



 **Eastern Bankshares, Inc.**

# Q4 Earnings Presentation

January 25, 2024

# On the call

## Presenter

## Topic



### **Bob Rivers**

Chief Executive Officer & Chair of the Board

Opening Remarks

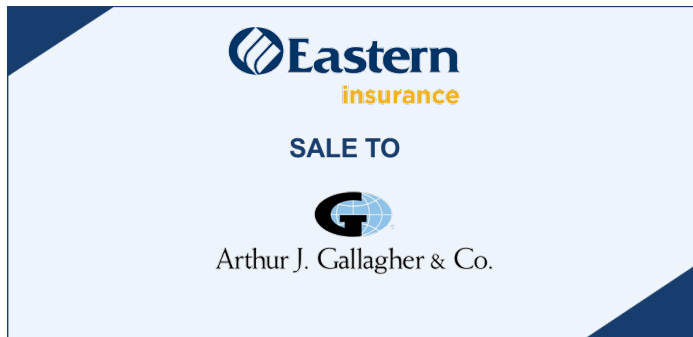


### **Jim Fitzgerald**

Chief Administrative Officer, Chief Financial Officer & Treasurer

Financials

# The next step in our journey



- Completed asset sale of Eastern Insurance Group, LLC ("the insurance transaction") on October 31, 2023
- Sale price of \$515 million, or ~35x earnings



- S-4 Registration Statement effective January 12, 2024; joint proxy statement/prospectus mailed on or about January 19, 2024
- Eastern & Cambridge shareholder meetings scheduled for February 28, 2024
- Closing expected early in Q2, pending shareholder and regulatory approvals
- Update on merger in the Outlook section

# Q4 2023 financial highlights

## Key Metrics

**\$318.5 million**

Net income<sup>1</sup>

**\$16.9 million**

Operating net income\*

**\$1.95**

Diluted EPS<sup>1</sup>

**\$0.10**

Diluted operating EPS\*

**2.69%**

NIM\*<sup>2</sup>

**1.51%**

Total deposit cost<sup>2</sup>

**0.25%**

NPAs / total assets

**0.32%**

NCOs / avg. loans<sup>2</sup>

**\$0.11 per share**

Dividend declared

**\$16.86**

BV/Share

**\$13.65**

TBV/Share\*

## Highlights

### Insurance Transaction

- Sale completed for \$515 million in cash; after-tax gain of \$294.5 million
- Improved equity to assets to 14.1% and TCE ratio\* to 11.7%
- Cash from sale helped reduce wholesale funding in the quarter by \$1 billion

### Net Income

- Net income of \$318.5 million, or \$1.95 per diluted share, due to gain from the insurance transaction
- Operating net income\* of \$16.9 million includes the \$10.8 million FDIC special assessment

### Deposits

- Deposits up \$172 million, or 3.9% annualized. Core deposits up \$516 million, or 12.0% annualized, which was offset by a \$344 million decline in brokered CDs

### Loans

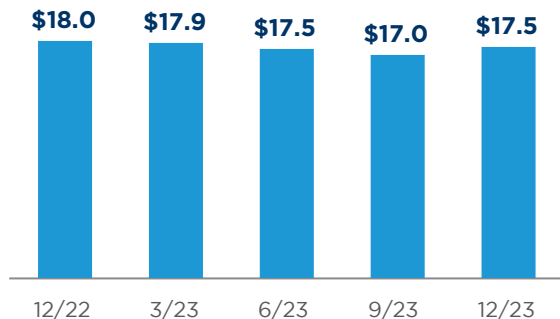
- Loans increased \$54 million, or 1.5% annualized

### Asset Quality

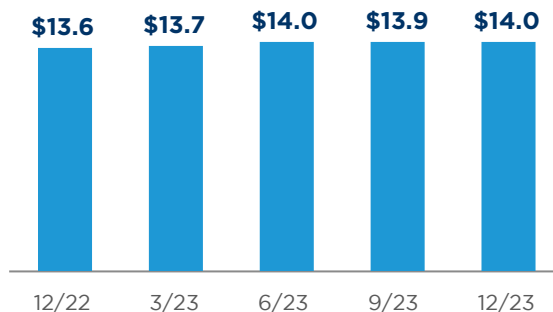
- Modest increase in NPLs from \$47.5 million to \$52.6 million or from 0.34% to 0.38% of total loans
- Successful resolution of problem loans. One office building sold in Q4 2023 and collateral of two additional NPAs under contract for sale in Q1 2024
- NCOs<sup>2</sup> in Q4 of 0.32% and 2023 full-year NCOs of 0.09% of average loans

# Balance sheet

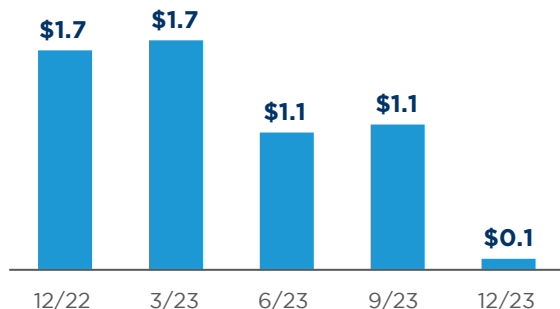
## Core deposits<sup>1</sup>



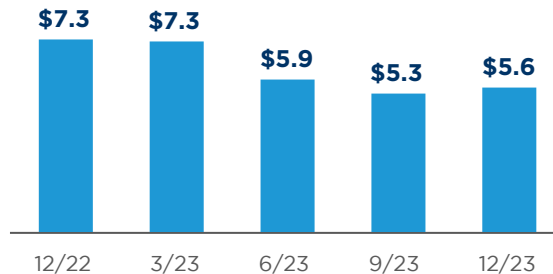
## Total loans



## Borrowings & brokered deposits



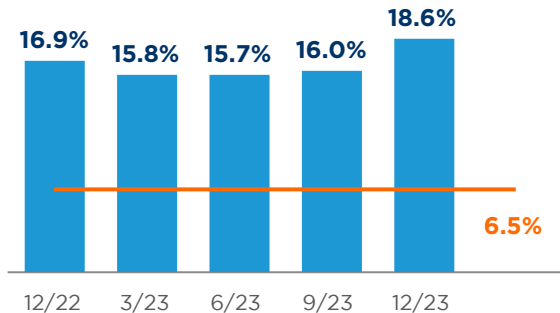
## Cash & investments



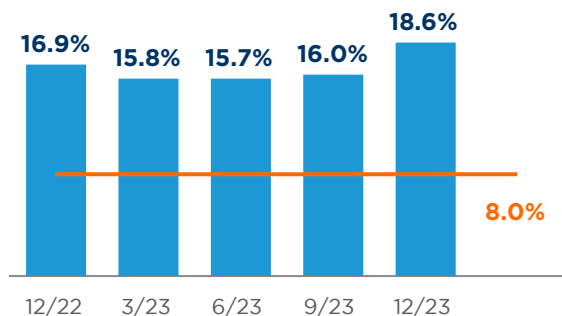
- **Core deposits<sup>1</sup> increased \$516.2 million**, or 3% from the prior quarter
- **Modest loan growth of \$54.2 million**, or 1.5% on an annualized basis
- **Borrowings and brokered deposits down \$1.0 billion to under 1% of total assets**
- **Cash and equivalents increased \$84.3 million**
- **Investments increased \$139.8 million**, or **3%**, driven by the increase in the market value of available for sale securities
- Healthy **loan-to-deposit ratio of 79%**

# Capital

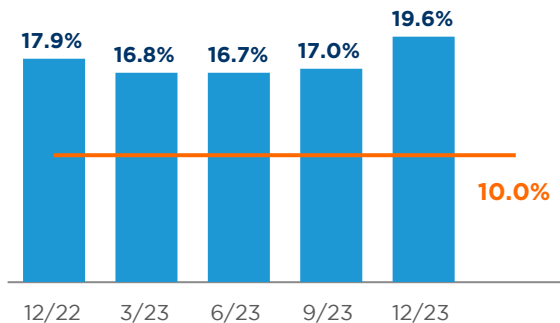
## Common equity tier 1 ratio<sup>1</sup>



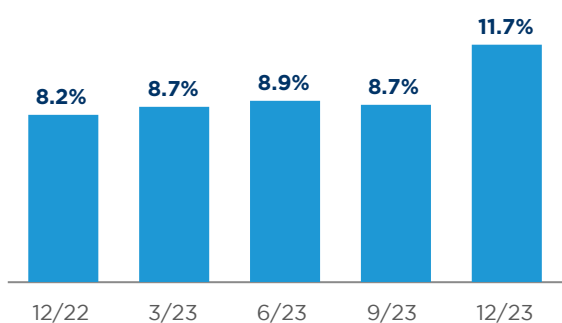
## Tier 1 capital ratio<sup>1</sup>



## Total capital ratio<sup>1</sup>



## Tangible common equity ratio\*



■ Capital ratio

— Well-capitalized regulatory minimum

- Capital growth driven by the insurance transaction as anticipated in the fourth quarter
  - **CET1 ratio** and **TCE ratio\*** of **18.6%** and **11.7%**, respectively
- TCE\* ratio also benefited from an increase in AOCI of \$179.6 million driven by higher investment market values
- Strong capital position provides significant **support** to the Company's **growth and strategic initiatives** as well as **capital return to shareholders**

# Income statement

\$ in millions, except per share amounts	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net interest income	\$ 133.3	\$ 137.2	\$ 141.6	\$ 138.3	\$ 150.0
Noninterest income	26.7	19.2	26.2	(309.9)	22.4
Total revenue	160.0	156.4	167.8	(171.6)	172.4
Noninterest expense	121.0	101.7	99.9	95.9	112.6
Pre-tax, pre-provision income (loss)	39.0	54.6	67.9	(267.4)	59.8
Provision for allowance for loan losses	5.2	7.3	7.5	0.0	10.9
Pre-tax income (loss)	33.8	47.3	60.4	(267.5)	49.0
Income tax expense (benefit)	2.3	(16.2)	16.0	(65.4)	8.1
Net income (loss) from continuing operations	31.5	63.5	44.4	(202.1)	40.9
Net income (loss) from discontinued operations	287.0	(4.4)	4.2	8.0	1.4
Net income (loss)	\$ 318.5	\$ 59.1	\$ 48.7	\$ (194.1)	\$ 42.3
Operating net income*	\$ 16.9	\$ 52.1	\$ 41.1	\$ 53.1	\$ 48.6
EPS	\$ 1.95	\$ 0.36	\$ 0.30	\$ (1.20)	\$ 0.26
Continuing operations	\$ 0.19	\$ 0.39	\$ 0.27	\$ (1.25)	\$ 0.25
Discontinued operations	\$ 1.76	\$ (0.03)	\$ 0.03	\$ 0.05	\$ 0.01
Operating EPS*	\$ 0.10	\$ 0.32	\$ 0.25	\$ 0.33	\$ 0.30
ROA <sup>1</sup>	0.59 %	1.18 %	0.81 %	(3.64)%	0.73 %
Operating ROA* <sup>1</sup>	0.31 %	0.97 %	0.75 %	0.95 %	0.86 %
Efficiency ratio	75.62 %	65.07 %	59.56 %	(55.90)%	65.30 %
Operating efficiency ratio*	73.59 %	60.83 %	58.47 %	57.97 %	57.26 %

- Net income was **\$318.5 million** or \$1.95 per diluted share
- Operating net income\* was **\$16.9 million** and includes the FDIC special assessment as well as elevated incentive compensation expenses and supplemental executive retirement plan benefits expense
- Net interest income was **\$133.3 million**, \$3.9 million below prior quarter
- Noninterest income was **\$26.7 million** and \$21.8 million on an operating\* basis
- Noninterest expense was **\$121.0 million** and \$117.4 million on an operating\* basis
- Provision for loan losses was **\$5.2 million**

# Net interest margin trends

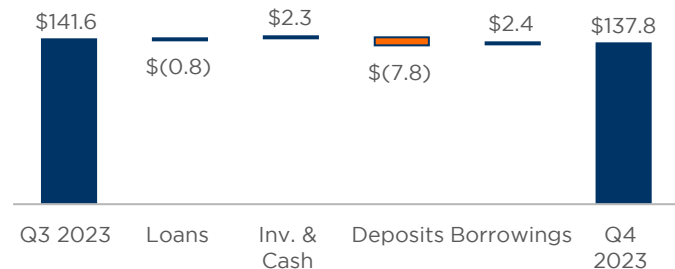
## Earning assets

	Q4 2023		Q3 2023		Change	
	Avg. Balance	Yield <sup>1</sup>	Avg. Balance	Yield <sup>1</sup>	Avg. Balance	Yield <sup>1</sup>
Commercial loans	\$ 9,978	5.01 %	\$ 9,989	5.09 %	\$ (11)	(0.08)%
Residential loans	2,573	3.63 %	2,553	3.57 %	20	0.06 %
Consumer loans	1,411	6.42 %	1,386	6.36 %	25	0.06 %
Total loans	13,963	4.90 %	13,928	4.94 %	35	(0.04)%
Securities	5,671	1.79 %	5,777	1.79 %	(106)	— %
Cash	720	5.51 %	538	5.36 %	182	0.15 %
Total I.E. assets	20,354	4.06 %	20,243	4.05 %	111	0.01 %

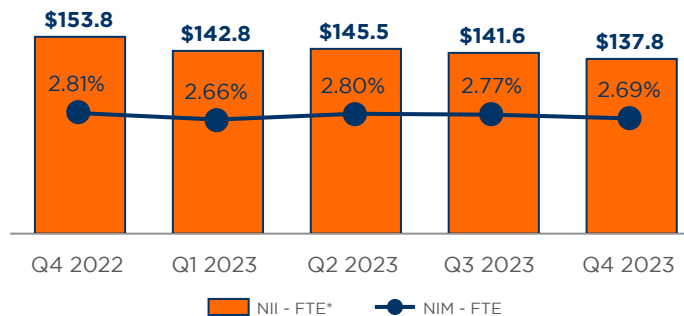
## Funding sources

	Q4 2023		Q3 2023		Change	
	Avg. Balance	Cost	Avg. Balance	Cost	Avg. Balance	Cost
Savings	\$ 1,352	0.01 %	\$ 1,442	0.01 %	\$ (90)	— %
DDAWI	3,753	0.75 %	3,903	0.64 %	(150)	0.11 %
MMDA	4,736	2.46 %	4,837	2.27 %	(101)	0.19 %
CD	2,656	4.61 %	2,342	4.33 %	314	0.28 %
Total I.B. deposits	12,498	2.14 %	12,523	1.89 %	(25)	0.25 %
Borrowings	242	4.83 %	414	5.13 %	(172)	(0.30)%
Total I.B. liab.	12,740	2.19 %	12,938	1.99 %	(198)	0.20 %
DDA	5,210		5,258		(48)	
Total deposits	17,708	1.51 %	17,781	1.33 %	(73)	0.18 %

## QoQ changes in FTE net interest income\*

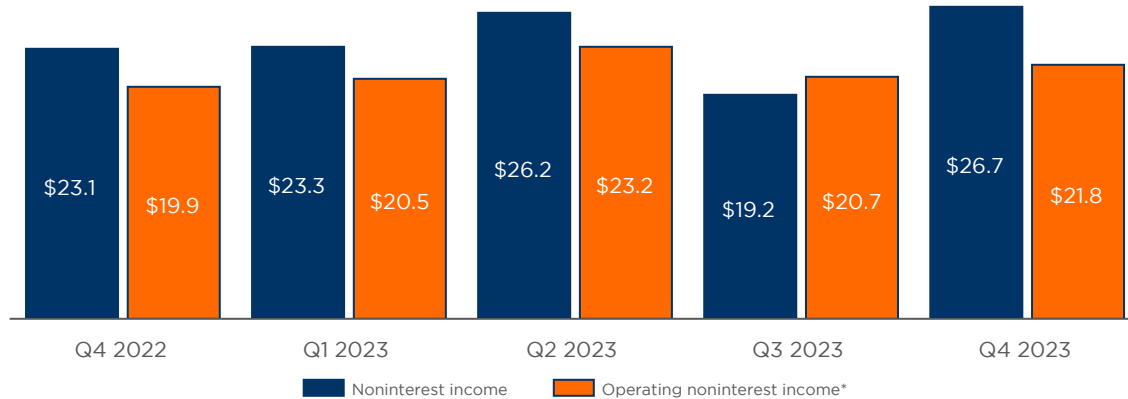


## FTE net interest income and margin trend\*



# Noninterest income<sup>1</sup>

## Noninterest income

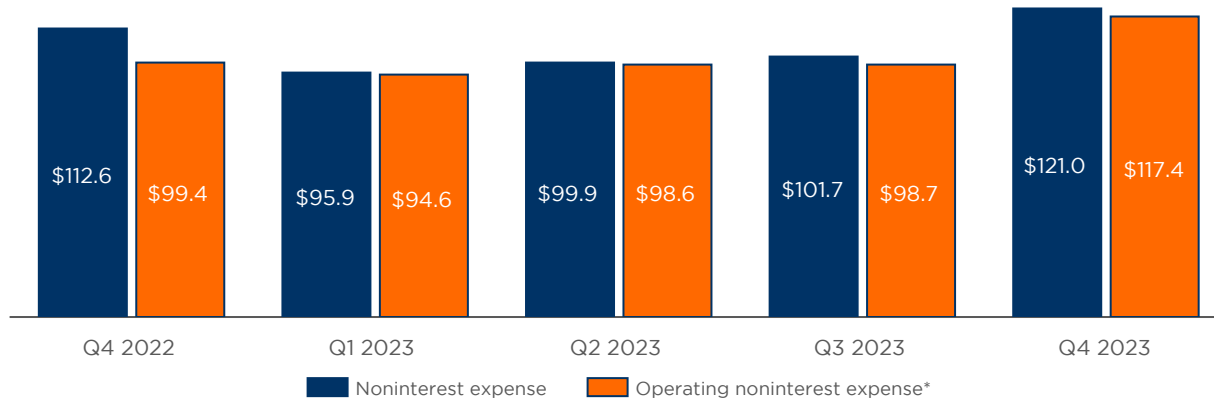


- **Total noninterest income was \$26.7 million** for the fourth quarter
- **Total operating noninterest income\* was \$21.8 million**, an increase of \$1.1 million from the prior quarter
- The increase in operating noninterest income was driven primarily by a decrease in losses on sales of commercial and industrial loans of \$2.6 million

	Q4 2023	Q3 2023	Q4 2022	QoQ	YoY
Service charges on deposit accounts	7.5	7.4	6.8	1 %	10 %
Trust and investment advisory fees	6.1	6.2	5.6	(2)%	9 %
Debit card processing fees	3.4	3.4	3.2	— %	6 %
Income (losses) from investments held in rabbi trusts	5.0	(1.5)	3.2	NM	56 %
Losses on sales of commercial and industrial loans	(0.1)	(2.7)	—	NM	NM
Other <sup>1</sup>	4.8	6.3	4.2	(24)%	14 %
<b>Total noninterest income</b>	<b>\$ 26.7</b>	<b>\$ 19.2</b>	<b>\$ 23.1</b>	<b>39 %</b>	<b>16 %</b>
<b>Total operating noninterest income*</b>	<b>\$ 21.8</b>	<b>\$ 20.7</b>	<b>\$ 19.9</b>	<b>5 %</b>	<b>10 %</b>

# Noninterest expense<sup>1</sup>

## Noninterest expense



- **Total noninterest expense was \$121.0 million** for the fourth quarter, an increase of \$19.3 million from the prior quarter
- **Operating noninterest expense was \$117.4 million**, an increase of \$18.7 million, due primarily to:

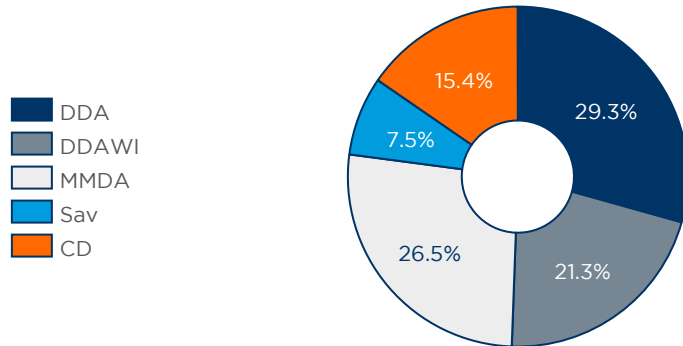
- \$10.7 million increase in FDIC insurance driven by the special assessment of \$10.8 million
- \$4.5 million increase in the operating portion of salaries and employee benefits
- An increase in marketing expense of \$0.9 million

	Q4 2023	Q3 2023	Q4 2022	QoQ	YoY
Salaries and employee benefits	<b>67.8</b>	60.9	61.6	11 %	10 %
Data processing	<b>16.8</b>	13.4	13.2	25 %	27 %
Office occupancy and equipment	<b>9.2</b>	8.6	8.6	6 %	6 %
Professional services	<b>4.1</b>	7.1	4.3	(42)%	(4)%
FDIC Insurance	<b>13.5</b>	2.8	1.5	380 %	776 %
All other <sup>1,2</sup>	<b>9.7</b>	8.8	23.3	10 %	(58)%
<b>Total noninterest expense</b>	<b>\$ 121.1</b>	\$ 101.6	\$ 112.5	19 %	8 %
<b>Total operating noninterest</b>	<b>\$ 117.4</b>	\$ 98.7	\$ 99.4	18.9 %	18 %

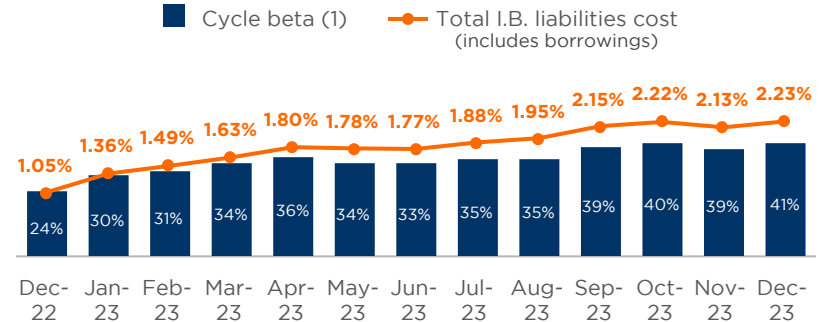
# Deposits

- **Deposits increased \$172 million**, or 1% from the prior quarter driven by an **increase in core deposits of \$516 million**, partially offset by a **decrease in brokered deposits of \$344 million**
- **51% of total deposits are in checking** products, stable from the prior quarter
- **Total deposit cost was 1.51%** in the fourth quarter, compared to 1.33% in the prior quarter

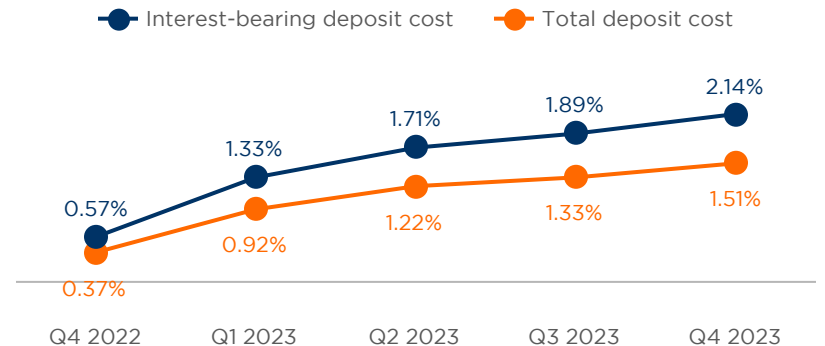
## High quality deposit portfolio<sup>2</sup>



## Funding betas & cost



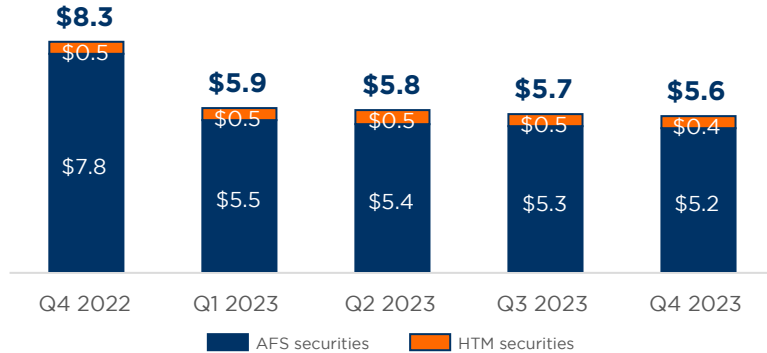
## Cost of deposits<sup>3</sup>



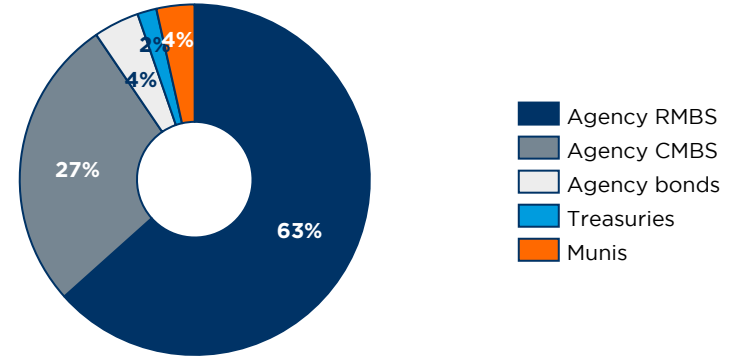
<sup>1</sup>Cycle beta calculated as the change in monthly average total interest-bearing liabilities cost in each respective month from the beginning of the cycle, defined as February, 2022, divided by the respective change in the average monthly upper bound of the Federal Funds target range during the same period. <sup>2</sup>As of December 31, 2023. <sup>3</sup>Presented on an annualized basis.

# Securities portfolio

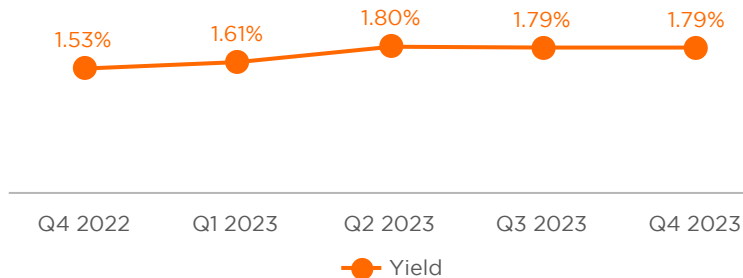
## Portfolio trends<sup>1</sup>



## Investment composition<sup>1,2</sup>



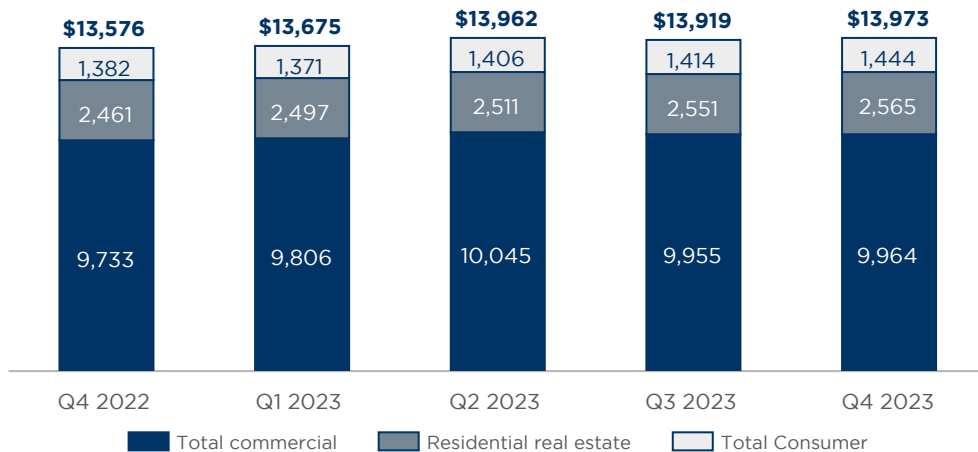
## Total securities yield



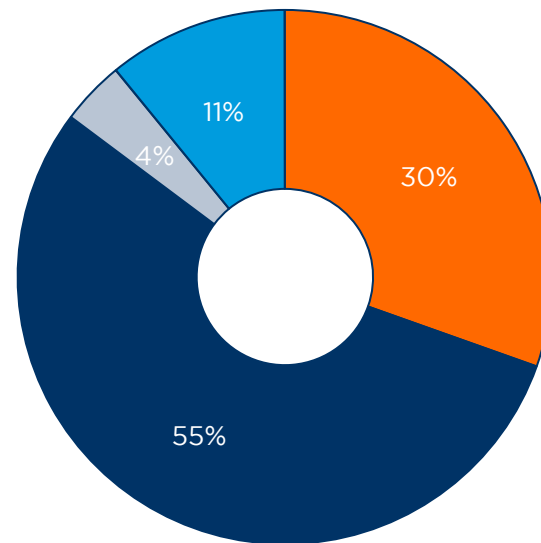
- **High quality portfolio** with 96% in US Agency securities and Treasury bonds
- The AFS **unrealized loss was \$584 million** after tax
- Allowing portfolio to run off to 15-20% of total assets over time. **Annual cash flows are \$400-\$450 million**, sufficient to fund loan growth of ~3%

# Loan composition

## Historical loan composition



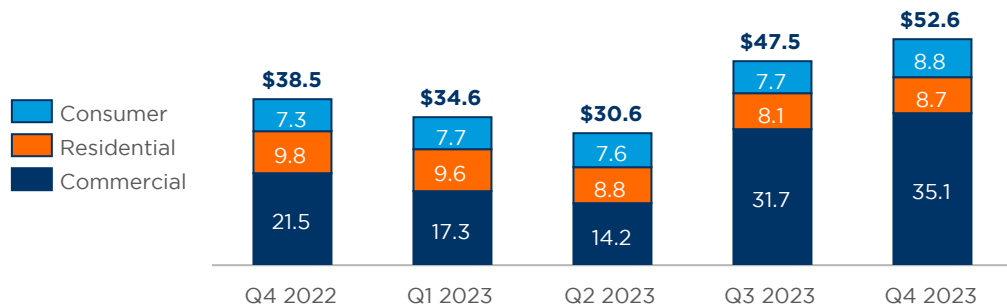
## Commercial composition as of 12/31/23



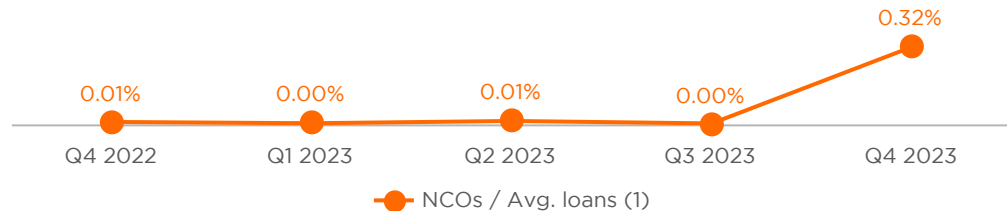
- Quarter over quarter **loans increased \$54 million**, or 1.5%<sup>1</sup>
  - Commercial** loan growth of \$9 million, or 0.4%<sup>1</sup>
  - Residential** loan growth of \$15 million, or 2.3%<sup>1</sup>
  - Consumer** loan growth of \$30 million, or 8.5%<sup>1</sup>
- Expect loan repricing and principal cash flows of \$2.2 billion, or 16% of loans, within one month

# Asset quality

## Non-performing loans (NPLs)



## Net charge-offs (NCOs) / Avg. loans<sup>1</sup>



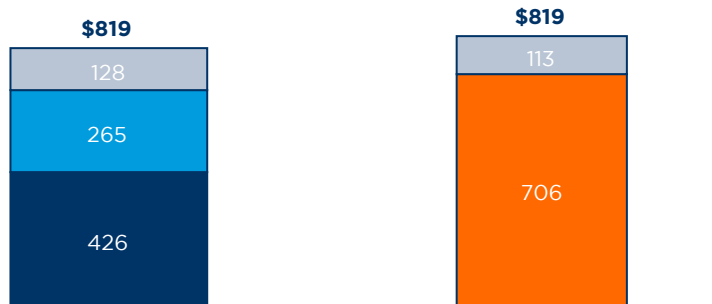
- **Non-performing loans increased modestly from \$47.5 million to \$52.6 million**, or from 0.34% to 0.38% of total loans
- **Provision of \$5.2 million** for the fourth quarter, driven by increases in specific reserves on commercial loans
- The **allowance for loan losses was \$149.0 million** at December 31, 2023, a decrease of \$6.2 million from the prior quarter and representing 1.07% of total loans
- **Net charge-offs were \$11.4 million in the fourth quarter, or 0.32%** of average total loans on an annualized basis
  - 2023 full-year net charge-offs of 0.09% of average total loans
- Credit trends are normalizing from very low levels; Increase in NPLs and NCOs in line with expectations

# CRE office exposure<sup>1</sup>

## Loan composition

Portfolio	12/31/23	Percent of total loans
Total Loans	\$ 13,973	100 %
Total Commercial Loans	9,964	71 %
Office CRE Loans Incl. Owner Occupied	819	6 %
Investor Office CRE Loans	706	5 %

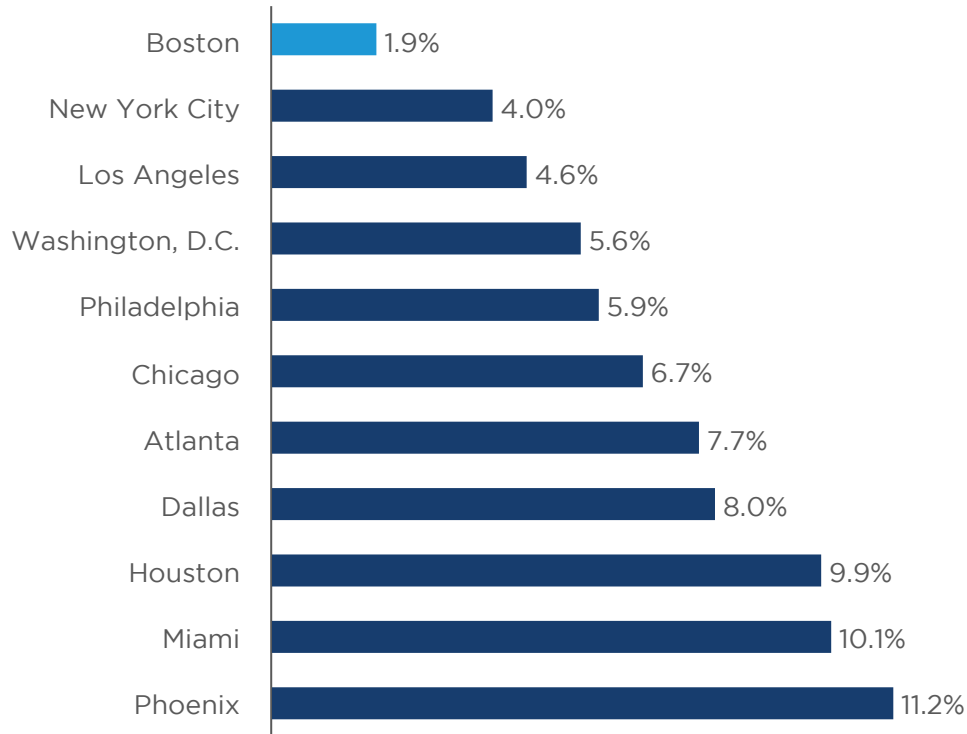
## Office related CRE loans



- **Office related CRE of \$819 million includes** investor office, owner occupied office and mixed use office
- **The investor office CRE<sup>2</sup> portfolio of \$706 million is actively managed** given market conditions
  - **\$92 million criticized and classified**, modest reduction from \$96 million in the prior quarter
  - **Update on 3 office loans** that moved to NPL status in Q3:
    - One office property sale completed in Q4; sale price in line with expectations
    - One office property under contract for sale in Q1 2024; pending sales price in line with expectations
    - One office property presently being marketed for sale
  - Remaining exposure to Boston Financial District is generally limited to Class A properties
  - Cambridge Trust's office exposure will be marked to fair value as part of purchase accounting adjustments

# Multifamily loans

## Rental Vacancy Rates for Major Metro Areas Q3 2023<sup>1</sup>

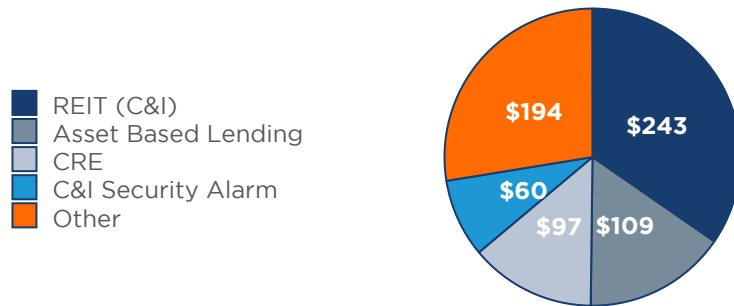


- **Multifamily loans within the CRE and Construction portfolios total \$2.3 billion<sup>2</sup> or 23.0% of Total Commercial Loans**
  - 92% of multifamily loans are in MA and NH
  - Over 86% of portfolio matures after 2025
  - There are no NPLs
- **Boston is a top multifamily market in the US:**
  - Housing supply shortages are persistent and have pushed rents to record highs
  - Vacancies are below all other major metropolitan areas; rent growth also leads major metropolitan areas
  - Boston has an attractive demographic profile to support multifamily demand

<sup>1</sup>Source: U.S. Census Bureau, Housing Vacancies and Homeownership, Table 4. Rental Vacancy Rates for the 75 Largest Metropolitan Statistical Areas: 2015 to 2023. <sup>2</sup>Includes affordable housing and mixed-use multifamily loans.

# Shared National Credit portfolio

## Loan composition



## Geographic location







State	Balance	Percent of SNC Portfolio
Massachusetts	\$ 355.0	50.5 %
Connecticut	58.6	8.3 %
Pennsylvania	31.4	4.5 %
Colorado	44.4	6.3 %
New York	43.7	6.2 %
All Other States (10)	169.7	24.2 %
<b>Total</b>	<b>\$ 702.8</b>	<b>100.0 %</b>

- **Shared National Credit ("SNC")<sup>1</sup> portfolio totaled \$703 million**, or 5% of total loans, and provides industry, borrower and geographical diversification
  - **REITs and Asset Based Lending** loans comprise 50% of total SNCs
  - **51% of SNCs are in Massachusetts**, 61% within New England
- SNCs meet the **same underwriting, credit and portfolio management standards** as comparable loans that Eastern originates
  - There have been **no NCOs since inception**
  - **There are no Classified loans and no NPLs**
  - **Average participation balance per borrower is \$12.3 million**
  - **Three largest loans are \$35MM, \$25MM, and \$22MM**

Category	Management's outlook
<b>Net interest income</b>	<ul style="list-style-type: none"><li>• Net interest income in Q1 2024 expected to be similar to Q4 2023</li><li>• Q4 deposit performance was better than expected and supports margin stabilization</li><li>• Net interest income expected to benefit with Fed rate reductions</li></ul>
<b>Credit</b>	<ul style="list-style-type: none"><li>• Expect resolution of 2 NPLs through building sales over the near term; losses included in Q3 and Q4 provision</li></ul>
<b>Operating noninterest expense*</b>	<ul style="list-style-type: none"><li>• Q4 expense levels adjusted for non-recurring items were \$102 - \$103 million, in line with prior guidance</li><li>• Expenses in the first half of the year will be elevated due to move to new corporate headquarters and transition of mobile banking platforms<ul style="list-style-type: none"><li>• Anticipate these costs to be \$3 million per quarter and completed by end of Q2</li></ul></li></ul>
<b>Cambridge merger timing</b>	<ul style="list-style-type: none"><li>• Shareholder meetings scheduled for February 28, 2024</li><li>• Expect regulatory approval in Q1 2024</li><li>• Closing anticipated early in Q2 2024</li></ul>

# Cambridge merger outlook

- Reiterate financial projections from September merger announcement
- Highly confident in financial and strategic direction

Category	Assumption at Announcement	Current Outlook
<b>TBVPS at close</b>	<ul style="list-style-type: none"><li>• ~\$10.16</li></ul>	 Meet or exceed, excluding benefit of AOCI accretion
<b>EPS accretion</b>	<ul style="list-style-type: none"><li>• 20%+</li></ul>	 Meet or exceed
<b>Run rate earnings</b>	<ul style="list-style-type: none"><li>• \$290 - \$295 million</li></ul>	 Q4 2024 run rate on target
<b>Margin</b>	<ul style="list-style-type: none"><li>• &gt; 3.00%</li></ul>	 Meet or exceed
<b>Cost saves</b>	<ul style="list-style-type: none"><li>• ~34%</li></ul>	 Meet or exceed
<b>ROAA</b>	<ul style="list-style-type: none"><li>• -1.05%</li></ul>	 Meet or exceed
<b>ROATCE</b>	<ul style="list-style-type: none"><li>• -13.5%</li></ul>	TBD Dependent on capital levels and capital management strategies

# Non-GAAP financial measures



*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 business as well as underlying trends that may, to some extent, be obscured by inclusion of such items in the corresponding GAAP financial measures. Except as otherwise indicated, these non-GAAP financial measures presented in this presentation exclude discontinued operations. Please refer to Appendix H to this presentation for further information regarding discontinued operations.*

*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, operating return on average tangible shareholders' equity (discussed further below), and the operating efficiency ratio. 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) other real estate owned ("OREO") gains, (vii) merger and acquisition expenses, (viii) the non-cash pension settlement charge recognized related to the Defined Benefit Plan, (ix) certain discrete tax items and (x) net income from discontinued operations. 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 also presents tangible assets, tangible shareholders' equity, average tangible shareholders' equity, tangible book value per share, the ratio of tangible shareholders' equity to tangible assets including the impact of mark-to-market adjustments on held-to-maturity securities, return on average tangible shareholders' equity, and operating return on average tangible shareholders' equity (discussed further above), 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 C-G for a reconciliations of the Company's GAAP financial measures to the non-GAAP financial measures in this presentation.*

# Forward-looking statements

*This press release 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,” “outlook” 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; 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 interest rates and resulting changes in competitor or customer behavior, mix or costs of sources of funding, and deposit amounts and composition; risks associated with the Company’s completion and/or implementation of the merger with Cambridge, including risks that required regulatory, shareholder or other approvals for the merger are not obtained or other closing conditions are not satisfied in a timely manner or at all and that the merger fails to occur in the timeframe expected or at all; prior to the completion of the merger or thereafter, Cambridge or the Company may not perform as expected due to transaction-related uncertainty or other factors; and revenue or expense synergies may not fully materialize for the Company in the timeframe expected or at all, or may be more costly to achieve; adverse national or regional economic conditions or conditions within the securities markets or banking sector; 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 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 inflationary or recessionary pressures, interest rate sensitivity, liquidity constraints, increased borrowing and funding costs, and fluctuations due to actual or anticipated changes to federal tax laws; the realizability of deferred tax assets; the Company’s ability to successfully implement its risk mitigation strategies; asset and credit quality deterioration, including adverse developments in local or regional real estate markets that decrease collateral values associated with existing loans; and operational risks such as cybersecurity incidents, natural disasters, and pandemics, including COVID-19. 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”), including the joint proxy statement/prospectus (as defined below), which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov).*

*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.*

# Additional information

## **Additional Information and Where to Find It**

*In connection with the proposed merger transaction, on January 16, 2024, the Company filed with the SEC a Registration Statement on Form S-4 and a Joint Proxy Statement of the Company and Cambridge and a Prospectus of the Company (the “joint proxy statement/prospectus”), as well as other relevant documents concerning the proposed transaction. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. INVESTORS AND SHAREHOLDERS OF THE COMPANY AND CAMBRIDGE ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION AND EACH OTHER RELEVANT DOCUMENT FILED WITH THE SEC, AS WELL AS ANY AMENDMENT OR SUPPLEMENT TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. A copy of the definitive joint proxy statement/prospectus, as well as other filings containing information about the Company and Cambridge, can be obtained without charge, at the SEC’s website (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to the Company’s Investor Relations team via email at [InvestorRelations@easternbank.com](mailto:InvestorRelations@easternbank.com) or by telephone at (781) 598-7920, or to Cambridge Investor Relations via email at [InvestorRelations@cambridgetrust.com](mailto:InvestorRelations@cambridgetrust.com) or by telephone at (617) 520-5520.*

## **Participants in the Solicitation**

*The Company, Cambridge, and their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the shareholders of the Company and/or Cambridge in connection with the proposed transaction under the rules of the SEC. Information regarding the Company’s directors and executive officers is available in its definitive proxy statement relating to its 2023 Annual Meeting of Shareholders, which was filed with the SEC on April 3, 2023, and its Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Commission on February 24, 2023, and other documents filed by the Company with the SEC. Information regarding Cambridge’s directors and executive officers is available in its definitive proxy statement relating to its 2023 Annual Meeting of Shareholders, which was filed with the SEC on March 16, 2023, the joint proxy statement/prospectus and other documents filed by Cambridge with the SEC. Information regarding the participants in the proxy solicitation and a description of their interests included in the joint proxy statement/prospectus and other relevant materials filed with the SEC may be obtained free of charge as described in the preceding paragraph.*

# Appendix

# Appendix A: Reconciliation of non-GAAP earnings metrics (1 of 3) (1)

(Unaudited, dollars in thousands, except per-share data)

	As of and for the Three Months Ended					
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	
Net income (loss) from continuing operations (GAAP)	\$ 31,509	\$ 63,464	\$ 44,419	\$ (202,081)	\$ 40,918	
Add:						
Noninterest income components:						
(Income) losses from investments held in rabbi trusts	(4,969)	1,523	(3,002)	(2,857)	(3,235)	
Losses on sales of securities available for sale, net	—	—	—	333,170	683	
(Gains) losses on sales of other assets	—	(2)	—	5	10	
Noninterest expense components:						
Rabbi trust employee benefit expense (income)	1,740	(586)	1,314	1,274	1,103	
Merger and acquisition expenses	1,865	3,630	—	—	—	
Defined Benefit Plan settlement loss	—	—	—	—	12,045	
Total impact of non-GAAP adjustments	(1,364)	4,565	(1,688)	331,592	10,606	
Less net tax benefit associated with non-GAAP adjustments (2)	13,270	15,944	1,639	76,377	2,954	
Non-GAAP adjustments, net of tax	\$ (14,634)	\$ (11,379)	\$ (3,327)	\$ 255,215	\$ 7,652	
Operating net income (non-GAAP)	\$ 16,875	\$ 52,085	\$ 41,092	\$ 53,134	\$ 48,570	
Weighted average common shares outstanding during the period:						
Basic	162,571,066	162,370,469	162,232,236	161,991,373	162,032,522	
Diluted	162,724,398	162,469,887	162,246,675	162,059,431	162,263,547	
Earnings (losses) per share from continuing operations, basic:	\$ 0.19	\$ 0.39	\$ 0.27	\$ (1.25)	\$ 0.25	
Earnings (losses) per share from continuing operations, diluted:	\$ 0.19	\$ 0.39	\$ 0.27	\$ (1.25)	\$ 0.25	
Operating earnings per share, basic (non-GAAP)	\$ 0.10	\$ 0.32	\$ 0.25	\$ 0.33	\$ 0.30	
Operating earnings per share, diluted (non-GAAP)	\$ 0.10	\$ 0.32	\$ 0.25	\$ 0.33	\$ 0.30	

(1) Average assets, average shareholders' equity, average goodwill and other intangibles, and average tangible shareholders' equity components presented in this table include discontinued operations.

(2) The net tax benefit (expense) associated with these items is generally 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 for the three months ended December 31, 2023 was primarily due to the tax benefit from state tax strategies associated with the utilization of capital losses as a result of the sale of securities in the first quarter of 2023, described further below. Upon the sale of securities in the first quarter of 2023, we established a valuation allowance of \$17.4 million, as it was determined at that time that it was not more-likely-than-not that the entirety of the deferred tax asset related to the loss on such securities would be realized. Included in that \$17.4 million was \$2.8 million in expected lost state tax benefits. Following the execution of the sale of our insurance agency business in October 2023 and the resulting capital gain, coupled with tax planning strategies, a state tax benefit of \$13.6 million was realized on the security sale losses.

# Appendix A: Reconciliation of non-GAAP earnings metrics (2 of 3) (1)

	As of and for the Three Months Ended				
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
(Unaudited, dollars in thousands, except per-share data)					
Return on average assets (3)	0.59 %	1.18 %	0.81 %	(3.64)%	0.73 %
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.09)%	0.03%	(0.05)%	(0.05)%	(0.06)%
Losses on sales of securities available for sale, net (3)	0.00%	0.00%	0.00%	6.00%	0.01%
(Gains) losses on sales of other assets (3)	0.00%	0.00%	0.00%	0.00%	0.00%
Rabbi trust employee benefit expense (income) (3)	0.03%	(0.01)%	0.02%	0.02%	0.02%
Merger and acquisition expenses (3)	0.03%	0.07%	0.00%	0.00%	0.00%
Defined Benefit Plan settlement loss (3)	0.00%	0.00%	0.00%	0.00%	0.21%
Less net tax benefit associated with non-GAAP adjustments (2) (3)	0.25%	0.30%	0.03%	1.38%	0.05%
Operating return on average assets (non-GAAP) (3)	0.31 %	0.97 %	0.75 %	0.95 %	0.86 %
Return on average shareholders' equity (3)	4.66 %	9.91 %	6.85 %	(33.31)%	6.71 %
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.73)%	0.24%	(0.46)%	(0.47)%	(0.53)%
Losses on sales of securities available for sale, net (3)	0.00%	0.00%	0.00%	54.92%	0.11%
(Gains) losses on sales of other assets (3)	0.00%	0.00%	0.00%	0.00%	0.00%
Rabbi trust employee benefit expense (income) (3)	0.26%	(0.09)%	0.20%	0.21%	0.18%
Merger and acquisition expenses (3)	0.28%	0.57%	0.00%	0.00%	0.00%
Defined Benefit Plan settlement loss (3)	0.00%	0.00%	0.00%	0.00%	1.97%
Less net tax benefit associated with non-GAAP adjustments (2) (3)	1.96%	2.49%	0.25%	12.59%	0.48%
Operating return on average shareholders' equity (non-GAAP) (3)	2.51 %	8.14 %	6.34 %	8.76 %	7.96 %

(1) Average assets, average shareholders' equity, average goodwill and other intangibles, and average tangible shareholders' equity components presented in this table include discontinued operations.

(2) The net tax benefit (expense) associated with these items is generally 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 for the three months ended December 31, 2023 was primarily due to the tax benefit from state tax strategies associated with the utilization of capital losses as a result of the sale of securities in the first quarter of 2023, described further below. Upon the sale of securities in the first quarter of 2023, we established a valuation allowance of \$17.4 million, as it was determined at that time that it was not more-likely-than-not that the entirety of the deferred tax asset related to the loss on such securities would be realized. Included in that \$17.4 million was \$2.8 million in expected lost state tax benefits. Following the execution of the sale of our insurance agency business in October 2023 and the resulting capital gain, coupled with tax planning strategies, a state tax benefit of \$13.6 million was realized on the security sale losses.

(3) Presented on an annualized basis.

# Appendix A: Reconciliation of non-GAAP earnings metrics (3 of 3)(1)

(Unaudited, dollars in thousands, except per-share data)

	As of and for the Three Months Ended				
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Average tangible shareholders' equity:					
Average total shareholders' equity (GAAP)	\$ 2,682,600	\$ 2,539,806	\$ 2,599,325	\$ 2,460,170	\$ 2,420,174
Less: Average goodwill and other intangibles	597,234	658,591	659,825	660,795	661,841
Average tangible shareholders' equity (non-GAAP)	\$ 2,085,366	\$ 1,881,215	\$ 1,939,500	\$ 1,799,375	\$ 1,758,333
Return on average tangible shareholders' equity (non-GAAP) (3)	5.99%	13.38%	9.19%	(45.55)%	9.23%
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.95)%	0.32%	(0.62)%	(0.64)%	(0.73)%
Losses on sales of securities available for sale, net (3)	—%	—%	—%	75.09%	0.15%
(Gains) losses on sales of other assets (3)	—%	—%	—%	—%	—%
Rabbi trust employee benefit expense (income) (3)	0.33 %	(0.12)%	0.27 %	0.29 %	0.25 %
Merger and acquisition expenses (3)	0.35 %	0.77 %	— %	— %	— %
Defined Benefit Plan settlement loss (3)	—%	—%	—%	—%	2.72%
Less net tax benefit associated with non-GAAP adjustments (2) (3)	2.52%	3.36%	0.34%	17.21%	0.67%
Operating return on average tangible shareholders' equity (non-GAAP) (3)	3.20%	10.99%	8.50%	11.98%	10.95%

(1) Average assets, average shareholders' equity, average goodwill and other intangibles, and average tangible shareholders' equity components presented in this table include discontinued operations.

(2) The net tax benefit (expense) associated with these items is generally 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 for the three months ended December 31, 2023 was primarily due to the tax benefit from state tax strategies associated with the utilization of capital losses as a result of the sale of securities in the first quarter of 2023, described further below. Upon the sale of securities in the first quarter of 2023, we established a valuation allowance of \$17.4 million, as it was determined at that time that it was not more-likely-than-not that the entirety of the deferred tax asset related to the loss on such securities would be realized. Included in that \$17.4 million was \$2.8 million in expected lost state tax benefits. Following the execution of the sale of our insurance agency business in October 2023 and the resulting capital gain, coupled with tax planning strategies, a state tax benefit of \$13.6 million was realized on the security sale losses.

(3) Presented on an annualized basis.

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

(Unaudited, dollars in thousands)	Three Months Ended				
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Net interest income (GAAP)	\$ 133,307	\$ 137,205	\$ 141,588	\$ 138,309	\$ 149,994
Add:					
Tax-equivalent adjustment (non-GAAP) (1)	4,483	4,376	3,877	4,445	3,780
Fully-taxable equivalent net interest income (non-GAAP)	\$ 137,790	\$ 141,581	\$ 145,465	\$ 142,754	\$ 153,774
Noninterest income (loss) (GAAP)	\$ 26,739	\$ 19,157	\$ 26,204	\$ (309,853)	\$ 22,425
Less:					
Income (losses) from investments held in rabbi trusts	4,969	(1,523)	3,002	2,857	3,235
Losses on sales of securities available for sale, net	—	—	—	(333,170)	(683)
Gains (losses) on sales of other assets	—	2	—	(5)	(10)
Noninterest income on an operating basis (non-GAAP)	\$ 21,770	\$ 20,678	\$ 23,202	\$ 20,465	\$ 19,883
Noninterest expense (GAAP)	\$ 121,029	\$ 101,748	\$ 99,934	\$ 95,891	\$ 112,583
Less:					
Rabbi trust employee benefit expense (income)	1,740	(586)	1,314	1,274	1,103
Merger and acquisition expenses	1,865	3,630	—	—	—
Defined Benefit Plan settlement loss	—	—	—	—	12,045
Noninterest expense on an operating basis (non-GAAP)	\$ 117,424	\$ 98,704	\$ 98,620	\$ 94,617	\$ 99,435
Total revenue (loss) (GAAP)	\$ 160,046	\$ 156,362	\$ 167,792	\$ (171,544)	\$ 172,419
Total operating revenue (non-GAAP)	\$ 159,560	\$ 162,259	\$ 168,667	\$ 163,219	\$ 173,657
Efficiency ratio (GAAP)	75.62 %	65.07 %	59.56 %	(55.90)%	65.30 %
Operating efficiency ratio (non-GAAP)	73.59 %	60.83 %	58.47 %	57.97 %	57.26 %

(1) Interest income on tax-exempt loans and investment securities has been adjusted to a FTE basis using a marginal tax rate of 21.9%, 21.7%, 21.8%, 21.7%, and 21.6% for the three months ended December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023, and December 31, 2022, respectively.

# Appendix C: Reconciliation of non-GAAP capital metrics



	As of				
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
(Unaudited, dollars in thousands, except per-share data)					
Tangible shareholders' equity:					
Total shareholders' equity (GAAP)	\$ 2,974,855	\$ 2,446,553	\$ 2,526,772	\$ 2,579,123	\$ 2,471,790
Less: Goodwill and other intangibles (1)	566,205	657,824	658,993	660,165	661,126
Tangible shareholders' equity (non-GAAP)	2,408,650	1,788,729	1,867,779	1,918,958	1,810,664
Tangible assets:					
Total assets (GAAP)	21,133,278	21,146,292	21,583,493	22,720,530	22,646,858
Less: Goodwill and other intangibles (1)	566,205	657,824	658,993	660,165	661,126
Tangible assets (non-GAAP)	\$ 20,567,073	\$ 20,488,468	\$ 20,924,500	\$ 22,060,365	\$ 21,985,732
Shareholders' equity to assets ratio (GAAP)	14.1 %	11.6 %	11.7 %	11.4 %	10.9 %
Tangible shareholders' equity to tangible assets ratio (non-GAAP)	11.7 %	8.7 %	8.9 %	8.7 %	8.2 %
Common shares outstanding	176,426,993	176,376,675	176,376,675	176,328,426	176,172,073
Book value per share (GAAP)	\$ 16.86	\$ 13.87	\$ 14.33	\$ 14.63	\$ 14.03
Tangible book value per share (non-GAAP)	\$ 13.65	\$ 10.14	\$ 10.59	\$ 10.88	\$ 10.28

(1) Includes goodwill and other intangible assets of discontinued operations as of September 30, 2023 and preceding periods.

# Appendix D: Tangible shareholders' equity roll forward

	As of		Change from
	Dec 31, 2023	Sep 30, 2023	Sep 30, 2023
(Unaudited, dollars in thousands, except per-share data)			
Common stock	\$ 1,767	\$ 1,766	\$ 1
Additional paid in capital	1,666,441	1,661,136	5,305
Unallocated ESOP common stock	(132,755)	(133,992)	1,237
Retained earnings	2,047,754	1,747,225	300,529
AOCl, net of tax - available for sale securities	(584,243)	(763,871)	179,628
AOCl, net of tax - pension	7,462	6,021	1,441
AOCl, net of tax - cash flow hedge	(31,571)	(71,732)	40,161
Total shareholders' equity:	\$ 2,974,855	\$ 2,446,553	\$ 528,302
Less: Goodwill and other intangibles (1)	566,205	657,824	(91,619)
Tangible shareholders' equity (non-GAAP)	\$ 2,408,650	\$ 1,788,729	\$ 619,921
Common shares outstanding	176,426,993	176,376,675	50,318
Per share:			
Common stock	\$ 0.01	\$ 0.01	\$ —
Additional paid in capital	9.45	9.42	0.03
Unallocated ESOP common stock	(0.75)	(0.76)	0.01
Retained earnings	11.61	9.91	1.70
AOCl, net of tax - available for sale securities	(3.31)	(4.33)	1.02
AOCl, net of tax - pension	0.04	0.03	0.01
AOCl, net of tax - cash flow hedge	(0.18)	(0.41)	0.23
Total shareholders' equity:	\$ 16.86	\$ 13.87	\$ 2.99
Less: Goodwill and other intangibles (1)	3.21	3.73	(0.52)
Tangible shareholders' equity (non-GAAP)	\$ 13.65	\$ 10.14	\$ 3.51

(1) Includes goodwill and other intangible assets of discontinued operations as of September 30, 2023.