Webster Bank, N.A.
145 Bank Street
Waterbury, CT 06702

WebsterOnline.com

Press Release

Webster Financial Corporation

Media Contact
Clark Finley 203-578-2287
cfinley@websterbank.com

Investor Contact
James Sitro 203-578-2399
jsitro@websterbank.com

WEBSTER REPORTS 2006 FOURTH QUARTER EARNINGS

Fourth Quarter Highlights:

- **Diluted earnings per share of $.67 (includes the effect of charges aggregating $.10 per diluted share, primarily related to previously announced balance sheet repositioning actions)**
- **Increased tangible capital to 6.46 percent (up from 5.68 percent at September 30, 2006)**
- **Improved net interest margin to 3.23 percent (up from 3.01 percent in the third quarter)**
- **Completed the acquisition of NewMil Bancorp, Inc., adding more than $500 million in loans, $600 million in deposits and 14 additional retail branches**
- **Opened new branches in Waterford, Connecticut and Westerly, Rhode Island**
- **Completed the sale of $250 million in residential mortgage loans and $1.9 billion in available for sale mortgage-backed securities as part of previously announced balance sheet repositioning actions**

WATERBURY, Conn., January 18, 2007 – Webster Financial Corporation (NYSE: WBS), the holding company for Webster Bank, N.A., today announced net income of $37.8 million or $.67 per diluted share for the fourth quarter of 2006, compared to $45.5 million or $.84 per diluted share for the fourth quarter of 2005. Fourth quarter 2006 net income includes net charges totaling $8.4 million ($5.5 million, net of taxes) or $.10 per diluted share from previously announced balance sheet repositioning charges and acquisition costs of NewMil, and gains on the sale of properties and pension plan curtailment. Net income was $133.8 million or $2.47 per diluted share, for the twelve months ended December 31, 2006, compared to $185.8 million or $3.43 per diluted share for the twelve months ended

December 31, 2005. Net income for the twelve months ended December 31, 2006, includes net charges totaling $58.2 million ($37.8 million, net of taxes) or $.70 per diluted share from the balance sheet repositioning charges, acquisition costs of NewMil, gains on the sale of properties and pension plan curtailment.

Earnings Reconciliation

	For the Three Months Ended December 31, 2006		
(in thousands except per share data)	**Pre-Tax**	**Tax Effected**	**EPS**
Reported Net Income	**$54,895**	**$37,798**	**$0.67**
Balance Sheet Repositioning Actions:			
Loss on sale of $250 million of mortgage loans	**5,713**	**3,713**	**0.07**
Loss on sale of AFS securities, net	**2,400**	**1,560**	**0.03**
Total - balance sheet repositioning actions	**8,113**	**5,273**	**0.10**
Other Items:			
Acquisition costs (NewMil)	**2,018**	**1,312**	**0.02**
Net gain from pension plan curtailment	**(300)**	**(195)**	**0.00**
Gain on sale of properties	**(1,400)**	**(910)**	**(0.02)**
Total Other Items	**318**	**207**	**0.00**
Total - balance sheet repositioning actions and other items	**8,431**	**5,480**	**0.10**
Adjusted net income excluding balance sheet repositioning actions and other items	**$63,326**	**$43,278**	**$0.77**

Net pre-tax items of $8.4 million in the fourth quarter include a previously announced $5.7 million loss on the sale of $250 million of residential mortgage loans, a $2.4 million loss related to the previously announced sale of $1.9 billion of mortgage-backed securities classified as available for sale and $2.0 million of previously announced acquisition related expenses. Offsetting these charges were a $300,000 net gain from the recently announced pension plan curtailment and $1.4 million of gains on the sale of properties.

The Company announced that it had elected in the fourth quarter to curtail its defined benefit pension and supplemental executive retirement plans and replace them with an enhanced 401(k) retirement savings plan. This change will be effective as of January 1, 2008. Overall retirement program expenses are expected to remain essentially unchanged in future periods. A net gain of $300,000 from the plan curtailment was recognized in the fourth quarter of 2006.

Additionally, as part of its repositioning plans, the Company had previously announced in the fourth quarter its decision to securitize $1.0 billion in residential loans and to hold these securities for collateral needs. As of December 31, 2006, $370 million of these loans had been securitized, with another $633 million in loans scheduled to be securitized by January 31, 2007.

"In the fourth quarter, Webster began to realize the positive results of our repositioning actions," stated Webster Chairman and Chief Executive Officer James C. Smith. "We are seeing a more reliable and stable earnings stream as the increasingly negative effects that wholesale borrowings have had on prior quarters is no longer a significant factor."

Commercial loans, including commercial real estate loans, and consumer loans were $8.5 billion at December 31, 2006 up, 14 percent from December 31, 2005. Commercial and consumer loans represent 66 percent of total loans at December 31, 2006 compared to 61 percent a year ago. "Webster has shown consistent growth and contributions from our commercial and consumer lending businesses," stated Webster President and Chief Operating Officer William T. Bromage. "We continue to gain momentum in our core businesses even in a very competitive market and a challenging interest rate environment."

The Company opened two new branches, one in Waterford, Connecticut and one in Westerly, Rhode Island in the fourth quarter. In 2006, Webster added six *de novo* branches and an additional 14 locations in conjunction with the NewMil Bank acquisition. "As we have previously stated, we are following a 'build and buy' strategy to grow our retail presence," stated Mr. Smith. "It is our intention to continue with this strategy in 2007."

Revenues

Total revenue, which consists of net interest income plus total noninterest income, was $180.5 million in the fourth quarter, compared to $129.3 million in the third quarter and $187.9 million a year ago.

Net interest income was $129.2 million in the fourth quarter compared to $122.4 million in the third quarter and $129.7 million a year ago. Continued strong growth in the fourth quarter of 2006 in higher yielding commercial and consumer loans more than offset the increase in the cost of deposits and borrowings as well as reduced contributions from the residential mortgage and securities portfolios.

Webster's net interest margin (annualized tax-equivalent net interest income as a percentage of average earning assets) increased to 3.23 percent compared to 3.01 percent in the third quarter and 3.22 percent a year ago. The net interest margin has been positively impacted by the balance sheet repositioning actions as the proceeds from the sales of securities have been utilized to pay-down high cost borrowings. Slightly offsetting the positive impact of the balance sheet restructuring is continued consumer preference for higher yielding certificates of deposit as well as the impact of the inverted yield curve. The spread between the yield on loans and the cost of deposits decreased to 3.80 percent in the fourth quarter compared to 3.88 percent in the third quarter, primarily from increased deposit costs.

Total non-interest income was $51.4 million in the fourth quarter compared to $6.8 million in the third quarter and $58.2 million a year ago. Non-interest income in the fourth quarter was impacted by charges from losses on sales of securities of $2.4 million and loss on sale of loans of $5.7 million, while in the third quarter non-interest income included a $48.9 million charge for loss on the write-down of the available for sale securities portfolio to fair value. Deposit service fees totaled $25.5 million compared to $25.3 million in the third quarter and $22.9 million a year ago. Insurance revenue was $8.3 million in the quarter compared to $9.8 million in the third quarter and $10.7 million a year ago. The decrease in insurance revenue reflects a reduction in contingent commission income of $1.3 million in the fourth quarter. Loan and loan servicing fees were $9.6 million compared to $7.8 million in the third quarter and $9.3 million a year ago. The increase in loan and loan servicing fees in the quarter reflects higher commercial real estate prepayment fees of $2.4 million. Wealth management fees totaled $7.2 million compared to $6.7 million in the third quarter and $6.2 million a year ago. Other noninterest income, including a $1.4 million gain on the sale of properties, was $3.7 million compared to $1.7 million in the third quarter and $3.5 million a year ago.

Webster Bank, N.A.
145 Bank Street
Waterbury, CT 06702

WebsterOnline.com

Press Release

Webster Financial Corporation

Provision For Credit Losses

The provision for credit losses was $3.0 million in the fourth quarter compared to $3.0 million in the third quarter and $2.0 million a year ago. Net loan charge-offs totaled $9.1 million compared to $3.1 million in the third quarter and $1.4 million a year ago. The increase was primarily related to two commercial loans which had been identified and fully reserved prior to the fourth quarter of 2006. The annualized net loan charge-off ratio was 0.27 percent of average loans compared to 0.10 percent in the third quarter and 0.05 percent a year ago. The allowance for credit losses to total loans was 1.20 percent at both December 31, 2006 and September 30, 2006.

Non Interest Expenses

Total noninterest expenses were $122.6 million in the fourth quarter compared to $115.9 million in the third quarter and $119.4 million a year ago. Fourth quarter expenses increased primarily from the acquisition of NewMil Bancorp on October 6, 2006. Expenses include NewMil acquisition costs of $2.0 million and additional costs of approximately $3.4 million for NewMil ongoing operations. Fourth quarter results also include the write-offs of $200,000 in leasehold improvements from the early termination of two leased properties and $440,000 in other lease termination expenses.

Balance Sheet Trends

Total assets were $17.1 billion at December 31, 2006 compared with $17.8 billion a year ago. Total assets have declined due to the balance sheet repositioning actions previously discussed. Total loans were $12.9 billion, an increase of $0.6 billion, or 5 percent, from a year ago while securities totaled $2.0 billion and declined by $1.7 billion, or 47 percent. Deposits were $12.5 billion, an increase of $0.8 billion, or 7 percent, from a year ago with contributions from the branches acquired from the NewMil Bank acquisition, *de novo* branching and growth in health savings account deposits at HSA Bank.

Certificates of deposit balances grew by 16 percent during 2006 as consumer preference continued for this higher yielding product category. The $1.7 billion reduction in securities compared to a year ago contributed to a $1.7 billion reduction in wholesale borrowings over the past year. Wholesale borrowings declined to 15 percent of total assets at December 31 compared to 25 percent a year ago.

The loan to deposit ratio improved to 104 percent at December 31, 2006 from 106 percent at both September 30, 2006 and December 31, 2005. The Company anticipates that this ratio will further improve in the first quarter of 2007 upon the completion of the previously discussed $633 million mortgage securitization.

"We have previously stated that several of our goals were to improve our tangible capital ratio, significantly reduce our reliance on securities and borrowings and to substantially improve the net interest margin and our loan to deposit ratio," stated Webster Chief Financial Officer Jerry Plush. "The positive impact of the balance sheet repositioning actions taken in the fourth quarter is evident as we have made significant progress toward each of these goals. Further improvement in the loan to deposit ratio will be seen upon the completion of the mortgage securitization at the end of this month."

Book value per common share of $33.30 at December 31, 2006 increased from $30.70 a year ago. Tangible book value per share of $19.00 at December 31, 2006 increased from $18.03 last year. The ratio of tangible equity to tangible assets increased to 6.46 percent at December 31, 2006 compared to 5.54 percent a year ago.

Capital

The Company also announced today that, subject to regulatory notices, it intends to call its Capital Trust I and Capital Trust II securities which have a call price of 104.7 percent and 105.0 percent, respectively. The Company will take a pretax charge to income in 2007 of approximately $6.5 million related to the redemption premium and write-off of unamortized issuance costs. The Company is considering the replacement of these legacy trust preferred securities with enhanced trust preferred securities which have greater equity content for rating agency purposes. "Based on the current interest rate environment, we may replace the legacy trust preferred securities at a reduced cost or elect to further boost our capital levels by issuing a higher dollar amount of enhanced trust preferred securities with no impact to earnings per share in future periods," stated Mr. Plush.

Asset Quality

Nonperforming assets totaled $61.8 million, or 0.48 percent of total loans and other real estate owned, at December 31, 2006 compared to $61.4 million, or 0.47 percent, at September 30 and $66.3 million, or 0.54 percent, a year ago.

The allowance for credit losses, which consists of the allowance for loan losses and the reserve for unfunded commitments, was $155.0 million, or 1.20 percent of total loans, at December 31, 2006 compared to $155.6 million, or 1.27 percent at December 31, 2005. The ratio of the allowance to nonperforming loans was 263 percent at December 31, 2006 compared to 257 percent at December 31, 2005.

***

Webster Financial Corporation is the holding company for Webster Bank, National Association and Webster Insurance. With $17.1 billion in assets, Webster provides business and consumer banking, mortgage, insurance, financial planning, trust and investment services through 177 banking offices, 334 ATMs, telephone banking and the Internet. Webster Bank owns the asset-based lending firm Webster Business Credit Corporation, the insurance premium finance company Budget Installment Corp., Center Capital Corporation, an equipment finance company headquartered in Farmington, Connecticut and provides health savings account trustee and administrative services through HSA Bank, a division of Webster Bank.

For more information about Webster, including past press releases and the latest Annual Report, visit the Webster website at www.websteronline.com.

***

Conference Call

A conference call covering Webster's 2006 fourth quarter earnings announcement will be held today, Thursday, January 18, at 2:00 p.m. Eastern Time and may be heard through Webster's investor relations website at www.wbst.com, or in listen-only mode by calling 1-877-407-8293 or 201-689-8349 internationally. The call will be archived on the website and available for future retrieval.

Webster Bank, N.A.
145 Bank Street
Waterbury, CT 06702

WebsterOnline.com

Press Release

Webster Financial Corporation

Forward-looking Statements

Statements in this press release regarding Webster Financial Corporation's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statement, see "Forward Looking Statements" in Webster's Annual Report for 2005. Except as required by law, Webster does not undertake to update any such forward looking information.

Non-GAAP Financial Measures

In addition to results presented in accordance with GAAP, this press release contains certain non-GAAP financial measures. We believe that providing certain non-GAAP financial measures provides investors with information useful in understanding our financial performance, our performance trends and financial position. A reconciliation of net income and other performance ratios, as adjusted is included in the accompanying selected financial highlights table, elsewhere in this report.

We believe that providing certain non-GAAP financial measures provides investors with information useful in understanding our financial performance, our performance trends and financial position. Specifically, we provide measures based on what we believe are our operating earnings on a consistent basis and exclude non-core operating items which affect the GAAP reporting of results of operations. We utilize these measures for internal planning and forecasting purposes. We, as well as securities analysts, investors and other interested parties, also use these measures to compare peer company operating performance. We believe that our presentation and discussion, together with the accompanying reconciliations, provides a complete understanding of factors and trends affecting our business and allows investors to view performance in a manner similar to management. These non-GAAP measures should not be considered a substitute for GAAP basis measures and results and we strongly encourage investors to review our consolidated financial statements in their entirety and not to rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

---30---

WEBSTER FINANCIAL CORPORATION

Selected Financial Highlights (unaudited)

(In thousands, except per share data)	At or for the Three Months Ended December 31, 2006	2005	At or for the Twelve Months Ended December 31, 2006	2005
Adjusted net income and performance ratios, net of tax, (annualized):				
Net income	**$ 37,798**	$ 45,500	**$ 133,790**	$ 185,855
Recognition of loss on AFS securities	**1,560**	-	**33,328**	-
Loss on sale of mortgage loans	**3,713**	-	**3,713**	-
NewMil aquistion costs	**1,312**	-	**1,918**	-
Net gain from pension plan curtailment	**(195)**	-	**(195)**	-
Gain on sale of properties	**(910)**	-	**(910)**	-
Adjusted net income	**43,278**	45,500	**171,644**	185,855
Net income per diluted common share	**0.77**	0.84	**3.17**	3.43
Return on average shareholders' equity	**9.24 %**	11.04 %	**9.99 %**	11.52 %
Return on average tangible equity	**16.09**	18.81	**17.02**	19.95
Return on average assets	**0.97**	1.02	**0.96**	1.06
Noninterest income as a percentage of total revenue	**31.02**	30.99	**30.77**	29.92
Efficiency ratio (a)	**64.57**	63.53	**64.29**	61.71
Net income and performance ratios (annualized):				
Net income	**$ 37,798**	$ 45,500	**$ 133,790**	$ 185,855
Net income per diluted common share	**0.67**	0.84	**2.47**	3.43
Return on average shareholders' equity	**8.07 %**	11.04 %	**7.79 %**	11.52 %
Return on average tangible equity	**14.06**	18.81	**13.26**	19.95
Return on average assets	**0.85**	1.02	**0.75**	1.06
Noninterest income as a percentage of total revenue	**28.45**	30.99	**25.11**	29.92
Efficiency ratio (a)	**67.93**	63.53	**69.95**	61.71
Asset quality:				
Allowance for credit losses	**$ 154,994**	$ 155,632	**$ 154,994**	$ 155,632
Nonperforming assets	**61,825**	66,338	**61,825**	66,338
Allowance for credit losses / total loans	**1.20 %**	1.27 %	**1.20 %**	1.27 %
Net charge-offs (recoveries) / average loans (annualized)	**0.27**	0.05	**0.13**	0.03
Nonperforming loans / total loans	**0.46**	0.49	**0.46**	0.49
Nonperforming assets / total loans plus OREO	**0.48**	0.54	**0.48**	0.54
Allowance for credit losses / nonperforming loans	**263.09**	257.02	**263.09**	257.02
Other ratios (annualized):				
Tangible capital ratio	**6.46 %**	5.54 %	**6.46 %**	5.54 %
Shareholders' equity / total assets	**10.98**	9.24	**10.98**	9.24
Interest-rate spread	**3.14**	3.18	**3.09**	3.25
Net interest margin	**3.23**	3.22	**3.16**	3.29
Share related:				
Book value per common share	**$ 33.30**	$ 30.70	**$ 33.30**	30.70
Tangible book value per common share	**19.00**	18.03	**19.00**	18.03
Common stock closing price	**48.72**	46.90	**48.72**	46.90
Dividends declared per common share	**0.27**	0.25	**1.06**	0.98
Common shares issued and outstanding	**56,362**	53,662	**56,362**	53,662
Basic shares (average)	**55,753**	53,473	**53,435**	53,577
Diluted shares (average)	**56,452**	54,129	**54,065**	54,236

Footnotes:

(a) Noninterest expense as a percentage of net interest income plus noninterest income.

(b) For purposes of this computation, unrealized gains (losses) are excluded from the average balance for rate calculations.

Consolidated Statements of Condition (unaudited)

(In thousands)	*December 31,* 2006	*September 30,* 2006	*December 31,* 2005
Assets:			
Cash and due from depository institutions	**$ 311,888**	$ 243,434	$ 293,706
Short-term investments	**175,648**	9,562	36,302
Securities:			
Trading, at fair value	**4,842**	2,848	2,257
Available for sale, at fair value	**503,918**	2,249,935	2,555,419
Held-to-maturity securities	**1,453,973**	1,064,188	1,142,909
Total securities	**1,962,733**	3,316,971	3,700,585
Loans held for sale	**354,798**	309,149	267,919
Loans:			
Residential mortgages	**4,424,634**	4,845,198	4,828,564
Commercial	**3,386,274**	3,368,164	2,876,528
Commercial real estate	**1,904,597**	1,770,674	1,808,494
Consumer	**3,207,986**	3,037,674	2,771,700
Total loans	**12,923,491**	13,021,710	12,285,286
Allowance for loan losses	**(147,719)**	(147,446)	(146,486)
Loans, net	**12,775,772**	12,874,264	12,138,800
Accrued interest receivable	**90,565**	93,844	85,779
Premises and equipment, net	**195,909**	189,562	182,856
Goodwill and intangible assets	**825,012**	692,388	698,570
Cash surrender value of life insurance	**259,318**	245,108	237,822
Prepaid expenses and other assets	**145,828**	164,532	194,223
Total Assets	**$ 17,097,471**	$ 18,138,814	$ 17,836,562
Liabilities and Shareholders' Equity:			
Deposits:			
Demand deposits	**$ 1,588,783**	$ 1,453,317	$ 1,546,096
NOW accounts	**1,671,778**	1,559,584	1,622,403
Money market deposit accounts	**1,908,496**	2,078,797	1,789,781
Savings accounts	**1,985,202**	1,838,494	2,015,045
Certificates of deposit	**4,911,860**	4,583,508	4,249,874
Treasury deposits	**392,277**	790,353	407,946
Total deposits	**12,458,396**	12,304,053	11,631,145
Federal Home Loan Bank advances	**1,074,933**	1,867,393	2,214,010
Securities sold under agreements to repurchase and other short-term debt	**893,206**	1,466,845	1,522,381
Other long-term debt	**621,936**	636,028	640,906
Reserve for unfunded commitments	**7,275**	8,885	9,146
Accrued expenses and other liabilities	**155,285**	162,886	162,171
Total liabilities	**15,211,031**	16,446,090	16,179,759
Preferred stock of subsidiary corporation	**9,577**	9,577	9,577
Shareholders' equity	**1,876,863**	1,683,147	1,647,226
Total Liabilities and Shareholders' Equity	**$ 17,097,471**	$ 18,138,814	$ 17,836,562

See Selected Financial Highlights for footnotes.

Consolidated Statements of Income (unaudited)

(In thousands, except per share data)	*Three Months Ended December 31,* 2006	2005	*Twelve Months Ended December 31,* 2006	2005
Interest income:				
Loans	**$ 225,634**	$ 187,607	**$ 843,398**	$ 689,041
Securities and short-term investments	**32,514**	42,503	**154,127**	169,861
Loans held for sale	**6,191**	3,563	**17,213**	12,945
Total interest income	**264,339**	233,673	**1,014,738**	871,847
Interest expense:				
Deposits	**90,195**	57,132	**310,199**	188,437
Borrowings	**44,994**	46,879	**195,989**	166,069
Total interest expense	**135,189**	104,011	**506,188**	354,506
Net interest income	**129,150**	129,662	**508,550**	517,341
Provision for credit losses	**3,000**	2,000	**11,000**	9,500
Net interest income after provision for credit losses	**126,150**	127,662	**497,550**	507,841
Noninterest income:				
Deposit service fees	**25,494**	22,909	**96,765**	85,967
Insurance revenue	**8,301**	10,678	**38,806**	44,015
Loan and loan servicing fees	**9,643**	9,290	**34,389**	33,232
Wealth and investment services	**7,161**	6,174	**27,183**	23,151
Gain from mortgage banking activities	**2,917**	2,322	**8,542**	11,573
Increase in cash surrender value of life insurance	**2,550**	2,360	**9,603**	9,241
Other	**3,733**	3,470	**8,486**	10,073
	59,799	57,203	**223,774**	217,252
Loss on write-down of AFS securities to fair value	**-**	-	**(48,879)**	-
Loss on sale of mortgage loans	**(5,713)**	-	**(5,713)**	-
(Loss) gain on sale of securities, net	**(2,732)**	1,026	**1,289**	3,633
Total noninterest income	**51,354**	58,229	**170,471**	220,885
Noninterest expenses:				
Compensation and benefits	**64,142**	64,905	**255,780**	241,469
Occupancy	**13,403**	11,141	**49,386**	43,292
Furniture and equipment	**14,637**	14,810	**56,033**	50,228
Intangible amortization	**3,473**	5,001	**14,473**	19,913
Marketing	**3,350**	3,981	**15,477**	14,267
Professional services	**5,457**	3,594	**16,767**	14,962
Conversion and infrastructure costs	**-**	1,281	**-**	8,138
Acquistion costs	**2,018**	-	**2,951**	-
Other	**16,129**	14,646	**64,081**	63,301
Total noninterest expenses	**122,609**	119,359	**474,948**	455,570
Income before income taxes	**54,895**	66,532	**193,073**	273,156
Income taxes	**17,097**	21,032	**59,283**	87,301
Net income	**$ 37,798**	$ 45,500	**$ 133,790**	$ 185,855
Diluted shares (average)	**56,452**	54,129	**54,065**	54,236
Net income per common share:				
Basic	**$ 0.68**	$ 0.85	**$ 2.50**	$ 3.47
Diluted	**0.67**	0.84	**2.47**	3.43

See Selected Financial Highlights for footnotes.

Consolidated Statements of Income (unaudited)

(In thousands, except per share data)	Three Months Ended *Dec. 31,* 2006	*Sept. 30,* 2006	*June 30,* 2006	*March 31,* 2006	*Dec. 31,* 2005
Interest income:					
Loans	**$ 225,634**	$ 215,094	$ 207,097	$ 195,574	$ 187,607
Securities and short-term investments	**32,514**	40,883	39,134	41,595	42,503
Loans held for sale	**6,191**	4,366	3,317	3,339	3,563
Total interest income	**264,339**	260,343	249,548	240,508	233,673
Interest expense:					
Deposits	**90,195**	85,058	72,593	62,354	57,132
Borrowings	**44,994**	52,849	50,150	47,995	46,879
Total interest expense	**135,189**	137,907	122,743	110,349	104,011
Net interest income	**129,150**	122,436	126,805	130,159	129,662
Provision for credit losses	**3,000**	3,000	3,000	2,000	2,000
Net interest income after provision for credit losses	**126,150**	119,436	123,805	128,159	127,662
Noninterest income:					
Deposit service fees	**25,494**	25,252	24,150	21,869	22,909
Insurance revenue	**8,301**	9,793	9,988	10,724	10,678
Loan and loan servicing fees	**9,643**	7,760	9,162	7,824	9,290
Wealth and investment services	**7,161**	6,738	6,930	6,354	6,174
Gain (loss) from mortgage banking activities	**2,917**	(185)	2,538	3,273	2,322
Increase in cash surrender value of life insurance	**2,550**	2,368	2,314	2,371	2,360
Other	**3,733**	1,693	1,284	1,775	3,470
	59,799	53,419	56,366	54,190	57,203
Loss on write-down of AFS securities to fair value	**-**	(48,879)	-	-	-
Loss on sale of mortgage loans	**(5,713)**	-	-	-	-
(Loss) gain on sale of securities, net	**(2,732)**	2,307	702	1,012	1,026
Total noninterest income	**51,354**	6,847	57,068	55,202	58,229
Noninterest expenses:					
Compensation and benefits	**64,142**	62,050	64,585	65,003	64,905
Occupancy	**13,403**	11,977	11,824	12,182	11,141
Furniture and equipment	**14,637**	13,840	13,962	13,595	14,810
Intangible amortization	**3,473**	3,079	3,544	4,377	5,001
Marketing	**3,350**	4,211	4,292	3,624	3,981
Professional services	**5,457**	4,302	3,464	3,544	3,594
Conversion and infrastructure costs	**-**	-	-	-	1,281
Acquistion costs	**2,018**	868	65	-	-
Other	**16,129**	15,523	15,582	16,846	14,646
Total noninterest expenses	**122,609**	115,850	117,318	119,171	119,359
Income before income taxes	**54,895**	10,433	63,555	64,190	66,532
Income taxes	**17,097**	1,436	20,412	20,338	21,032
Net income	**$ 37,798**	$ 8,997	$ 43,143	$ 43,852	$ 45,500
Diluted shares (average)	**56,452**	52,871	53,252	53,703	54,129
Net income per common share:					
Basic	**$ 0.68**	$ 0.17	$ 0.82	$ 0.83	$ 0.85
Diluted	**0.67**	0.17	0.81	0.82	0.84

See Selected Financial Highlights for footnotes.

Interest-Rate Spread (unaudited)

	Three Months Ended				
	December 2006	September 2006	June 2006	March 2006	December 2005
Interest-rate spread					
Yield on interest-earning assets	**6.52 %**	6.31 %	6.11 %	5.97 %	5.73 %
Cost of interest-bearing liabilities	**3.38**	3.38	3.05	2.78	2.55
Interest-rate spread	**3.14 %**	2.93 %	3.06 %	3.19 %	3.18 %
Net interest margin	**3.23 %**	3.01 %	3.13 %	3.24 %	3.22 %

Consolidated Average Statements of Condition (unaudited)

Three Months Ended December 31,	2006			2005		
(Dollars in thousands)	Average balance	Interest	Fully tax-equivalent yield/rate	Average balance	Interest	Fully tax-equivalent yield/rate
Assets:						
Interest-earning assets:						
Loans	**$ 13,362,185**	**$ 225,634**	**6.69 %**	$ 12,328,141	$ 187,608	6.03 %
Securities	**2,435,986**	**34,695**	**5.72** (b)	3,715,720	44,733	4.76 (b)
Loans held for sale	**417,479**	**6,191**	**5.93**	251,169	3,563	5.67
Short-term investments	**29,896**	**368**	**4.82**	19,846	147	2.90
Total interest-earning assets	**16,245,546**	**266,888**	**6.52**	16,314,876	236,051	5.73
Noninterest-earning assets	**1,617,888**			1,537,062		
Total assets	**$ 17,863,434**			$ 17,851,938		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Demand deposits	**$ 1,522,571**	**$ -**	**- %**	$ 1,522,306	$ -	- %
Savings, NOW and money market deposit accounts	**5,582,187**	**29,609**	**2.10**	5,502,733	19,065	1.37
Time deposits	**5,405,010**	**60,586**	**4.44**	4,665,580	38,067	3.24
Total deposits	**12,509,768**	**90,195**	**2.86**	11,690,619	57,132	1.94
Federal Home Loan Bank advances	**1,444,155**	**18,169**	**4.92**	2,280,934	22,742	3.90
Repurchase agreements and other short-term debt	**1,239,065**	**14,100**	**4.45**	1,454,730	12,568	3.38
Other long-term debt	**637,853**	**12,725**	**7.98**	665,062	11,569	6.96
Total borrowings	**3,321,073**	**44,994**	**5.33**	4,400,726	46,879	4.19
Total interest-bearing liabilities	**15,830,841**	**135,189**	**3.38**	16,091,345	104,011	2.55
Noninterest-bearing liabilities	**149,623**			101,994		
Total liabilities	**15,980,464**			16,193,339		
Preferred stock of subsidiary corporation	**9,577**			9,577		
Shareholders' equity	**1,873,393**			1,649,022		
Total liabilities and shareholders' equity	**$ 17,863,434**			$ 17,851,938		
		131,699			132,040	
Less: tax-equivalent adjustment		**(2,549)**			(2,378)	
Net interest income		**$ 129,150**			$ 129,662	
Interest-rate spread			**3.14 %**			3.18 %
Net interest margin			**3.23 %**			3.22 %

See Selected Financial Highlights for footnotes.

Consolidated Average Statements of Condition (unaudited)

Twelve Months Ended December 31,	2006			2005		
(Dollars in thousands)	Average balance	Interest	Fully tax-equivalent yield/rate	Average balance	Interest	Fully tax-equivalent yield/rate
Assets:						
Interest-earning assets:						
Loans	**$ 12,800,864**	**$ 843,398**	**6.59 %**	$ 11,930,776	$ 689,048	5.78 **%**
Securities	**3,224,776**	**162,504**	**4.98** (b)	3,806,289	178,106	4.68 (b)
Loans held for sale	**288,892**	**17,213**	**5.96**	232,695	12,945	5.56
Short-term investments	**25,514**	**1,079**	**4.23**	19,982	537	2.69
Total interest-earning assets	**16,340,046**	**1,024,194**	**6.25**	15,989,742	880,636	5.50
Noninterest-earning assets	**1,531,421**			1,484,723		
Total assets	**$ 17,871,467**			$ 17,474,465		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Demand deposits	**$ 1,470,861**	**$ -**	**- %**	$ 1,449,596	$ -	- **%**
Savings, NOW and money market deposit accounts	**5,427,812**	**100,165**	**1.85**	5,633,897	66,226	1.18
Time deposits	**5,193,608**	**210,034**	**4.04**	4,215,801	122,211	2.90
Total deposits	**12,092,281**	**310,199**	**2.57**	11,299,294	188,437	1.67
Federal Home Loan Bank advances	**2,035,786**	**94,322**	**4.63**	2,256,216	78,623	3.48
Repurchase agreements and other short-term debt	**1,243,269**	**52,301**	**4.21**	1,520,086	43,842	2.88
Other long-term debt	**633,667**	**49,366**	**7.79**	673,562	43,604	6.47
Total borrowings	**3,912,722**	**195,989**	**5.01**	4,449,864	166,069	3.73
Total interest-bearing liabilities	**16,005,003**	**506,188**	**3.16**	15,749,158	354,506	2.25
Noninterest-bearing liabilities	**139,057**			102,732		
Total liabilities	**16,144,060**			15,851,890		
Preferred stock of subsidiary corporation	**9,577**			9,577		
Shareholders' equity	**1,717,830**			1,612,998		
Total liabilities and shareholders' equity	**$ 17,871,467**			$ 17,474,465		
		518,006			526,130	
Less: tax-equivalent adjustment		**(9,456)**			(8,789)	
Net interest income		**$ 508,550**			$ 517,341	
Interest-rate spread			**3.09 %**			3.25 **%**
Net interest margin			**3.16 %**			3.29 **%**

See Selected Financial Highlights for footnotes.

(Unaudited) (Dollars in thousands)	At or for the Three Months Ended Dec. 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006	Dec. 31, 2005
Asset Quality					
Nonperforming loans:					
Commercial:					
Commercial	**$ 21,105**	$ 29,321	$ 22,930	$ 19,719	$ 26,002
Equipment financing	**2,616**	2,450	2,693	2,864	3,065
Total commercial	**23,721**	31,771	25,623	22,583	29,067
Commercial real estate	**17,618**	16,811	23,291	24,012	22,678
Residential	**11,307**	7,032	7,218	8,891	6,979
Consumer	**6,266**	3,496	3,065	2,875	1,829
Total nonperforming loans	**58,912**	59,110	59,197	58,361	60,553
Other real estate owned and repossessed assets:					
Commercial	**1,922**	1,573	2,254	1,712	5,126
Residential	**383**	607	316	456	232
Consumer	**608**	126	10	361	427
Total other real estate owned and repossessed assets	**2,913**	2,306	2,580	2,529	5,785
Total nonperforming assets	**$ 61,825**	$ 61,416	$ 61,777	$ 60,890	$ 66,338
Accruing loans 90 or more days past due	**$ 1,490**	4,609	2,542	1,002	6,676
Allowance for Credit Losses					
Beginning balance	**$ 156,331**	$ 156,471	$ 155,957	$ 155,632	$ 155,052
Provision	**3,000**	3,000	3,000	2,000	2,000
Allowance for acquired loans	**4,724**	-	-	-	-
Charge-offs:					
Commercial	**9,352**	3,369	2,775	1,629	3,272
Residential	**199**	46	65	75	110
Consumer	**454**	265	239	362	153
Total charge-offs	**10,005**	3,680	3,079	2,066	3,535
Recoveries	**(944)**	(540)	(593)	(391)	(2,115)
Net loan charge-offs (recoveries)	**9,061**	3,140	2,486	1,675	1,420
Ending balance	**$ 154,994**	$ 156,331	$ 156,471	$ 155,957	$ 155,632
Components:					
Allowance for loan losses	**$ 147,719**	$ 147,446	$ 147,401	$ 146,383	$ 146,486
Reserve for unfunded credit commitments	**7,275**	8,885	9,070	9,574	9,146
Allowance for credit losses	**$ 154,994**	$ 156,331	$ 156,471	$ 155,957	$ 155,632
Asset Quality Ratios:					
Allowance for loan losses / total loans	**1.14 %**	1.13 %	1.16 %	1.16 %	1.19 %
Allowance for credit losses / total loans	**1.20**	1.20	1.23	1.24	1.27
Net charge-offs (recoveries)/ average loans (annualized)	**0.27**	0.10	0.08	0.05	0.05
Nonperforming loans / total loans	**0.46**	0.45	0.47	0.46	0.49
Nonperforming assets / total loans plus OREO	**0.48**	0.47	0.49	0.48	0.54
Allowance for credit losses / nonperforming loans	**263.09**	264.47	264.32	267.23	257.02

See Selected Financial Highlights for footnotes.