

Eastern Bankshares, Inc.

Q1 Earnings Presentation

April 25, 2024

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

Q1 2024 financial highlights

Eastern Bankshares, Inc.

Key Metrics

$38.6 million
Net income

$38.1 million
Operating net income*

$0.24	**$0.23**
Diluted EPS	Diluted operating EPS*
2.68%	**1.66%**
NIM*[1]	Total deposit cost[1]
0.27%	**0.21%**
NPAs / total assets	NCOs / avg. loans[1]

$0.11 per share
Dividend declared

$16.72	**$13.51**
BV/Share	TBV/Share*

Highlights

Income Statement
- Net income of $38.6 million, or $0.24 per diluted share. Operating net income* of $38.1 million, or $0.23 per diluted share

Balance Sheet
- Deposits up $71 million, or 1.6%[1]. Core deposits up $121 million, or 2.8%[1], which was partially offset by a $50 million decline in brokered deposits
- Loans increased $115 million, or 3.3%[1]

Net Interest Margin/Net Interest Income
- Net interest margin on a FTE basis*[1] was stable at 2.68%
- Net interest income was $129.9 million, a decrease of $3.4 million from prior quarter

Expense
- Noninterest expense of $101.2 million. Operating noninterest expense* of $97.6 million

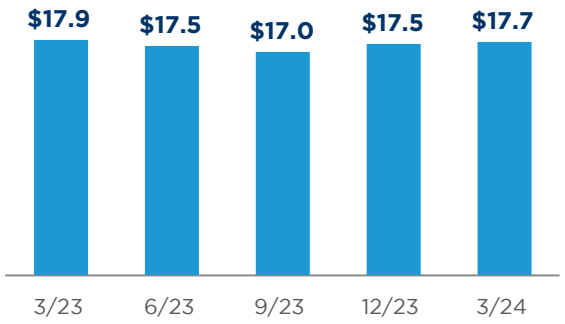
Asset Quality
- Modest increase in non-performing loans ("NPLs") from $52.6 million to $57.2 million or from 0.38% to 0.41% of total loans
- Net charge-offs ("NCOs")[1] of 0.21% of average total loans, compared to 0.32% in the prior quarter
- Continued resolution of problem loans. 1 NPL resolved and collateral of 2 NPLs under contract for sale. 1 new NPL in Q1 2024, the collateral of which is being marketed for sale

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

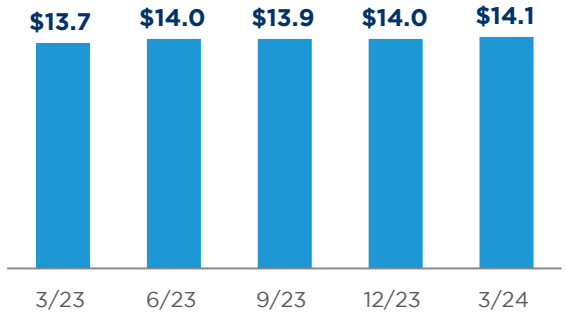
Balance sheet

Eastern Bankshares, Inc.

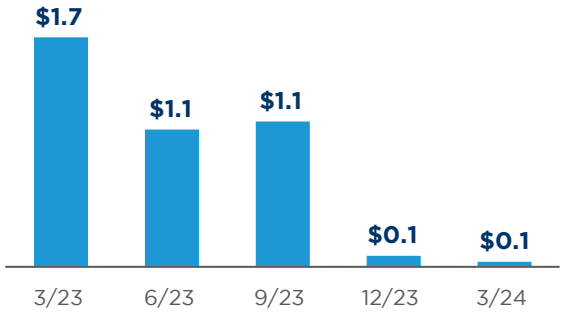
Core deposits[1]



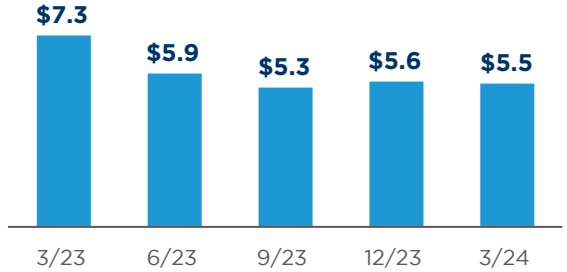
Total loans



Borrowings & brokered deposits



Cash & investments



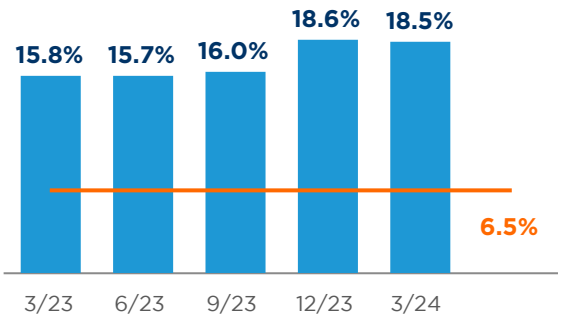
- **Core deposit[1] growth of $120.5 million,** or 2.8%[2] from the prior quarter
- **Loan growth of $115.3 million,** or 3.3%[2] from the prior quarter
- The company **had no brokered deposits** at March 31, 2024. **Borrowings and brokered deposits down** $45.5 million **to under 0.5% of total assets**
- **Cash and equivalents increased $45.9 million**
- **Investments decreased $125.8 million**, driven by principal runoff, as well as a decrease in the market value of available for sale securities
- **Loan-to-deposit ratio of 80%**

$ in billions. [1]Core deposits are defined as total deposits less brokered deposits [2]Presented on an annualized basis.

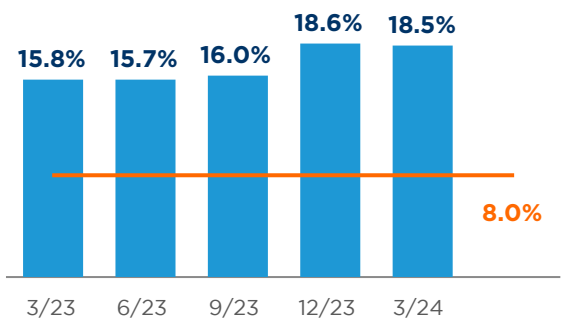
Capital

Eastern Bankshares, Inc.

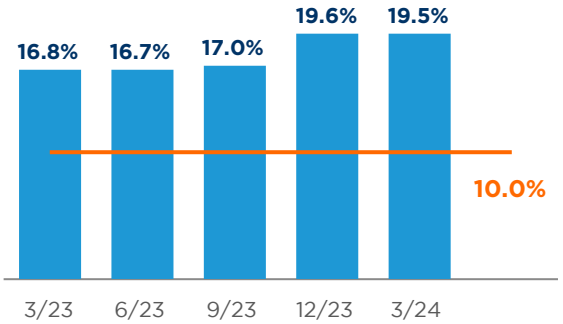
Common equity tier 1 ratio[1]



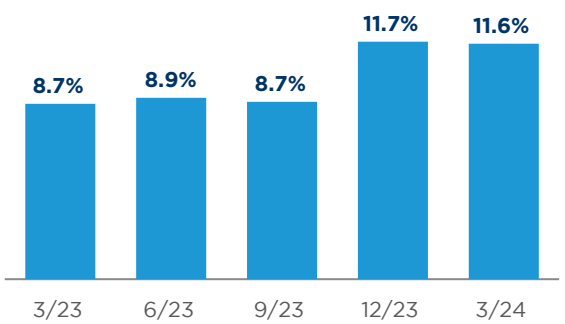
Tier 1 capital ratio[1]



Total capital ratio[1]



Tangible common equity ratio*



Capital ratio

Well-capitalized regulatory minimum

- Strong capital position provides significant **support** to the Company's **growth and strategic initiatives** as well as **capital management strategies**, including share repurchases
- Capital ratios are stable from the prior quarter. **CET1 ratio** and **TCE ratio*** of **18.5%** and **11.6%**, respectively

*Non-GAAP Financial Measure. Please refer to Appendices A-D for the applicable reconciliation. [1]Regulatory capital ratios as of March 31, 2024 are preliminary estimates.

Income statement

Eastern Bankshares, Inc.

$ in millions, except per share amounts	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net interest income	$ 129.9	$ 133.3	$ 137.2	$ 141.6	$ 138.3
Noninterest income (loss)	27.7	26.7	19.2	26.2	(309.9)
Total revenue	157.6	160.0	156.4	167.8	(171.6)
Noninterest expense	101.2	121.0	101.7	99.9	95.9
Pre-tax, pre-provision income (loss)	56.4	39.0	54.6	67.9	(267.4)
Provision for allowance for loan losses	7.5	5.2	7.3	7.5	0.0
Pre-tax income (loss)	48.9	33.8	47.3	60.4	(267.5)
Income tax expense (benefit)	10.3	2.3	(16.2)	16.0	(65.4)
Net income (loss) from continuing operations	38.6	31.5	63.5	44.4	(202.1)
Net income (loss) from discontinued operations	—	287.0	(4.4)	4.2	8.0
Net income (loss)	$ 38.6	$ 318.5	$ 59.1	$ 48.7	$ (194.1)
Operating net income*	$ 38.1	$ 16.9	$ 52.1	$ 41.1	$ 53.1
EPS	$ 0.24	$ 1.95	$ 0.36	$ 0.30	$ (1.20)
Continuing operations	$ 0.24	$ 0.19	$ 0.39	$ 0.27	$ (1.25)
Discontinued operations	$ —	$ 1.76	$ (0.03)	$ 0.03	$ 0.05
Operating EPS*	$ 0.23	$ 0.10	$ 0.32	$ 0.25	$ 0.33
ROA [1]	0.74 %	0.59 %	1.18 %	0.81 %	(3.64)%
Operating ROA*[1]	0.72 %	0.31 %	0.97 %	0.75 %	0.95 %
Efficiency ratio	64.22 %	75.62 %	65.07 %	59.56 %	(55.90)%
Operating efficiency ratio*	61.89 %	73.59 %	60.83 %	58.47 %	57.97 %

- Net income was $38.6 million and **operating net income* was $38.1 million**
- **Net interest income was $129.9 million,** $3.4 million below prior quarter
- **Noninterest income was $27.7 million** and $23.4 million on an operating* basis
- **Noninterest expense was $101.2 million** and $97.6 million on an operating* basis
- **Provision for loan losses was $7.5 million**

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

Net interest margin trends

Eastern Bankshares, Inc.

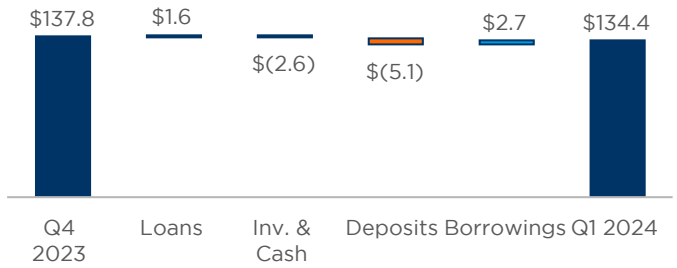
Earning assets

	Q1 2024		Q4 2023		Change	
	Avg. Balance	Yield[1]	Avg. Balance	Yield[1]	Avg. Balance	Yield[1]
Commercial loans	$ 10,024	5.09 %	$ 9,978	5.01 %	$ 46	0.08 %
Residential loans	2,571	3.75 %	2,573	3.63 %	(2)	0.12 %
Consumer loans	1,420	6.58 %	1,411	6.42 %	9	0.16 %
Total loans	14,015	5.00 %	13,963	4.90 %	52	0.10 %
Securities	5,575	1.82 %	5,671	1.79 %	(96)	0.03 %
Cash	577	5.46 %	720	5.51 %	(143)	(0.05)%
Total I.E. assets	20,166	4.13 %	20,354	4.06 %	(188)	0.07 %

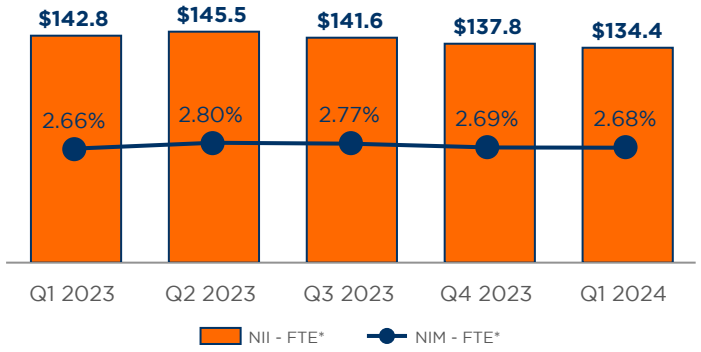
Funding sources

	Q1 2024		Q4 2023		Change	
	Avg. Balance	Cost	Avg. Balance	Cost	Avg. Balance	Cost
Savings	$ 1,297	0.01 %	$ 1,352	0.01 %	$ (55)	— %
DDAWI	3,745	0.88 %	3,753	0.75 %	(8)	0.13 %
MMDA	4,742	2.59 %	4,736	2.46 %	6	0.13 %
CD	2,785	4.87 %	2,656	4.61 %	129	0.26 %
Total I.B. deposits	12,569	2.32 %	12,498	2.14 %	71	0.18 %
Borrowings	51	2.00 %	242	4.83 %	(191)	(2.83)%
Total I.B. liab.	12,620	2.32 %	12,740	2.19 %	(120)	0.13 %
DDA	4,989		5,210		(221)	
Total deposits	17,558	1.66 %	17,708	1.51 %	(150)	0.15 %

QoQ changes in FTE net interest income*



FTE net interest income and margin trend*

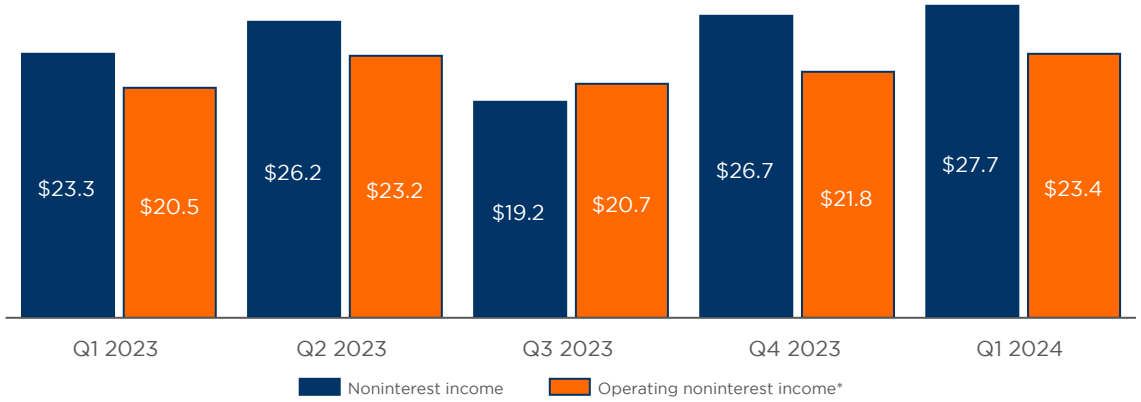


$ in millions. *Non-GAAP Financial Measure. Please refer to Appendices A-D for the applicable reconciliation. [1]Presented on a fully tax equivalent ("FTE") basis.

Noninterest income[1]

Eastern Bankshares, Inc.

Noninterest income



- **Total noninterest income was $27.7 million** for the first quarter
- **Total operating noninterest income* was $23.4 million**, an increase of $1.6 million from the prior quarter
- The increase in operating noninterest income was driven primarily by an increase in loan-level interest rate swap income of $1.2 million

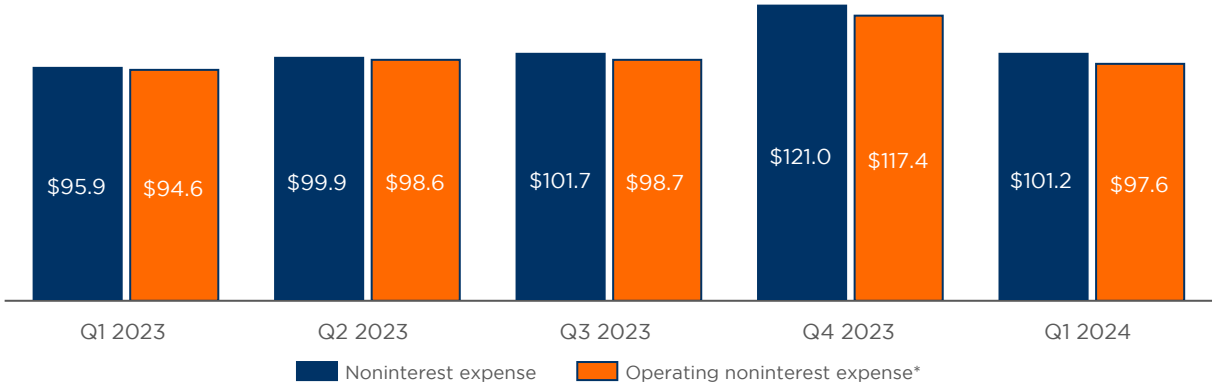
	Q1 2024	Q4 2023	Q1 2023	QoQ	YoY
Service charges on deposit accounts	**7.5**	7.5	6.5	— %	15 %
Trust and investment advisory fees	**6.5**	6.1	5.8	7 %	12 %
Debit card processing fees	**3.2**	3.4	3.2	(6)%	— %
Interest rate swap income (losses)	**0.7**	(0.6)	(0.4)	NM	NM
Income from investments held in rabbi trusts	**4.3**	5.0	2.9	(14)%	48 %
Other[1]	**5.4**	5.3	5.5	2 %	(2)%
Total noninterest income	**$ 27.7**	$ 26.7	$ 23.3	4 %	19 %
Total operating noninterest income*	**$ 23.4**	$ 21.8	$ 20.5	7 %	14 %

$ in millions. *Non-GAAP Financial Measure. Please refer to Appendices A-D for the applicable reconciliation. [1]Excludes discontinued operations and gains/losses on AFS securities.

Noninterest expense[1]

Eastern Bankshares, Inc.

Noninterest expense



	Q1 2024	Q4 2023	Q1 2023	QoQ	YoY
Salaries and employee benefits	**64.5**	67.8	62.2	(5)%	4 %
Data processing	**16.5**	16.8	12.3	(1)%	34 %
Office occupancy and equipment	**9.2**	9.2	9.1	— %	1 %
Professional services	**3.5**	4.1	3.1	(15)%	12 %
FDIC Insurance	**2.3**	13.5	2.5	(83)%	(10)%
All other[1]	**5.2**	9.7	6.6	(46)%	(21)%
Total noninterest expense	**$ 101.2**	$ 121.1	$ 95.8	(16)%	6 %
Total operating noninterest expense*	**$ 97.6**	$ 117.4	$ 94.6	(16.9)%	3 %

- **Total noninterest expense was $101.2 million,** a decrease of $19.8 million from the prior quarter
- **Operating noninterest expense was $97.6 million,** a decrease of $19.8 million from the prior quarter
  - $11.2 million decrease in FDIC insurance. Prior quarter included the special assessment of $10.8 million
  - $1.6 million decrease in the operating portion of salaries and employee benefits
  - A decrease in marketing expense of $1.2 million
- **One-time favorable items in Q1 2024** include a reduction in incentive compensation and a reduction in provision for off-balance-sheet commitments totaling approximately $3.2 million

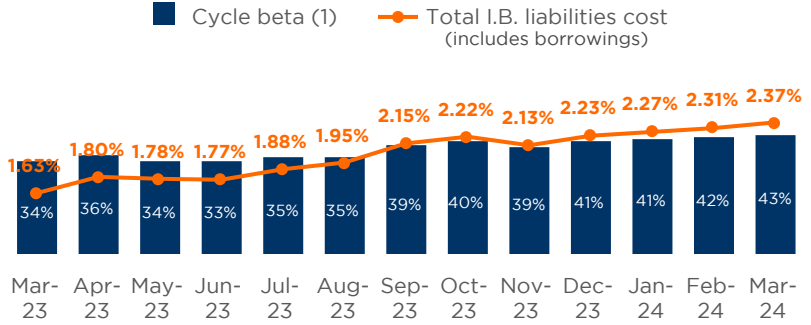
$ in millions. *Non-GAAP Financial Measure. Please refer to Appendices A-D for the applicable reconciliation. [1]Excludes Discontinued Operations.

Deposits

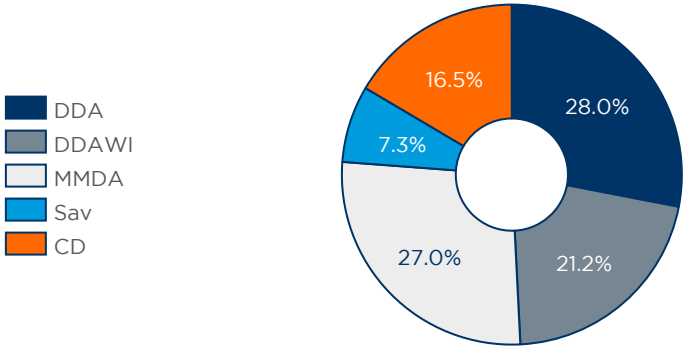
Eastern Bankshares, Inc.

- **Core deposits increased $121 million, or 2.8%**[2] from the prior quarter. Total deposits increased $71 million. The company had no brokered deposits as of March 31, 2024
- **49% of total deposits are in checking** products, down from 51% in the prior quarter
- **Total deposit cost**[2] **was 1.66%** in the first quarter, compared to 1.51% in the prior quarter

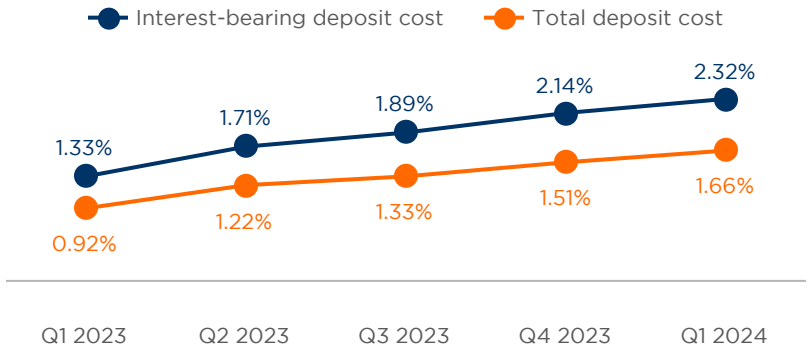
Funding betas & cost



High quality deposit portfolio as of March 31, 2024



Cost of deposits[2]

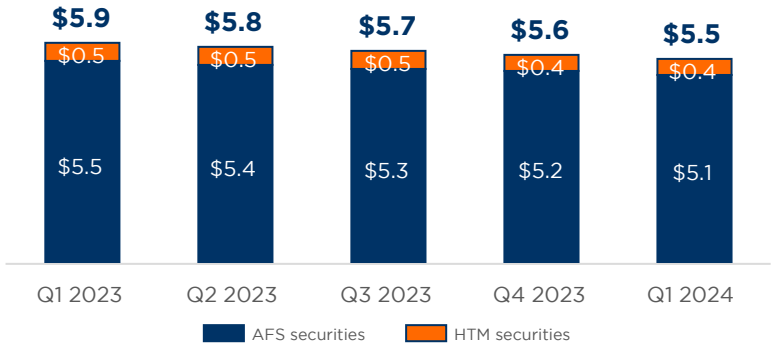


[1]Cycle beta calculated as the change in monthly average total interest-bearing liabilities cost in each respective month, divided by the respective change in the average monthly upper bound of the Federal Funds target range during the same period. [2]Presented on an annualized basis.

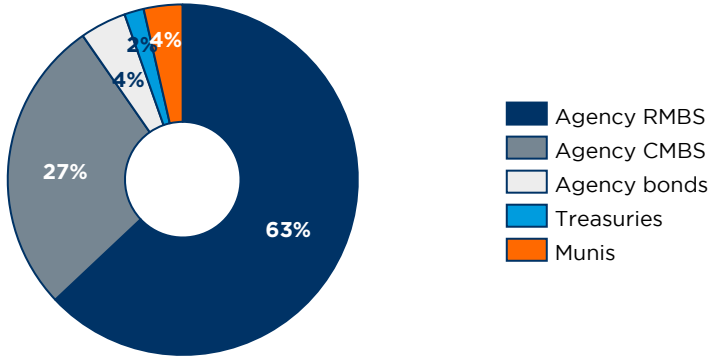
Securities portfolio

Eastern Bankshares, Inc.

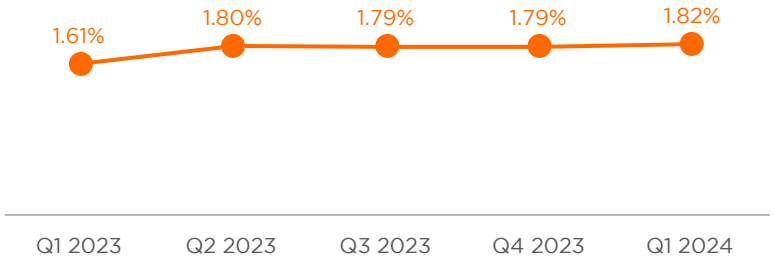
Portfolio trends[1]



Investment composition as of March 31, 2024[1]



Total securities yield



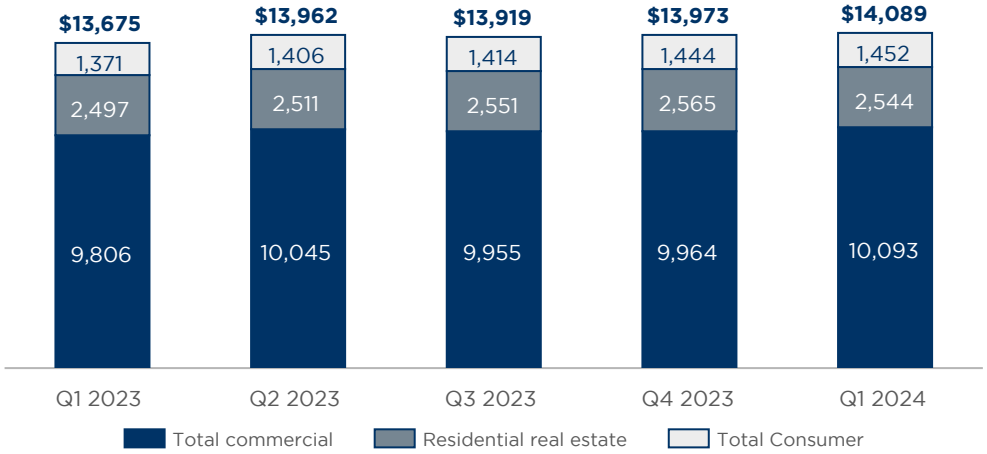
- **High quality portfolio** with 96% in US Agency securities and Treasury bonds
- The AFS **unrealized loss was $612 million** after tax
- Allow portfolio to run off to 15-20% of total assets over time. **Annual cash flows are expected to be $300-$400 million**

$ in billions. [1]Includes both AFS and HTM portfolios represented at amortized cost.

Loan composition

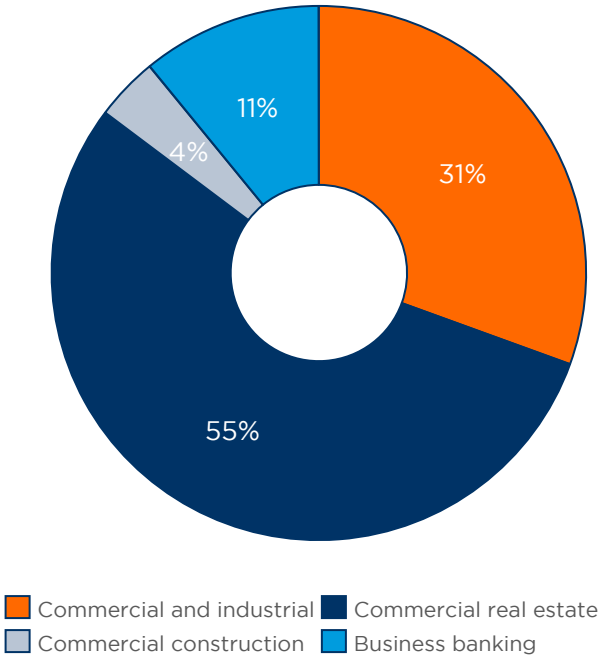
Eastern Bankshares, Inc.

Historical loan composition



- Quarter over quarter **loans increased $115 million**, or 3.3%[1]
  - **Commercial** loan growth of $129 million, or 5.2%[1]
  - **Residential** loan decrease of $21 million, or 3.3%[1]
  - **Consumer** loan growth of $8 million, or 2.2%[1]
- Expect loan repricing and principal cash flows of $2.5 billion, or 18% of loans, within one month

Commercial composition as of March 31, 2024

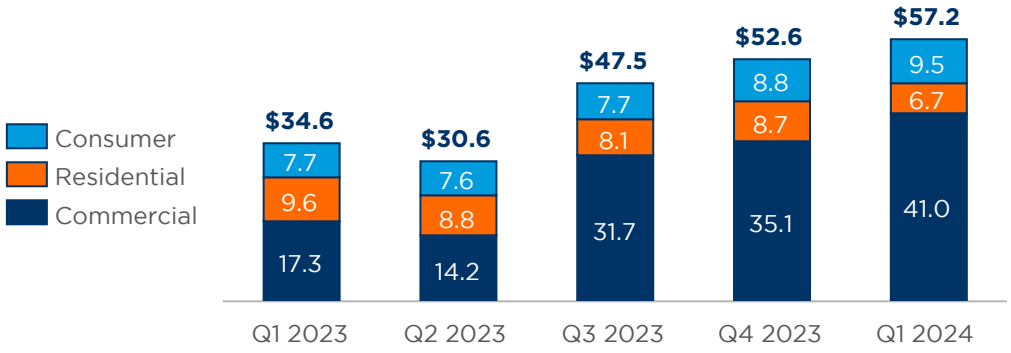


$ in millions. [1]Presented on an annualized basis.

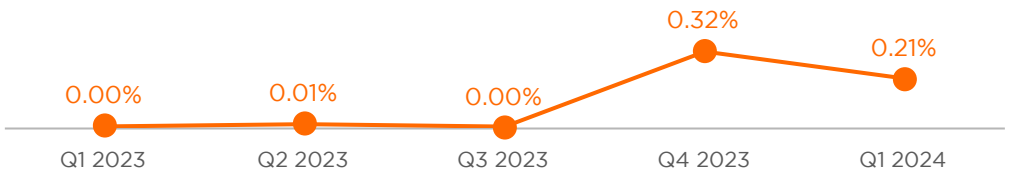
Asset quality

Eastern Bankshares, Inc.

Non-performing loans ("NPLs")



Net charge-offs ("NCOs") / Avg. loans[1]



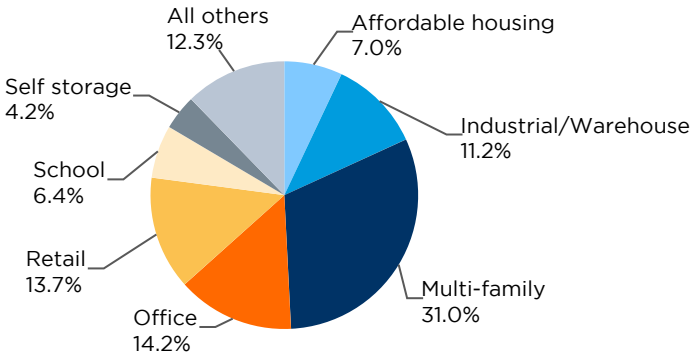
- **Non-performing loans ("NPLs") increased modestly from $52.6 million to $57.2 million**, or from 0.38% to 0.41% of total loans. One individual loan secured by an investor office property was moved to NPL status and one office NPL previously disclosed was resolved in Q1 2024
- **Net charge-offs were $7.3 million in the first quarter, or 0.21%**[1] of average total loans compared to 0.32%[1] in the prior quarter
- **Provision of $7.5** million for the first quarter, driven primarily by net charge-offs
- The **allowance for loan losses was $149.2 million** at March 31, 2024, an increase of $0.2 million from the prior quarter and representing 1.06% of total loans
- NCO trend is normalizing after staying at very low levels for 2 to 3 years

$ in millions. [1]Presented on an annualized basis.

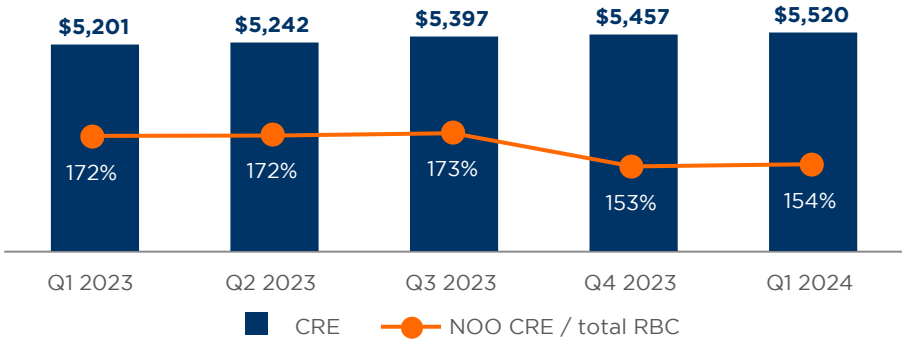
CRE exposure[1]

Eastern Bankshares, Inc.

CRE composition as of March 31, 2024



CRE trend and NOO CRE / total RBC ratio[2]



- **CRE portfolio of $5.5 billion**, or 39% of total loans
- Non-owner occupied ("NOO") CRE to total risk-based capital ("RBC") ratio[2] of 154%
- Composed of **diversified property types** with **multi-family as the largest segment**
- Approximately **90%** of the properties are in **MA or NH**
- **NPL ratio[3] of 0.7%** in Q1 2024. 3 NPLs in office and 1 in retail. No NPLs in other property types
- See slide 15 for CRE office exposure and slide 16 for CRE multi-family exposure

$ in millions. [1]CRE exposure excludes Construction and Business Banking except for the NOO CRE to total RBC ratio. [2]NOO CRE to total RBC ratio in Q1 2024 is an estimated number. [3]Non-performing CRE loans as a percentage of total CRE loans.

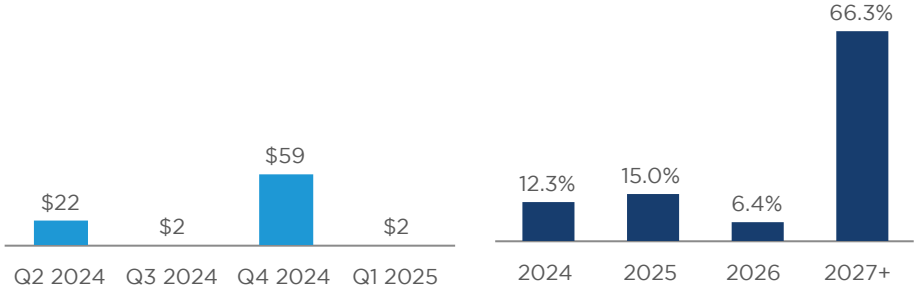
CRE office exposure[1]

Eastern Bankshares, Inc.

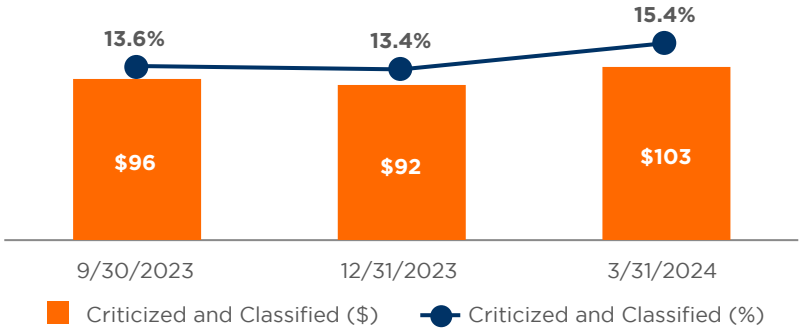
CRE office loan composition

	12/31/23		3/31/24	
	Balance	% of Total Loans	Balance	% of Total Loans
Owner Occupied Office	$ 113	1 %	$ 114	1 %
Investor Office	689	5 %	668	5 %
Total CRE Office[1]	802	6 %	782	6 %

CRE investor office maturity schedule



Criticized & classified CRE investor office loans



Characteristics of CRE investor office loans

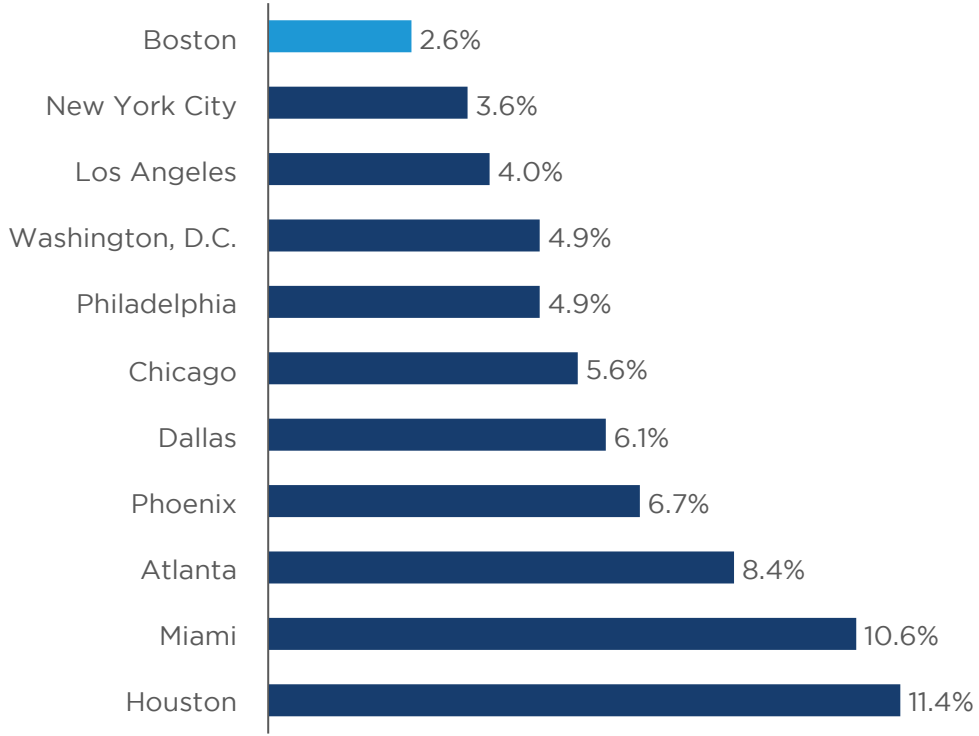
- **CRE investor office totaled $668 million,** or 5% of total loans
- **$103 million criticized and classified,** or 15% of total CRE investor office
- **4 investor office loans moved to NPL status since Q3 2023**:
  - 2 NPLs resolved, collateral of 1 NPL under contract for sale, collateral of 1 NPL being marketed for sale
- **Maturities over the next 4 quarters are manageable at $84 million**. Approximately half of the $59 million in Q4 2024 are criticized or classified
- **Cambridge Trust's office exposure will be marked to fair value** as part of purchase accounting adjustments

$ in millions. [1]CRE Office exposure excludes Construction and Business Banking.

CRE multi-family exposure[1]

Eastern Bankshares, Inc.

Rental vacancy rates for major metro areas Q4 2023[2]



- **As of March 31, 2024, CRE multi-family loans total $2.1 billion or 21% of total commercial loans**
  - No NPLs in Q1 2024
  - 91% of properties are in MA or NH
  - Average loan size $4.5 million
  - Average loan-to-value at origination of approximately 53%
- **Boston is a top multi-family 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 multi-family demand

[1]Excludes Construction and Business Banking; includes mixed-use multi-family and affordable housing loans. [2]Source: U.S. Census Bureau, Housing Vacancies and Homeownership, Table 4. Rental Vacancy Rates for the 75 Largest Metropolitan Statistical Areas: 2015 to 2023.

Outlook

Eastern Bankshares, Inc.

Category	Management's outlook
Net interest income	• Anticipate "higher for longer" rate environment • Net interest income and margin in Q2 2024 expected to be similar to Q1 2024 • Net interest income expected to benefit with Fed rate reductions when they occur
Credit	• Expect NPLs and NCOs to be generally in line with recent experience, with some quarter to quarter variation

Operating noninterest expense*	• Expect Q2 run rate operating expenses to be between $104 and $106 million. In addition:
	  ◦ Expect to incur approximately $3 million of expenses related to corporate headquarters move and online mobile transition
	  ◦ Expect to record FDIC special assessment costs in Q2

Outlook - Cambridge Merger

Eastern Bankshares, Inc.

Category	Management's outlook
Merger timing	• Regulatory approval anticipated in Q2, closing anticipated in early Q3 2024 • Bank systems conversion at time of closing, wealth conversion in September

Merger financial projections	• Loan valuation updated as of March 31, 2024. Final fair value discount expected to be less than original projections
	• Post-merger net interest margin expected to be 3.0%+
	  • Expect to liquidate Cambridge's investment portfolio and pay off wholesale funding
	• EPS accretion expected to exceed original projections of 20%+
	• Merger cost saves expected to exceed the original target of 34%
	  • Pro forma cash efficiency ratio in mid-50% range (excludes intangible amortization of $4 to $5 million per quarter)
	• Combined wealth revenues of $60 million annually with an efficiency ratio in the low-50% range
	• Post merger capital ratios expected to be strong and supportive of capital management strategies

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 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

Eastern Bankshares, Inc.

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 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 anticipated 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.

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.

Appendix

Eastern Bankshares, Inc.

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

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except per-share data)	As of and for the Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Net income (loss) from continuing operations (GAAP)	$ 38,647	$ 31,509	$ 63,464	$ 44,419	$ (202,081)
Add:					
Noninterest income components:					
(Income) losses from investments held in rabbi trusts	(4,318)	(4,969)	1,523	(3,002)	(2,857)
Losses on sales of securities available for sale, net	—	—	—	—	333,170
(Gains) losses on sales of other assets	—	—	(2)	—	5
Noninterest expense components:					
Rabbi trust employee benefit expense (income)	1,746	1,740	(586)	1,314	1,274
Merger and acquisition expenses	1,816	1,865	3,630	—	—
Total impact of non-GAAP adjustments	(756)	(1,364)	4,565	(1,688)	331,592
Less net tax (expense) benefit associated with non-GAAP adjustments (2)	(190)	13,270	15,944	1,639	76,377
Non-GAAP adjustments, net of tax	$ (566)	$ (14,634)	$ (11,379)	$ (3,327)	$ 255,215
Operating net income (non-GAAP)	$ 38,081	$ 16,875	$ 52,085	$ 41,092	$ 53,134
Weighted average common shares outstanding during the period:					
Basic	162,863,540	162,571,066	162,370,469	162,232,236	161,991,373
Diluted	163,188,410	162,724,398	162,469,887	162,246,675	162,059,431
Earnings (loss) per share from continuing operations, basic:	$ 0.24	$ 0.19	$ 0.39	$ 0.27	$ (1.25)
Earnings (loss) per share from continuing operations, diluted:	$ 0.24	$ 0.19	$ 0.39	$ 0.27	$ (1.25)
Operating earnings per share, basic (non-GAAP)	$ 0.23	$ 0.10	$ 0.32	$ 0.25	$ 0.33
Operating earnings per share, diluted (non-GAAP)	$ 0.23	$ 0.10	$ 0.32	$ 0.25	$ 0.33

(1) Average assets, average goodwill and other intangibles, and average tangible shareholders' equity components for the three months ended Dec 31, 2023 and preceding periods 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)

Eastern Bankshares, Inc.

	As of and for the Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Return on average assets (3)	0.74 %	0.59 %	1.18 %	0.81 %	(3.64)%
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.08)%	(0.09)%	0.03%	(0.05)%	(0.05)%
Losses on sales of securities available for sale, net (3)	0.00%	0.00%	0.00%	0.00%	6.00%
(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%	0.03%	(0.01)%	0.02%	0.02%
Merger and acquisition expenses (3)	0.03%	0.03%	0.07%	0.00%	0.00%
Less net tax (expense) benefit associated with non-GAAP adjustments (2) (3)	0.00%	0.25%	0.30%	0.03%	1.38%
Operating return on average assets (non-GAAP) (3)	0.72 %	0.31 %	0.97 %	0.75 %	0.95 %
Return on average shareholders' equity (3)	5.23 %	4.66 %	9.91 %	6.85 %	(33.31)%
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.58)%	(0.73)%	0.24%	(0.46)%	(0.47)%
Losses on sales of securities available for sale, net (3)	0.00%	0.00%	0.00%	0.00%	54.92%
(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)	0.24%	0.26%	(0.09)%	0.20%	0.21%
Merger and acquisition expenses (3)	0.25%	0.28%	0.57%	0.00%	0.00%
Less net tax (expense) benefit associated with non-GAAP adjustments (2) (3)	(0.03)%	1.96%	2.49%	0.25%	12.59%
Operating return on average shareholders' equity (non-GAAP) (3)	5.17 %	2.51 %	8.14 %	6.34 %	8.76 %

(1) Average assets, average goodwill and other intangibles, and average tangible shareholders' equity components for the three months ended Dec 31, 2023 and preceding periods 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)

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands)	As of and for the Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Average tangible shareholders' equity:					
Average total shareholders' equity (GAAP)	$ 2,970,759	$ 2,682,600	$ 2,539,806	$ 2,599,325	$ 2,460,170
Less: Average goodwill and other intangibles	566,027	597,234	658,591	659,825	660,795
Average tangible shareholders' equity (non-GAAP)	$ 2,404,732	$ 2,085,366	$ 1,881,215	$ 1,939,500	$ 1,799,375
Return on average tangible shareholders' equity (non-GAAP) (3)	6.46%	5.99%	13.38%	9.19%	(45.55)%
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.72)%	(0.95)%	0.32%	(0.62)%	(0.64)%
Losses on sales of securities available for sale, net (3)	—%	—%	—%	—%	75.09%
(Gains) losses on sales of other assets (3)	—%	—%	—%	—%	—%
Rabbi trust employee benefit expense (income) (3)	0.29 %	0.33 %	(0.12)%	0.27 %	0.29 %
Merger and acquisition expenses (3)	0.30 %	0.35 %	0.77 %	— %	— %
Less net tax (expense) benefit associated with non-GAAP adjustments (2) (3)	(0.03)%	2.52%	3.36%	0.34%	17.21%
Operating return on average tangible shareholders' equity (non-GAAP) (3)	6.36%	3.20%	10.99%	8.50%	11.98%

(1) Average assets, average goodwill and other intangibles, and average tangible shareholders' equity components for the three months ended Dec 31, 2023 and preceding periods 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

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands)	Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Net interest income (GAAP)	$ 129,900	$ 133,307	$ 137,205	$ 141,588	$ 138,309
Add:					
Tax-equivalent adjustment (non-GAAP) (1)	4,483	4,483	4,376	3,877	4,445
Fully-taxable equivalent net interest income (non-GAAP)	$ 134,383	$ 137,790	$ 141,581	$ 145,465	$ 142,754
Noninterest income (loss) (GAAP)	$ 27,692	$ 26,739	$ 19,157	$ 26,204	$ (309,853)
Less:					
Income (losses) from investments held in rabbi trusts	4,318	4,969	(1,523)	3,002	2,857
Losses on sales of securities available for sale, net	—	—	—	—	(333,170)
Gains (losses) on sales of other assets	—	—	2	—	(5)
Noninterest income on an operating basis (non-GAAP)	$ 23,374	$ 21,770	$ 20,678	$ 23,202	$ 20,465
Noninterest expense (GAAP)	$ 101,202	$ 121,029	$ 101,748	$ 99,934	$ 95,891
Less:					
Rabbi trust employee benefit expense (income)	1,746	1,740	(586)	1,314	1,274
Merger and acquisition expenses	1,816	1,865	3,630	—	—
Noninterest expense on an operating basis (non-GAAP)	$ 97,640	$ 117,424	$ 98,704	$ 98,620	$ 94,617
Total revenue (loss) (GAAP)	$ 157,592	$ 160,046	$ 156,362	$ 167,792	$ (171,544)
Total operating revenue (non-GAAP)	$ 157,757	$ 159,560	$ 162,259	$ 168,667	$ 163,219
Efficiency ratio (GAAP)	64.22 %	75.62 %	65.07 %	59.56 %	(55.90)%
Operating efficiency ratio (non-GAAP)	61.89 %	73.59 %	60.83 %	58.47 %	57.97 %

(1) Interest income on tax-exempt loans and investment securities has been adjusted to a FTE basis using a marginal tax rate of 21.7%, 21.9%, 21.7%, 21.8%, and 21.7% for the three months ended March 31, 2024, December 31, 2023, September 30, 2023, June 30, 2023, and March 31, 2023, respectively.

Appendix C: Reconciliation of non-GAAP capital metrics

(Unaudited, dollars in thousands, except per-share data)	As of Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Tangible shareholders' equity:					
Total shareholders' equity (GAAP)	$ 2,952,831	$ 2,974,855	$ 2,446,553	$ 2,526,772	$ 2,579,123
Less: Goodwill and other intangibles (1)	565,701	566,205	657,824	658,993	660,165
Tangible shareholders' equity (non-GAAP)	2,387,130	2,408,650	1,788,729	1,867,779	1,918,958
Tangible assets:					
Total assets (GAAP)	21,174,804	21,133,278	21,146,292	21,583,493	22,720,530
Less: Goodwill and other intangibles (1)	565,701	566,205	657,824	658,993	660,165
Tangible assets (non-GAAP)	$ 20,609,103	$ 20,567,073	$ 20,488,468	$ 20,924,500	$ 22,060,365
Shareholders' equity to assets ratio (GAAP)	13.9 %	14.1 %	11.6 %	11.7 %	11.4 %
Tangible shareholders' equity to tangible assets ratio (non-GAAP)	11.6 %	11.7 %	8.7 %	8.9 %	8.7 %
Common shares outstanding	176,631,477	176,426,993	176,376,675	176,376,675	176,328,426
Book value per share (GAAP)	$ 16.72	$ 16.86	$ 13.87	$ 14.33	$ 14.63
Tangible book value per share (non-GAAP)	$ 13.51	$ 13.65	$ 10.14	$ 10.59	$ 10.88

(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

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except per-share data)	As of Mar 31, 2024	As of Dec 31, 2023	Change from Dec 31, 2023
Common stock	$ 1,769	$ 1,767	$ 2
Additional paid in capital	1,669,133	1,666,441	2,692
Unallocated ESOP common stock	(131,512)	(132,755)	1,243
Retained earnings	2,068,315	2,047,754	20,561
AOCI, net of tax - available for sale securities	(611,802)	(584,243)	(27,559)
AOCI, net of tax - pension	6,946	7,462	(516)
AOCI, net of tax - cash flow hedge	(50,018)	(31,571)	(18,447)
Total shareholders' equity:	$ 2,952,831	$ 2,974,855	$ (22,024)
Less: Goodwill and other intangibles	565,701	566,205	(504)
Tangible shareholders' equity (non-GAAP)	$ 2,387,130	$ 2,408,650	$ (21,520)
Common shares outstanding	176,631,477	176,426,993	204,484
Per share:			
Common stock	$ 0.01	$ 0.01	$ —
Additional paid in capital	9.45	9.45	—
Unallocated ESOP common stock	(0.74)	(0.75)	0.01
Retained earnings	11.71	11.61	0.10
AOCI, net of tax - available for sale securities	(3.46)	(3.31)	(0.15)
AOCI, net of tax - pension	0.04	0.04	—
AOCI, net of tax - cash flow hedge	(0.28)	(0.18)	(0.10)
Total shareholders' equity:	$ 16.72	$ 16.86	$ (0.14)
Less: Goodwill and other intangibles	3.20	3.21	(0.01)
Tangible shareholders' equity (non-GAAP)	$ 13.51	$ 13.65	$ (0.14)