage loans to individuals for home repairs and improvements. |
| Corporation for Supportive Housing | \$10M | CSH is a national CDFI who will use this revolving line of credit to advance affordable housing by advocating for effective policies, equitably investing in communities, and strengthening the supportive housing field. |
| John E Andrus Memorial Inc | \$16M | Andrus-on-Hudson is a 197-bed not-for-profit skilled nursing facility, with both long-term and rehabilitative services for the elderly and underserved. |
| Brooklyn Navy Yard Development Corporation | \$10M | Working capital to support the mission of BNYDC: to fuel the City's economic vitality by creating and preserving quality jobs, growing the modern industrial sector, and connecting the local community with economic opportunity. |

Products and Services



Webster Connect Checking provides unbanked and underbanked clients access to financial services with limited fees to help them save, grow, and access their money in a reliable way. This product has been certified by the Cities for Financial Empowerment for meeting the **Bank On National Account Standards for 2023-2024**.

This product was first introduced in the New York Metro area in 2022, and expanded to the entire Webster footprint in 2023. We are working with our Community Banking Center Managers and our Community Liaison Officers to promote this product, as well as partnering with the Bank On Coalitions in CT and MA. As of 12/31/23, there were 1,039 Webster Connect Checking accounts open.

In early 2023 Webster announced a 5-year \$750K commitment to become the premier banking partner for “The Bridge on Main,” a collaborative resource center for system-impacted individuals. The Bridge is the latest initiative of Career Resources, Inc. (CRI), a leader in workforce development with over 20 years of success in improving access to employment for Connecticut residents.

Opening in Bridgeport, CT in late 2025, The Bridge will offer a holistic scope of services, stewarding the formerly incarcerated and their families towards a financially independent life. With 44,000 square feet of retrofitted space, this historic building will house community partners who can provide integrated services such as housing, job placement, medical needs, and mental health services, just to name a few. Webster colleagues will provide onsite banking services, financial literacy workshops, and other community outreach programming at The Bridge.



Webster continues to be the premier bank partner of the Bronx Financial Access Coalition, BxFAC, which has been the driving force in bringing the Bronx People’s Federal Credit Union, an expansion site of the Lower East Side People’s Federal Credit Union, to the Bronx. Since 2022 we have invested \$400K to support the mobile bank branch and its corresponding outreach efforts throughout the Bronx, enabling provision of banking services to historically underbanked neighborhoods. We look forward to continuing our partnership with BxFAC, and to the opening of the permanent location of the BPFCU in late 2024.



Philanthropy and Community Service



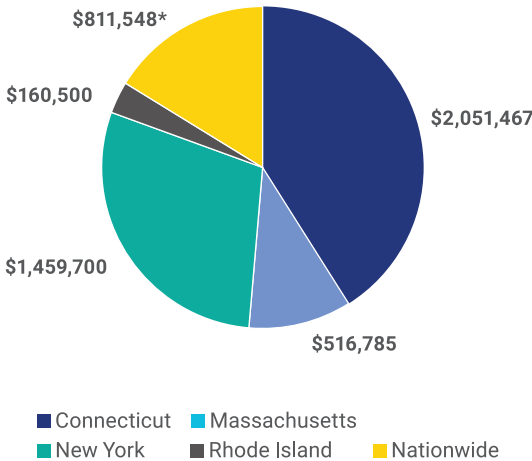
Philanthropy helps build our reputational brand, securing our place as a good corporate citizen.

Our grantmaking priorities are focused on nonprofit agencies that support underserved communities and address racial equity and economic inclusion. We fund organizations whose primary mission and program addresses one of these four pillars:

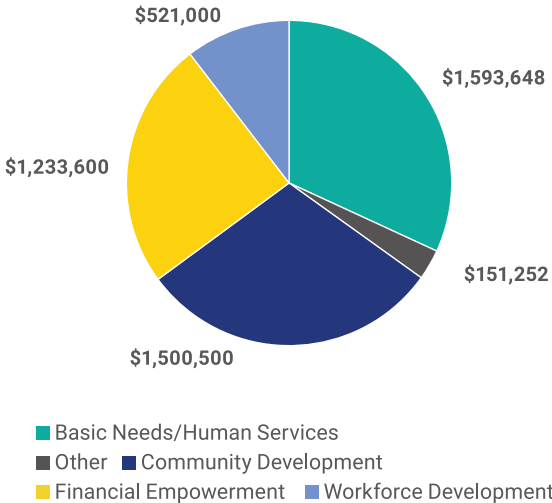
Our Funding Pillars



Funding by State



Funding by Pillar



Philanthropy and Community Service

In 2023, Webster's philanthropy invested \$5M in nonprofit organizations throughout our footprint, via grants to 281 organizations serving over 8.5 million clients. Of those grantees who responded to the application question, 90% serve over 50% low-moderate income (LMI) individuals, and 58% serve 90-100% LMI individuals. Additionally, in 2023 Webster updated our application for grant-seekers to include questions about the diversity of their leadership (board, CEO/Executive Director and senior staff) in order to better understand the makeup of our nonprofit partners and deepen our commitment to racial equity and inclusion.

Our commitment to financial empowerment expanded this year with the launch of 3 new Finance Labs, a signature initiative managed by the Office of Corporate Responsibility. Webster Finance Labs are designed to partner with nonprofit organizations in LMI communities to create opportunities for young people to gain the skills needed for economic empowerment and financial success.

Funded by grants from the Webster Bank Charitable Foundation, the Finance Labs provide support for technology and curriculum, and also offer volunteer opportunities for Webster colleagues. There are six Finance Labs currently underway, representing a two-year investment of \$900,000, and three more Labs will be announced in 2024. Finance Lab partners include:



Webster colleagues continue to lend their time and talents to the communities where we live and work. **In 2023, Webster colleagues provided 16,900 hours of community service to 486 organizations throughout our market.** Additionally, in 2023 we launched a nonprofit board service training and matching program, in order to leverage the passions of colleagues who want to become deeply involved with a local nonprofit in a more ongoing way. Fifteen matches were made last year, providing community partners with folks poised to become advocates for their mission, and ensuring colleagues continue to learn and engage with the needs of the underserved.

Community Impact Month 2023 Results

68 Events
2600+ Hours
590+ Colleagues
34 Ambassador led events
133 participating organizations



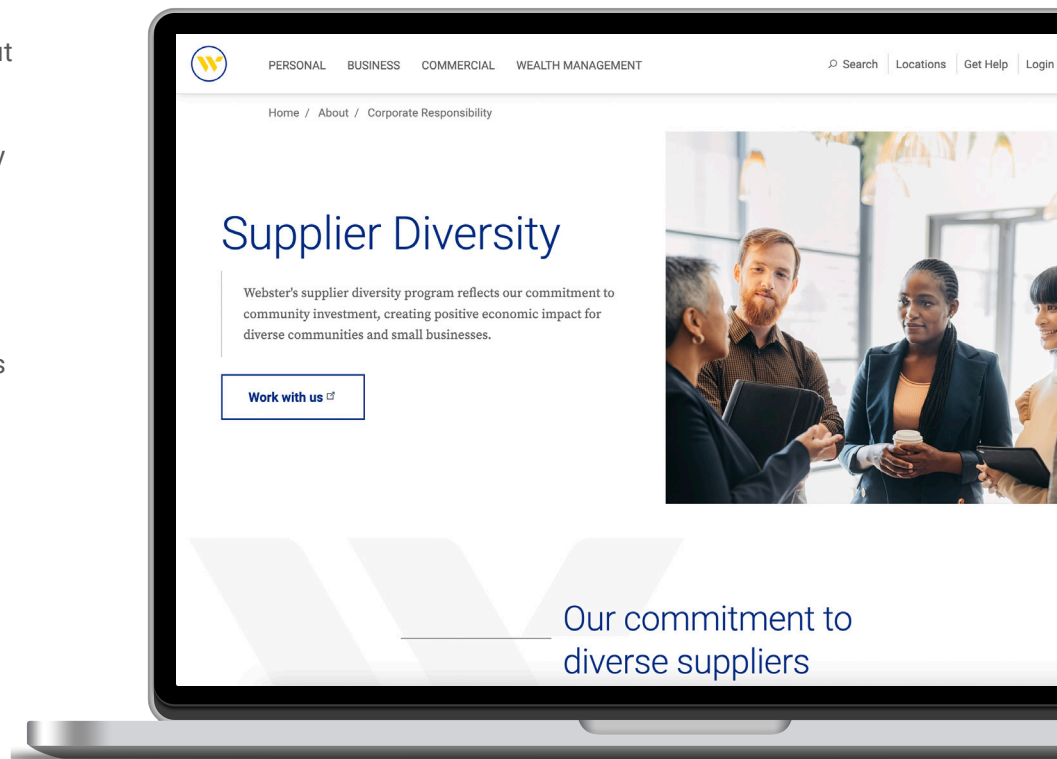
Supplier Diversity



Webster's Supplier Diversity program was enhanced in 2023 in a number of ways. Most notably, our Supplier Diversity portal was launched, allowing vendors to submit their company information for entry into Webster's supplier database. The database is connected to a national organization, giving vendors an opportunity for greater visibility.

Supplier Diversity continues to be an enterprise-wide effort, requiring collaboration with Strategic Sourcing and Accounts Payable to develop an alternative reporting framework with consistent invoicing methodology and automated monthly reporting. Strategic Sourcing also helped to fine-tune our vendor onboarding processes, reducing barriers to entry for low-risk vendors. Ongoing partnerships with IT and Finance help to track our Diverse spend more accurately. Additionally, two training courses were developed for colleagues; contract and relationship managers are required to complete a more detailed course while general colleagues take an introductory version.

This training was supplemented by a series of internal Supplier Diversity Road Shows rolled out across the footprint in 2023, designed to help reinforce awareness of supplier diversity opportunities and resources. The program will continue to grow in 2024, allowing for increased revenue, profit, and growth for diverse small businesses in the communities we serve.



Diversity, Equity, Inclusion and Belonging

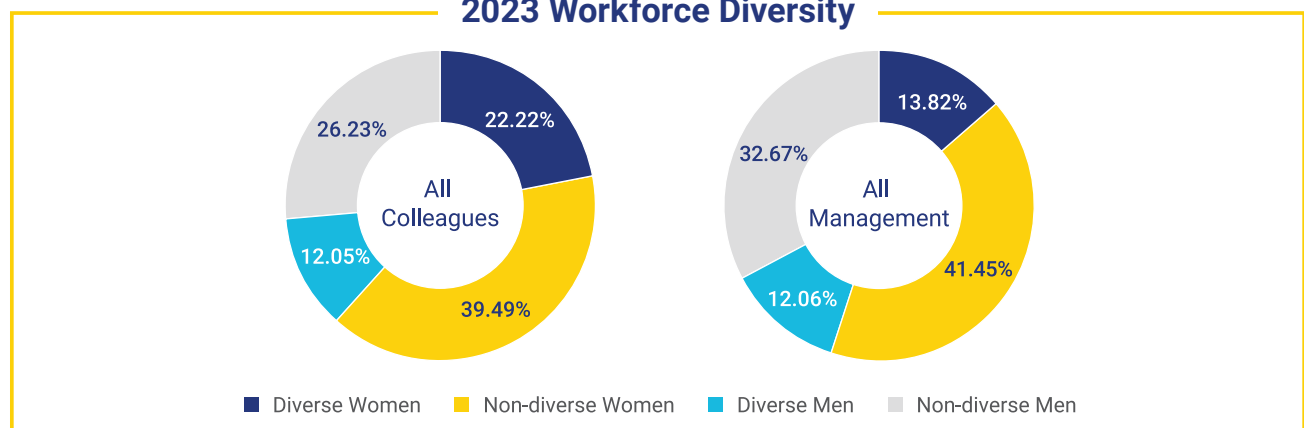


Webster Bank®
Business Resource Group

At Webster, we continue to believe that DEIB is critical to our growth and success as a company, demonstrated by the engagement of our Senior Executives and participation of our colleagues in DEIB initiatives and programs. Our DEIB Council serves as a platform where senior leaders and representatives of our various Business

Resource Groups (BRGs) meet quarterly to shape the strategy and actions of our DEIB efforts. The Council is co-chaired by our Chief Executive Officer and Executive Vice President of Business Banking, and facilitated by a Senior Managing Director of DEIB. In 2022 we developed a diversity scorecard to measure the recruitment, retention, and promotion of underrepresented groups, ensuring that our DEIB strategy produces measurable outcomes for colleagues and communities. In 2023, over 4,000 colleagues participated in 144 diversity-specific educational activities, and currently 926 Webster colleagues participate in our eight BRGs (akin to affinity groups/ERGs). All Webster BRGs are inclusive, and all colleagues are welcome to join any BRG.

2023 Workforce Diversity



Conclusion

Webster continues to facilitate meetings thrice annually with our three Community Advisory Councils, each one representing the needs of their local community and providing guidance to the bank as we continue to refine our strategy post-merger. For a list of the organizations serving on these valuable Councils, please see here: [Community Advisory Councils | Webster Bank Insights](#). A list of the organizations serving on these valuable Councils is available [here](#).

In conclusion, Webster remains steadfast to our commitment to invest in the communities where we live and work. We also believe in transparency, and recognize that in 2023 we fell short of our original Community Investment Strategy (CIS) targets. In order to take into account market conditions and evolving business strategies, in Q1 2024 Webster engaged Line of Business leaders in a thoughtful process to reforecast the Community Investment Strategy targets for Year 3, 2024. The original CIS was built upon production volume from 2018-2020, and the world has changed significantly since then: between a global pandemic, high interest rates, and a banking crisis, our initial projections no longer held water. We still intend to reach the original \$6.5B target, but on an adjusted timeframe. We presented the reforecast to our Community Advisory Councils to garner their approval and feedback, and look forward to partnering with them in achieving these new targets in the coming year. We are grateful for their time, thoughtfulness and good counsel during a challenging year, as we work together to invest in underserved communities in order to create economic vitality for all.

