Q1 Earnings Presentation

Eastern Bankshares, Inc.

April 28 | 2022

On the call

Eastern Bankshares, Inc.

Presenter		Topic
	**Bob Rivers** Chief Executive Officer & Chair of the Board	Opening Remarks
	**Jim Fitzgerald** Chief Administrative Officer, Chief Financial Officer & Treasurer	Financials

Forward-looking statements

Eastern Bankshares, Inc.

This presentation contains "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding anticipated future events and can be identified by the fact that they do not relate strictly to historical or current facts. You can identify these statements from the use of the words "may," "will," "should," "could," "would," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target" and similar expressions. Forward-looking statements, by their nature, are subject to risks and uncertainties. There are many factors that could cause actual results to differ materially from expected results described in the forward-looking statements.

Certain factors that could cause actual results to differ materially from expected results include developments in the Company's market relating to the COVID-19 pandemic, including the severity and duration of the associated economic slowdown; adverse developments in the level and direction of loan delinquencies and charge-offs and changes in estimates of the adequacy of the allowance for loan losses; increased competitive pressures; changes in the interest rate environment; risks that revenue or expense synergies or the other expected benefits of the Company's merger with Century ("Transaction") may not fully materialize for the Company in the timeframe expected or at all, or may be more costly to achieve; risks that the Company is unable to successfully implement integration strategies for the transaction; reputational risks and the reaction of customers to the Transaction; and diversion of management time on Transaction-related issues; as well as general economic conditions or conditions within the securities markets; and legislative and regulatory changes and related compliance costs that could adversely affect the business in which the Company and its subsidiary Eastern Bank are engaged, including inflation, interest rates, interest rate sensitivity and liquidity, including the effect of, and changes in, monetary and fiscal policies and laws, such as the interest rate policies of the Board of Governors of the Federal Reserve System; market and monetary fluctuations, including fluctuations due to actual or anticipated changes to federal tax laws; credit quality, including adverse developments in local or regional real estate markets that decrease collateral values associated with existing loans; and the failure of the Company to execute all of its planned share repurchases. For further discussion of such factors, please see the Company's most recent Annual Report on Form 10-K and subsequent filings with the U.S. Securities and Exchange Commission (the "SEC"), which are available on the SEC's website at www.sec.gov.

Further, given the ongoing and dynamic nature of the COVID-19 pandemic, it is difficult to predict what continued effects the COVID-19 pandemic will have on the Company's business and results of operations. The COVID-19 pandemic and the related local and national economic disruption may result in a continued decline in demand for the Company's products and services; increased levels of loan delinquencies, problem assets and foreclosures; an increase in the Company's allowance for loan losses; a decline in the value of loan collateral, including real estate; reduced demand for office space in the Company's markets due to remote and/or hybrid work arrangements; a greater decline in the yield on the Company's interest-earning assets than the decline in the cost of the Company's interest-bearing liabilities; and increased cybersecurity risks, as employees continue to work remotely. Accordingly, you should not place undue reliance on forward-looking statements, which reflect the Company's expectations only as of the date of this presentation. The Company does not undertake any obligation to update forward-looking statements.

Non-GAAP financial measures

Eastern Bankshares, Inc.

Non-GAAP financial measures used in this presentation are denoted by an asterisk.

A non-GAAP financial measure is defined as a numerical measure of the Company's historical or future financial performance, financial position or cash flows that excludes (or includes) amounts, or is subject to adjustments that have the effect of excluding (or including) amounts that are included in the most directly comparable measure calculated and presented in accordance with accounting principles generally accepted in the United States ("GAAP") in the Company's statement of income, balance sheet or statement of cash flows (or equivalent statements).

The Company presents non-GAAP financial measures, which management uses to evaluate the Company's performance, and which exclude the effects of certain transactions that management believes are unrelated to its core business and are therefore not necessarily indicative of its current performance or financial position. Management believes excluding these items facilitates greater visibility for investors into the Company's core businesses as well as underlying trends that may, to some extent, be obscured by inclusion of such items in the corresponding GAAP financial measures.

There are items in the Company's financial statements that impact its financial results, but which management believes are unrelated to the Company's core business. Accordingly, the Company presents noninterest income on an operating basis, total operating revenue, noninterest expense on an operating basis, operating net income, operating earnings per share, operating return on average assets, operating return on average shareholders' equity, the operating efficiency ratio, and the ratio of noninterest income to total revenue on an operating basis. Each of these figures excludes the impact of such applicable items because management believes such exclusion can provide greater visibility into the Company's core business and underlying trends. Such items that management does not consider to be core to the Company's business include (i) income and expenses from investments held in rabbi trusts, (ii) gains and losses on sales of securities available for sale, net, (iii) gains and losses on the sale of other assets, (iv) rabbi trust employee benefits, (v) impairment charges on tax credit investments and associated tax credit benefits, (vi) expenses indirectly associated with the Company's initial public offering ("IPO"), (vii) other real estate owned ("OREO") gains, (viii) merger and acquisition expenses, (ix) the stock donation to the Eastern Bank Foundation ("EBF") in connection with the Company's mutual-to-stock conversion and IPO, and (x) settlement of putative consumer class action litigation matters related to overdraft and non-sufficient funds fees, and associated settlement expenses. The Company does not provide an outlook for its total noninterest income and total noninterest expense because each contains income or expense components, as applicable, such as income associated with rabbi trust accounts and rabbi trust employee benefit expense, which are market-driven, and over which the Company cannot exercise control. Accordingly, reconciliations of the Company's outlook for its noninterest income on an operating basis and its noninterest expense on an operating basis to an outlook for total noninterest income and total noninterest expense, respectively, cannot be made available without unreasonable effort.

Management presents certain asset quality metrics excluding PPP loans which it does not consider to be part of the Company's core portfolio. These metrics include the ratio of total nonperforming loans to total loans excluding PPP loans, the ratio of the allowance for loan losses to total loans excluding PPP loans, and the ratio of annualized net charge-offs to average total loans excluding PPP loans. The Company does not provide an outlook for its ratio of the allowance for loan losses to total loans because it contains components, such as the volume of PPP loans which is market-driven, over which the Company cannot exercise control. Accordingly, a reconciliation of the Company's outlook for its ratio of the allowance for loan losses to total loans to an outlook for its ratio of the allowance for loan losses to total loans excluding PPP loans cannot be made available without unreasonable effort. The Company does not provide an outlook for its ratio of annualized net charge-offs to average total loans because it contains components, such as the volume PPP loans which is market-driven, over which the Company cannot exercise control. Accordingly, a reconciliation of the Company's outlook for its ratio of annualized net charge-offs to average total loans to an outlook for its ratio of annualized net charge-offs to average total loans excluding PPP loans cannot be made available without unreasonable effort. The Company anticipates that the vast majority of its PPP loans outstanding at March 31, 2022 will be forgiven, and to the extent not forgiven, a PPP loan is intended to be 100% guaranteed by the SBA.

Management also presents tangible assets, tangible shareholders' equity, tangible book value per share, and the ratio of tangible shareholders' equity to tangible assets, each of which excludes the impact of goodwill and other intangible assets, as management believes these financial measures provide investors with the ability to further assess the Company's performance, identify trends in its core business and provide a comparison of its capital adequacy to other companies. The Company included the tangible ratios because management believes that investors may find it useful to have access to the same analytical tools used by management to assess performance and identify trends.

These non-GAAP financial measures presented in this presentation should not be considered an alternative or substitute for financial results or measures determined in accordance with GAAP or as an indication of the Company's cash flows from operating activities, a measure of its liquidity position or an indication of funds available for its cash needs. An item which management considers to be non-core and excludes when computing these non-GAAP measures can be of substantial importance to the Company's results for any particular period. In addition, management's methodology for calculating non-GAAP financial measures may differ from the methodologies employed by other banking companies to calculate the same or similar performance measures, and accordingly, the Company's reported non-GAAP financial measures may not be comparable to the same or similar performance measures reported by other banking companies. Please refer to Appendices A-E for a reconciliations of the Company's GAAP financial measures to the non-GAAP financial measures in this presentation.

Q1 2022 financial highlights

Eastern Bankshares, Inc.

Key Metrics

$51.5 million
Net income

$55.1 million
Operating net income*

$0.30	**$0.32**
Diluted EPS	Diluted operating EPS*
2.42%	**0.07%**
NIM[1]	Cost of deposits[1]
27%	**0.01%**
Fee income ratio	NCOs / avg. loans[1]

$0.10 per share
Dividend declared

$16.40	**$12.83**
BV/Share	TBV/Share*

Highlights

- Operating net income* of $55.1 million for the first quarter of 2022 is 23% higher than the prior quarter and 18% higher than the prior year quarter.
- Loan growth excluding Paycheck Protection Program ("PPP") loans was 3.1% on an annualized basis. Commercial loan growth excluding PPP loans was 4.4% on an annualized basis.
- The Company adopted ASU 2016-13 which included the current expected credit losses methodology ("CECL") as of January 1, 2022 and recorded a net decrease to retained earnings of $20.1 million in connection with the adoption. The Company recorded a $0.5 million release of allowance for loan losses for the first quarter.
- Completed transfer of cannabis banking and money services business as of April 1, 2022, marking the final Century integration milestone.
- The Company repurchased 2.9 million shares of its common stock during the first quarter of 2022 at a weighted average price of $21.12.

*Non-GAAP Financial Measure. Please refer to Appendices A-E for the applicable reconciliation. [1]Presented on an annualized basis.

Income statement

Eastern Bankshares, Inc.

$ in millions, except per share amounts	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net interest income	**$ 128.1**	$ 122.4	$ 102.7	$ 104.6	$ 100.1
Noninterest income	**46.4**	49.0	43.2	45.7	55.2
Total revenue	**174.5**	171.4	145.9	150.3	155.3
Noninterest expense	**108.9**	143.6	99.0	107.3	94.0
Pre-tax, pre-provision income	**65.7**	27.8	46.9	43.0	61.3
Release of allowance for loan losses	**(0.5)**	(4.3)	(1.5)	(3.3)	(0.6)
Pre-tax income	**66.2**	32.2	48.4	46.3	61.8
Income tax expense (benefit)	**14.7**	(2.9)	11.3	11.5	14.1
Net income	**$ 51.5**	$ 35.1	$ 37.1	$ 34.8	$ 47.7
Operating net income*	**$ 55.1**	$ 44.9	$ 37.4	$ 37.1	$ 46.5
EPS	**$ 0.30**	$ 0.20	$ 0.22	$ 0.20	$ 0.28
Operating EPS*	**$ 0.32**	$ 0.26	$ 0.22	$ 0.22	$ 0.27
ROA[1]	**0.90 %**	0.67 %	0.84 %	0.83 %	1.19 %
Operating ROA*[1]	**0.96 %**	0.86 %	0.86 %	0.89 %	1.15 %
Efficiency ratio	**62.37 %**	83.76 %	67.83 %	71.39 %	60.56 %
Operating efficiency ratio*	**60.39 %**	65.21 %	66.14 %	67.78 %	60.22 %

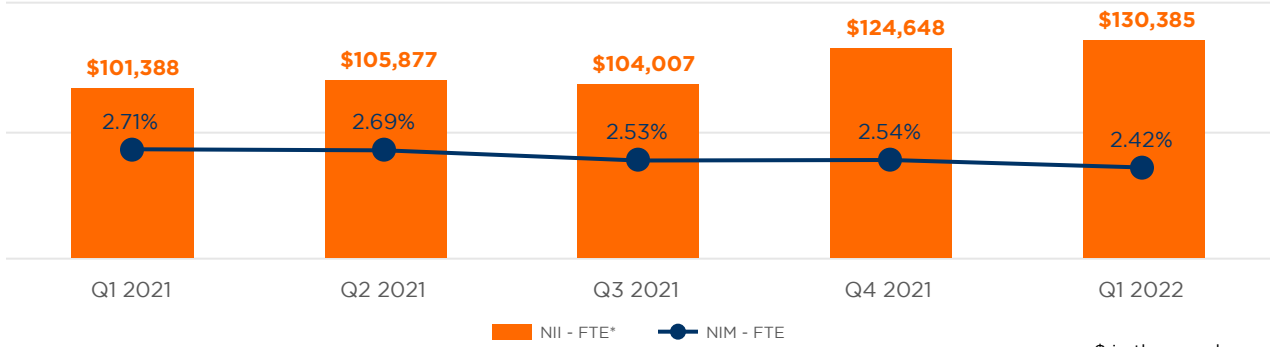
- Net income was $51.5 million in the first quarter. Excluding certain non-recurring items, **operating net income* was $55.1 million.**
- **Net interest income was $128.1 million** in the first quarter, an increase of $5.7 million, primarily due to increased average earning assets as a result of the Century merger partially offset by lower PPP fee accretion.
- **Noninterest income was $46.4 million**, and $53.3 million on an operating* basis.
- **Noninterest expense was $108.9 million** and $110.9 million on an operating* basis.
- **Release of allowance for loan losses of $0.5 million** for the first quarter.
- **A tax expense of $14.7 million** was recorded in the first quarter, compared to tax benefit of $2.9 million in the prior quarter.

*Non-GAAP Financial Measure. Please refer to Appendices A-E for the applicable reconciliation. [1]Presented on an annualized basis.

Net interest margin trends

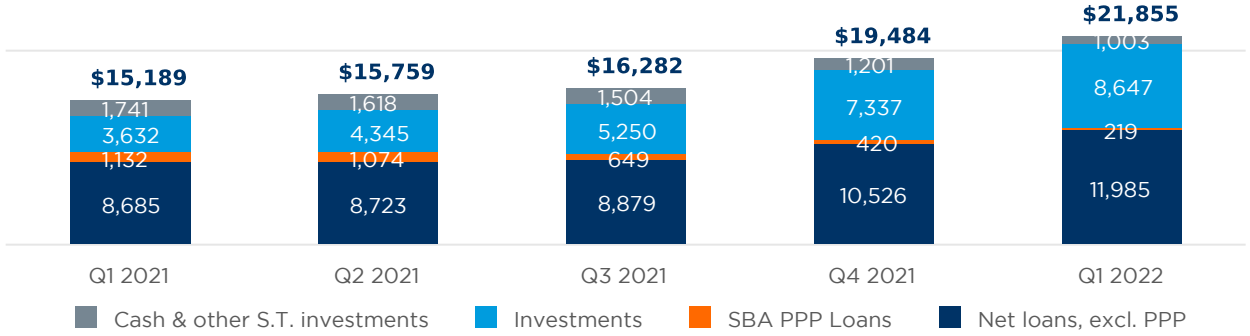
Eastern Bankshares, Inc.

FTE net interest income and margin*[1]



$ in thousands

Average interest earning assets composition



$ in millions

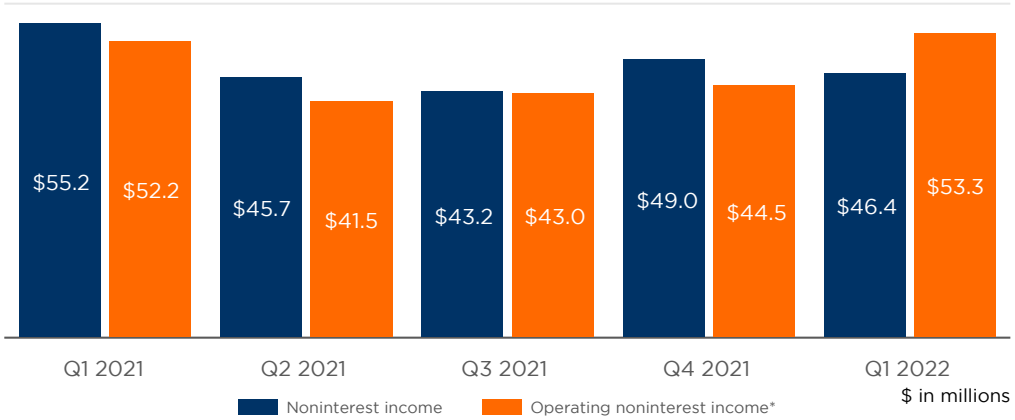
- **Net interest income[1] increased in the first quarter by $5.7 million**, driven primarily by increased average earning assets partially offset by lower PPP fee accretion.
- **Average interest earning assets increased $2.4 billion** reflective of a full quarter as a combined entity with Century.
- **PPP fees recognized[2] were $5.8 million** in the first quarter compared to $10.8 million in the prior quarter.
- **The FTE net interest margin* was 2.42%** for the first quarter, representing a 12 basis point decrease from the prior quarter. The prior quarter's net interest margin benefited from higher PPP fee accretion compared to the first quarter.

*Non-GAAP Financial Measure. Please refer to Appendices A-E for the applicable reconciliation. [1]Presented on a fully tax equivalent (FTE) basis. [2]SBA fee accretion, net of deferred cost amortization.

Noninterest income

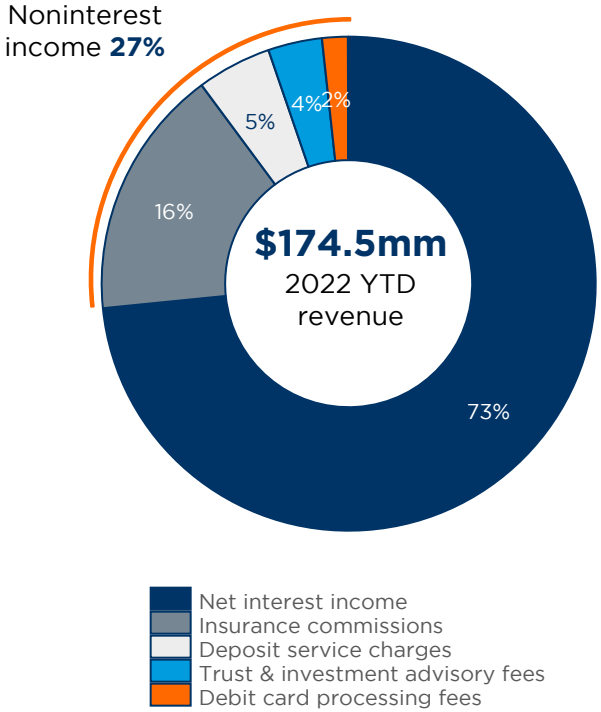
Eastern Bankshares, Inc.

Noninterest income



$ millions	Q1 2022	Q4 2021	Q1 2021	QoQ	YoY
Insurance commissions	**28.7**	20.9	28.1	37 %	2 %
Deposit service charges	**8.5**	7.3	5.4	18 %	59 %
Trust & investment advisory	**6.1**	6.5	5.7	(6)%	8 %
Debit card processing fees	**2.9**	3.2	2.7	(7)%	7 %
All other	**0.1**	11.1	13.3	(99)%	(99)%
Total noninterest income	**$ 46.4**	$ 49.0	$ 55.2	(5)%	(16)%

Fee income provides diverse revenue stream

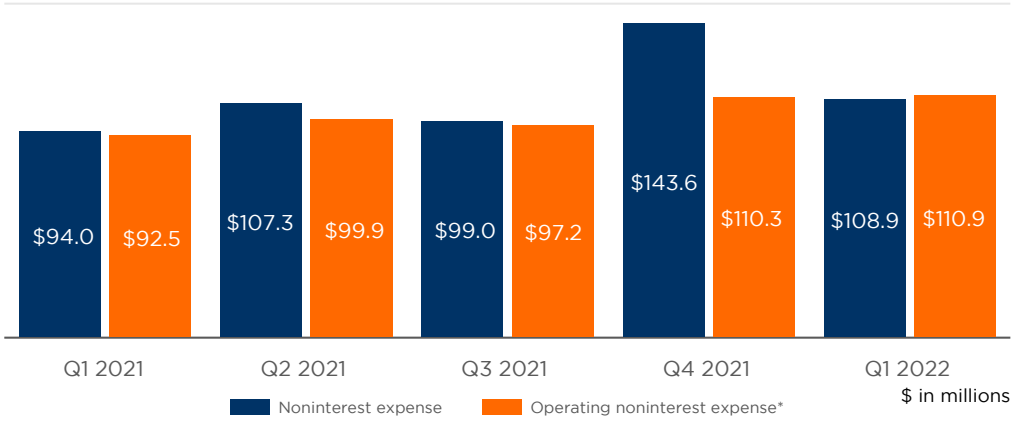


*Non-GAAP Financial Measure. Please refer to Appendices A-E for the applicable reconciliation.

Noninterest expense

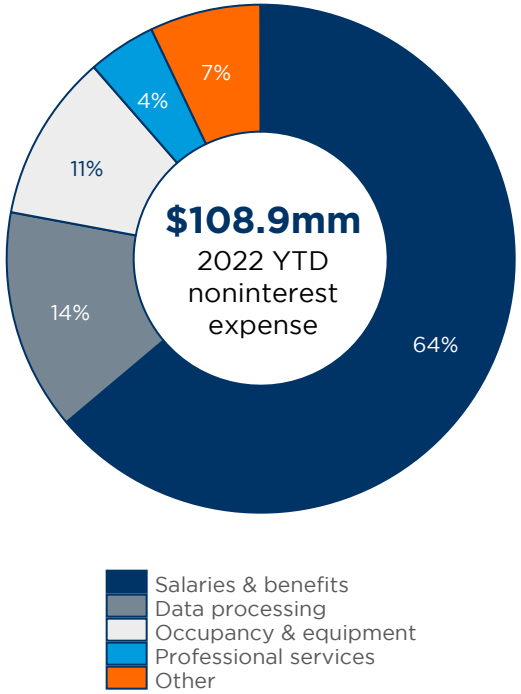
Eastern Bankshares, Inc.

Noninterest expense



$ millions	Q1 2022	Q4 2021	Q1 2021	QoQ	YoY
Salaries & benefits	**69.5**	96.4	64.0	(28)%	9 %
Data processing	**15.3**	12.9	12.1	18 %	26 %
Occupancy & equipment	**11.6**	16.2	8.2	(28)%	41 %
Professional services	**4.7**	9.9	4.1	(52)%	13 %
All other	**7.7**	8.2	5.5	(6)%	40 %
Total noninterest expense	**$ 108.9**	$ 143.6	$ 94.0	(24)%	16 %

2022 noninterest expense



*Non-GAAP Financial Measure. Please refer to Appendices A-E for the applicable reconciliation.

Balance sheet

Eastern Bankshares, Inc.

$ in millions	Linked Quarter (LQ) 3/31/2022	12/31/2021	$	%	Year Over Year (YoY) 3/31/2021	$	%
Cash and cash equivalents	**$ 830**	$ 1,232	$ (402)	(33)%	$ 1,860	$ (1,030)	(55)%
Securities	**8,313**	8,511	(198)	(2)%	3,986	4,327	109 %
Loans held for sale	**1**	1	—	— %	2	(1)	(50)%
Total loans	**12,182**	12,282	(100)	(1)%	9,916	2,266	23 %
Allowance for loan losses	**(124)**	(98)	(26)	27 %	(111)	(13)	12 %
Deferred & unearned	**(24)**	(26)	2	(8)%	(33)	9	(27)%
Net Loans	**12,034**	12,157	(123)	(1)%	9,773	2,261	23 %
Goodwill & intangibles	**655**	650	5	1 %	376	279	74 %
Other assets	**1,003**	961	42	4 %	730	273	37 %
Total Assets	**$ 22,836**	$ 23,512	$ (676)	(3)%	$ 16,727	6,109	37 %
Deposits	**$ 19,393**	$ 19,628	$ (235)	(1)%	$ 12,981	$ 6,412	49 %
Borrowings	**35**	34	1	3 %	29	6	21 %
Other liabilities	**400**	444	(44)	(10)%	330	70	21 %
Total Liabilities	**19,828**	20,106	(278)	(1)%	13,340	6,488	49 %
Shareholders' equity	**3,008**	3,406	(398)	(12)%	3,387	(379)	(11)%
Total Liabilities & Equity	**$ 22,836**	$ 23,512	$ (676)	(3)%	$ 16,727	6,109	37 %
Equity / assets	**13.2 %**	14.5 %			20.2 %		
Tangible equity / tangible assets*	**10.6 %**	12.1 %			18.4 %		

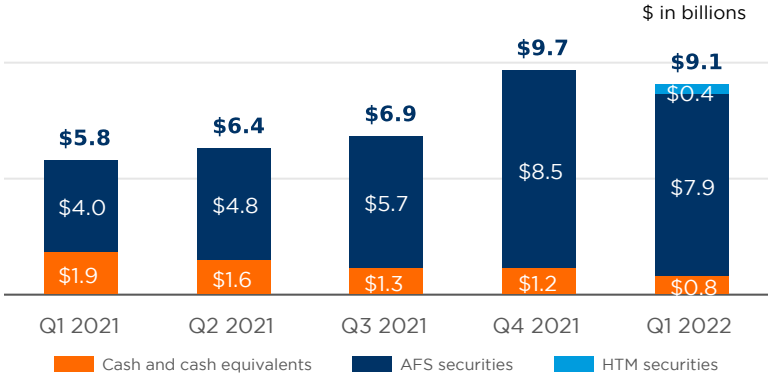
- **Total assets were $22.8 billion** at March 31, 2022 compared to $23.5 billion at end of the prior quarter.
- **Securities decreased $198 million** to $8.3 billion due to lower market values, portfolio sales, and paydowns partially offset by reinvestment.
- **Total loans decreased $100 million** to $12.2 billion. PPP loan paydowns were $190 million and partially offset by loan growth excluding PPP loans of $91 million.
- **Total deposits decreased $235** million to $19.4 billion due in part to Century repositioning.
- **Shareholders' equity decreased by $398 million** from the prior quarter, reflecting the impact of lower AOCI, share repurchases, and the day 1 CECL adjustment through retained earnings.

*Non-GAAP Financial Measure. Please refer to Appendices A-E for the applicable reconciliation.

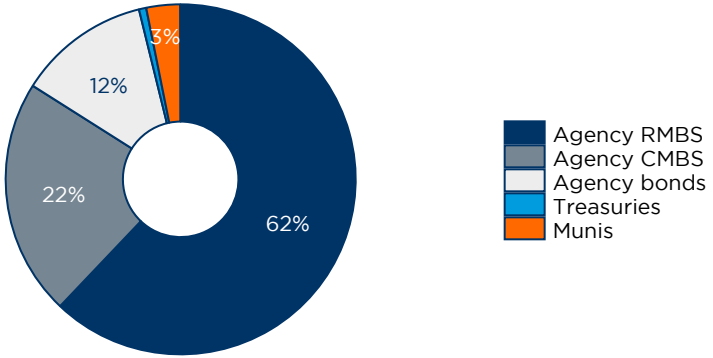
Securities portfolio

Eastern Bankshares, Inc.

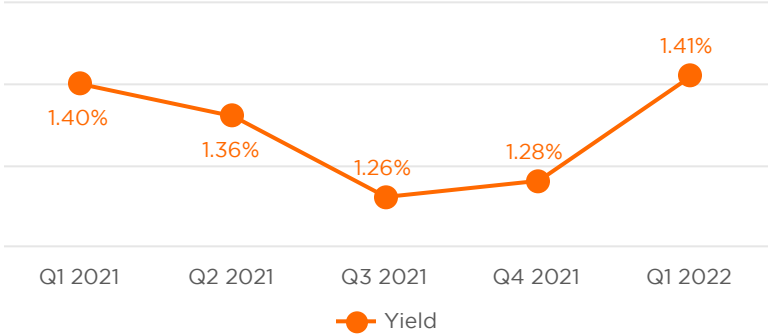
Liquidity growth and deployment[1]



Investment composition[1,2]



Total securities yield



- High quality, **minimal credit risk in portfolio.**
- The **AFS unrealized loss was $539 million** as of March 31, 2022 **due to the increase in interest rates.** Unrealized loss will converge to zero as bond maturity approaches.
- **Portfolio built to provide cash flows** - $750 million expected over remainder of 2022 providing reinvestment opportunity.
- The AFS portfolio has an average **duration of 4.6 years**.
- **Securities purchased in HTM during the quarter had a carrying value of $395 million** as of March 31, 2022.

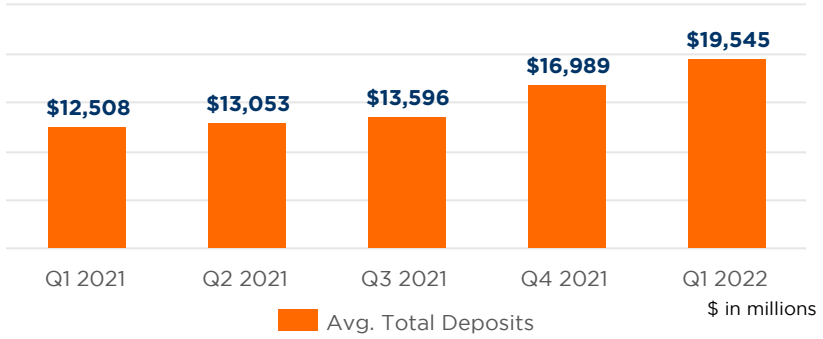
[1]Includes both available for sale ("AFS") and held to maturity ("HTM") portfolios represented at fair value and amortized cost respectively. [2]As of March 31, 2022

Deposits

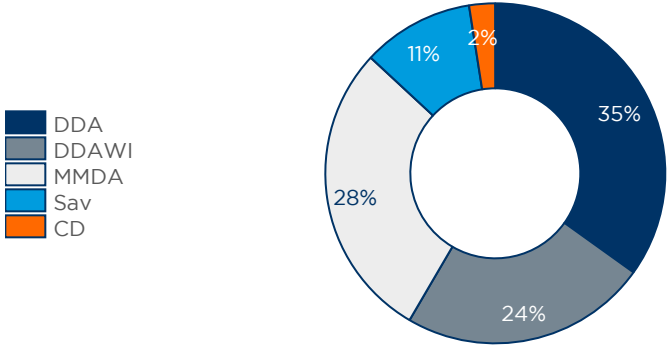
Eastern Bankshares, Inc.

- Strong deposits mix with **58% of total deposits in checking products and a total deposit cost of 7 basis points.**
- **Strong, low cost core deposit base** and 63% loan to deposit ratio is a differentiating factor in a rising rate environment.
- **Average deposits of $19.5 billion** in the first quarter reflect the full quarter impact of Century.

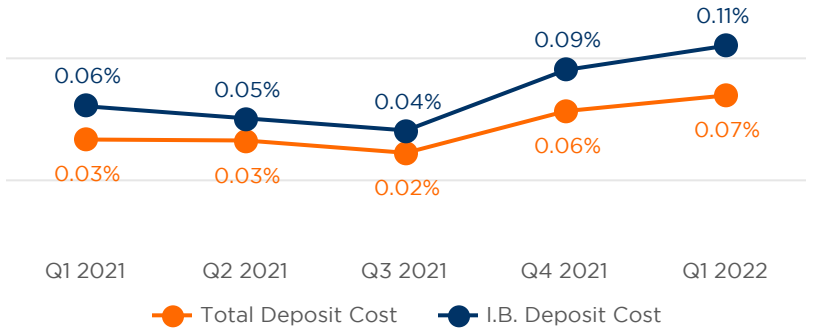
Stable deposit growth



High quality deposit portfolio[1]



Low cost of deposits[2]

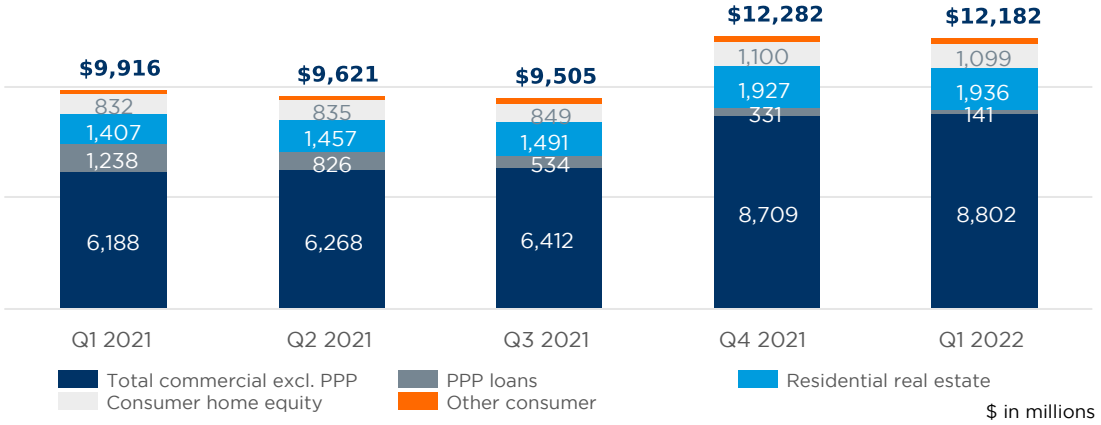


[1]As of March 31, 2022; [2]Presented on an annualized basis.

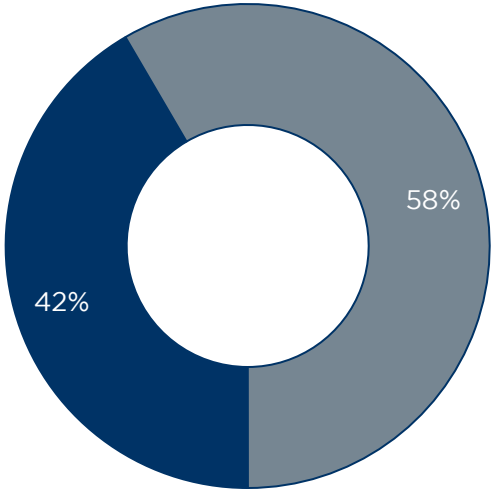
Loan composition

Eastern Bankshares, Inc.

Historical composition



Repricing characteristics[1]



Within one month
Beyond one month

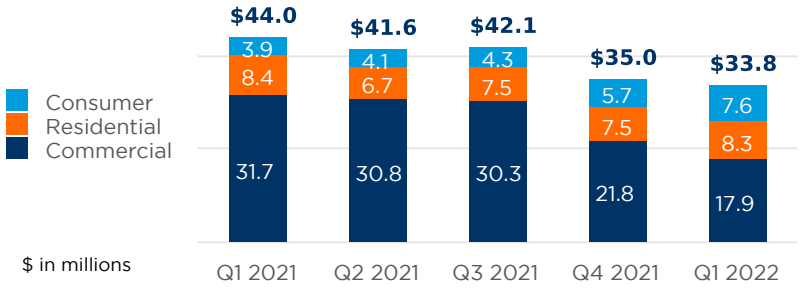
- **Strong local economy providing good growth opportunities.**
- **Total loans were $12.2 billion** at the end of the first quarter, a decrease of $99.3 million.
- Loan growth (excluding PPP loans) was $90.9 million, or 3.1% on an annualized basis. **Commercial loan growth (excluding PPP Loans) was $93.6 million, or 4.4% on an annualized basis.**
- **Well positioned for rising rates** with 42% of total loans repricing within one month.

[1]Reflects percentages of the Company's loan composition, calculated as the sum of loan balances expected to reprice or mature plus the sum of estimated prepayment and contractual amortization cash flows.

Asset quality

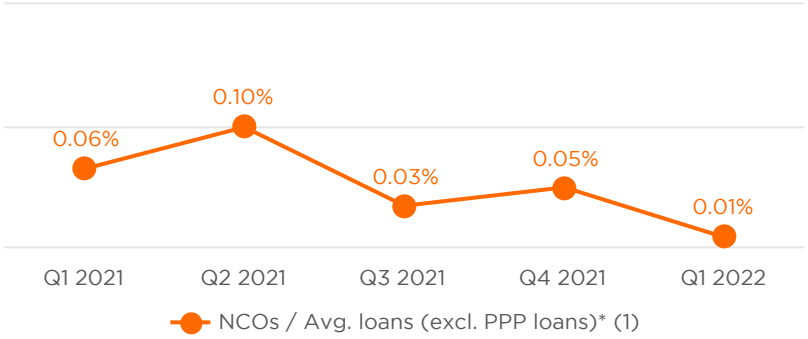
Eastern Bankshares, Inc.

Non-performing loans (NPLs)

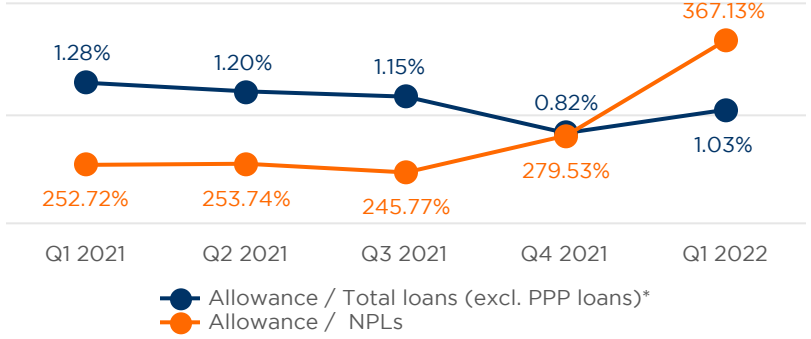


- **The company adopted CECL effective January 1, 2022** and recorded a $27.1 million day 1 reserve increase. This adjustment was primarily due to the reserves required under CECL for loans acquired from Century which were previously recorded at fair value at the time of acquisition.
- The **allowance for loan losses was $124.2 million** at March 31, 2022, or 1.03% of total loans (excluding PPP loans).*
- The Company recorded a **release of allowance for loan losses of $0.5 million** for the first quarter.
- **COVID modifications reduced to $49.0 million.**

Net charge-offs (NCOs) / Avg. loans (excl. PPP loans)*[1]



Allowance / Total loans (excl. PPP loans)* & NPLs



*Non-GAAP Financial Measure. Please refer to Appendices A-E for the applicable reconciliation. [1]Presented on an annualized basis.

Outlook update

Eastern Bankshares, Inc.

Interest rate forecast includes seven total 0.25% hikes in the federal funds rate in 2022.

Category	Management's Outlook
Net interest income	2022 is expected to be $530 to $550 million with the impact of higher rates through the remainder of 2022
Operating noninterest income*	$180 - $190 million for the full year 2022, inclusive of anticipated overdraft fee reduction beginning in second half of 2022 (expected to total $5 to $6 million annualized)
Operating noninterest expense*	$445 - $460 million for the full year 2022
Effective tax rate[1]	21% - 22%
Transfer of cannabis deposits	Approximately $300 million of deposits transferred on April 1, 2022
Share repurchases	Additional repurchases will be based on market conditions

*Non-GAAP Financial Measure. See slide 4 for additional information. [1]Assumes no change to corporate tax rates.

Appendix

Eastern Bankshares, Inc.

Appendix A: Reconciliation of non-GAAP earnings metrics

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except share data)	Three Months Ended Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Net income (GAAP)	$ 51,516	$ 35,087	$ 37,106	$ 34,809	$ 47,663
Add:					
Noninterest income components:					
Losses (income) from investments held in rabbi trusts	4,433	(4,444)	289	(4,216)	(1,846)
Losses (gains) on sales of securities available for sale, net	2,172	—	(1)	(1)	(1,164)
Losses (gains) on sales of other assets	274	(34)	(490)	(29)	(18)
Noninterest expense components:					
Rabbi trust employee benefit (income) expense	(2,087)	2,519	(53)	2,063	986
Impairment charge (reversal) on tax credit investments	—	116	1,133	(1,419)	—
Gain on sale of OREO	—	—	(87)	—	—
Merger and acquisition expenses	34	30,652	740	3,479	589
Settlement and expenses for putative consumer class action matters	—	—	—	3,325	—
Total impact of non-GAAP adjustments	4,826	28,809	1,531	3,202	(1,453)
Less net tax benefit (expense) associated with non-GAAP adjustments (1)	1,235	19,036	1,246	914	(327)
Non-GAAP adjustments, net of tax	$ 3,591	$ 9,773	$ 285	$ 2,288	$ (1,126)
Operating net income (non-GAAP)	$ 55,107	$ 44,860	$ 37,391	$ 37,097	$ 46,537
Weighted average common shares outstanding during the period (2):					
Basic	169,857,950	172,246,799	172,298,615	172,173,707	172,049,044
Diluted	169,968,156	172,481,829	172,298,615	172,173,707	172,049,044
Earnings per share, basic	$ 0.30	$ 0.20	$ 0.22	$ 0.20	$ 0.28
Earnings per share, diluted	$ 0.30	$ 0.20	$ 0.22	$ 0.20	$ 0.28
Operating earnings per share, basic (non-GAAP)	$ 0.32	$ 0.26	$ 0.22	$ 0.22	$ 0.27
Operating earnings per share, diluted (non-GAAP)	$ 0.32	$ 0.26	$ 0.22	$ 0.22	$ 0.27

(1) The net tax benefit (expense) associated with these items is determined by assessing whether each item is included or excluded from net taxable income and applying our combined statutory tax rate only to those items included in net taxable income. The net tax benefit amount for the quarter ended December 31, 2021 reflects the impact of the release of $11.3 million of the $12.0 million valuation allowance associated with the stock donation to the Eastern Bank Foundation made in the quarter ended December 31, 2020.

(2) Shares held by the Company's ESOP that have not been allocated to employees in accordance with the terms of the ESOP are not deemed outstanding for earnings per share calculations.

Appendix A: Reconciliation of non-GAAP earnings metrics continued

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except share data)	Three Months Ended Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Return on average assets (3)	0.90 %	0.67 %	0.84 %	0.83 %	1.19 %
Add:					
Losses (income) from investments held in rabbi trusts (3)	0.08%	(0.08)%	0.01%	(0.10)%	(0.05)%
Losses (gains) on sales of securities available for sale, net (3)	0.04%	—%	—%	—%	(0.03)%
Losses (gains) on sales of other assets (3)	—%	—%	(0.01)%	—%	—%
Rabbi trust employee benefit (income) expense (3)	(0.04)%	0.05%	—%	0.05%	0.02%
Impairment charge (reversal) on tax credit investments (3)	—%	—%	0.03%	(0.03)%	—%
Gain on sale of OREO (3)	—%	—%	—%	—%	—%
Merger and acquisition expenses (3)	—%	0.58%	0.02%	0.08%	0.01%
Settlement and expenses for putative consumer class action matters (3)	—%	—%	—%	0.08%	—%
Less net tax benefit (expense) associated with non-GAAP adjustments (1) (3)	0.02%	0.36%	0.03%	0.02%	(0.01)%
Operating return on average assets (non-GAAP) (3)	0.96 %	0.86 %	0.86 %	0.89 %	1.15 %
Return on average shareholders' equity (3)	6.38 %	4.07 %	4.27 %	4.10 %	5.66 %
Add:					
Losses (income) from investments held in rabbi trusts (3)	0.55%	(0.52)%	0.03%	(0.50)%	(0.22)%
Losses (gains) on sales of securities available for sale, net (3)	0.27%	—%	—%	—%	(0.14)%
Losses (gains) on sale of other assets (3)	0.03%	—%	(0.06)%	—%	—%
Rabbi trust employee benefit (income) expense (3)	(0.26)%	0.29%	(0.01)%	0.24%	0.12%
Impairment charge (reversal) on tax credit investments (3)	—%	0.01%	0.13%	(0.17)%	—%
Gain on sale of OREO (3)	—%	—%	(0.01)%	—%	—%
Merger and acquisition expenses (3)	—%	3.55%	0.09%	0.41%	0.07%
Settlement and expenses for putative consumer class action matters (3)	—%	—%	—%	0.39%	—%
Less net tax benefit (expense) associated with non-GAAP adjustments (1) (3)	0.15%	2.21%	0.14%	0.11%	(0.04)%
Operating return on average shareholders' equity (non-GAAP) (3)	6.82 %	5.19 %	4.30 %	4.36 %	5.53 %

(1) The net tax benefit (expense) associated with these items is determined by assessing whether each item is included or excluded from net taxable income and applying our combined statutory tax rate only to those items included in net taxable income. The net tax benefit amount for the quarter ended December 31, 2021 reflects the impact of the release of $11.3 million of the $12.0 million valuation allowance associated with the stock donation to the Eastern Bank Foundation made in the quarter ended December 31, 2020.

(3) Presented on an annualized basis.

Appendix B: Reconciliation of non-GAAP operating revenues and expenses

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands)	Three Months Ended				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Net interest income (GAAP)	$ 128,124	$ 122,437	$ 102,691	$ 104,608	$ 100,091
Add:					
Tax-equivalent adjustment (non-GAAP)	2,261	2,211	1,316	1,269	1,297
Fully-taxable equivalent net interest income (non-GAAP)	$ 130,385	$ 124,648	$ 104,007	$ 105,877	$ 101,388
Noninterest income (GAAP)	$ 46,415	$ 49,001	$ 43,209	$ 45,733	$ 55,212
Less:					
(Losses) income from investments held in rabbi trusts	(4,433)	4,444	(289)	4,216	1,846
(Losses) gains on sales of securities available for sale, net	(2,172)	—	1	1	1,164
(Losses) gains on sales of other assets	(274)	34	490	29	18
Noninterest income on an operating basis (non-GAAP)	$ 53,294	$ 44,523	$ 43,007	$ 41,487	$ 52,184
Noninterest expense (GAAP)	$ 108,866	$ 143,602	$ 98,970	$ 107,335	$ 94,049
Less:					
Rabbi trust employee benefit (income) expense	(2,087)	2,519	(53)	2,063	986
Impairment charge (reversal) on tax credit investments	—	116	1,133	(1,419)	—
Gain on sale of OREO	—	—	(87)	—	—
Merger and acquisition expenses	34	30,652	740	3,479	589
Settlement and expenses for putative consumer class action matters	—	—	—	3,325	—
Noninterest expense on an operating basis (non-GAAP)	$ 110,919	$ 110,315	$ 97,237	$ 99,887	$ 92,474
Total revenue (GAAP)	$ 174,539	$ 171,438	$ 145,900	$ 150,341	$ 155,303
Total operating revenue (non-GAAP)	$ 183,679	$ 169,171	$ 147,014	$ 147,364	$ 153,572
Efficiency ratio (GAAP)	62.37 %	83.76 %	67.83 %	71.39 %	60.56 %
Operating efficiency ratio (non-GAAP)	60.39 %	65.21 %	66.14 %	67.78 %	60.22 %
Noninterest income / total revenue (GAAP)	26.59 %	28.58 %	29.62 %	30.42 %	35.55 %
Noninterest income / total revenue on an operating basis (non-GAAP)	29.01 %	26.32 %	29.25 %	28.15 %	33.98 %

Appendix C: Reconciliation of non-GAAP capital metrics

Eastern Bankshares, Inc.

	As of				
	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
(Unaudited, dollars in thousands, except share data)					
Tangible shareholders' equity:					
Total shareholders' equity (GAAP)	$ 3,008,392	$ 3,406,352	$ 3,429,292	$ 3,430,622	$ 3,387,045
Less: Goodwill and other intangibles	654,759	649,703	379,772	380,402	376,002
Tangible shareholders' equity (non-GAAP)	2,353,633	2,756,649	3,049,520	3,050,220	3,011,043
Tangible assets:					
Total assets (GAAP)	22,836,072	23,512,128	17,461,223	17,047,453	16,726,795
Less: Goodwill and other intangibles	654,759	649,703	379,772	380,402	376,002
Tangible assets (non-GAAP)	$ 22,181,313	$ 22,862,425	$ 17,081,451	$ 16,667,051	$ 16,350,793
Shareholders' equity to assets ratio (GAAP)	13.2 %	14.5 %	19.6 %	20.1 %	20.2 %
Tangible shareholders' equity to tangible assets ratio (non-GAAP)	10.6 %	12.1 %	17.9 %	18.3 %	18.4 %
Common shares outstanding	183,438,711	186,305,332	186,758,154	186,758,154	186,758,154
Book value per share (GAAP)	$ 16.40	$ 18.28	$ 18.36	$ 18.37	$ 18.14
Tangible book value per share (non-GAAP)	$ 12.83	$ 14.80	$ 16.33	$ 16.33	$ 16.12

Appendix D: Reconciliation of non-GAAP credit metrics

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands)	As of Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Total loans excluding PPP loans:					
Total loans (GAAP) (1)	$ 12,157,769	$ 12,255,068	$ 9,481,458	$ 9,591,336	$ 9,883,802
Less: PPP loans (1)	137,307	321,215	514,018	799,964	1,210,598
Total loans excluding PPP loans (non-GAAP)	$ 12,020,462	$ 11,933,853	$ 8,967,440	$ 8,791,372	$ 8,673,204
Total nonperforming loans (NPLs) (GAAP)	$ 33,821	$ 34,983	$ 42,071	$ 41,632	$ 43,954
Total NPLs / total loans (GAAP)	0.28 %	0.29 %	0.44 %	0.43 %	0.44 %
Total NPLs / total loans (excl. PPP loans) (non-GAAP)	0.28 %	0.29 %	0.47 %	0.47 %	0.51 %
Allowance for loan losses (ALLL) (GAAP)	$ 124,166	$ 97,787	$ 103,398	$ 105,637	$ 111,080
ALLL / total loans (GAAP)	1.02%	0.80%	1.09%	1.10%	1.12%
ALLL / total loans (excl. PPP loans) (non-GAAP)	1.03%	0.82%	1.15%	1.20%	1.28%

(Unaudited, dollars in thousands)	As of and for the three months ended Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Average total loans excluding PPP Loans:					
Average total loans (GAAP)	$ 12,204,077	$ 10,946,095	$ 9,528,522	$ 9,796,701	$ 9,816,788
Less: Average PPP loans	219,198	419,894	649,443	1,073,688	1,131,516
Average total loans excluding PPP loans (non-GAAP)	$ 11,984,879	$ 10,526,201	$ 8,879,079	$ 8,723,013	$ 8,685,272
Total net loans charged-off (NCOs) (GAAP)	$ 222	$ 1,293	$ 751	$ 2,143	$ 1,371
NCOs / Average total loans (GAAP) (2)	0.01 %	0.05 %	0.03 %	0.09 %	0.06 %
NCOs / Average total loans (excl. PPP loans) (non-GAAP) (2)	0.01 %	0.05 %	0.03 %	0.10 %	0.06 %

(1) Includes unamortized premiums, net of unearned discounts and deferred fees.

(2) Presented on an annualized basis.

Appendix E: Tangible shareholders' equity roll forward

Eastern Bankshares, Inc.

	As of		Mar 31, 2022 change from
	Mar 31, 2022	Dec 31, 2021	Dec 31, 2021
(Unaudited, dollars in thousands, except per share amounts)			
Common stock	$ 1,834	$ 1,863	$ (29)
Additional paid in capital	1,777,670	1,835,241	(57,571)
Unallocated ESOP common stock	(141,455)	(142,709)	1,254
Retained earnings	1,782,997	1,768,653	14,344
AOCI, net of tax - available for sale securities	(410,611)	(58,586)	(352,025)
AOCI, net of tax - pension	(5,595)	(5,471)	(124)
AOCI, net of tax - cash flow hedge	3,552	7,361	(3,809)
Total shareholders' equity:	$ 3,008,392	$ 3,406,352	$ (397,960)
Less: Goodwill and other intangibles	654,759	649,703	5,056
Tangible shareholders' equity (non-GAAP)	$ 2,353,633	$ 2,756,649	$ (403,016)
Common shares outstanding	183,438,711	186,305,332	(2,866,621)
Per share:			
Common stock	$ 0.01	$ 0.01	$ —
Additional paid in capital	9.69	9.85	(0.16)
Unallocated ESOP common stock	(0.77)	(0.77)	(0.01)
Retained earnings	9.72	9.49	0.23
AOCI, net of tax - available for sale securities	(2.24)	(0.31)	(1.92)
AOCI, net of tax - pension	(0.03)	(0.03)	—
AOCI, net of tax - cash flow hedge	0.02	0.04	(0.02)
Total shareholders' equity:	$ 16.40	$ 18.28	$ (1.88)
Less: Goodwill and other intangibles	3.57	3.49	0.08
Tangible shareholders' equity (non-GAAP)	$ 12.83	$ 14.80	$ (1.97)