



Q4 Earnings Presentation

January 26 | 2023

 Eastern Bankshares, Inc.

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

Forward-looking statements

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

Certain factors that could cause actual results to differ materially from expected results include developments in the Company’s market relating to the COVID-19 pandemic, including the severity and duration of the associated economic slowdown; adverse developments in the level and direction of loan delinquencies and charge-offs and changes in estimates of the adequacy of the allowance for loan losses; increased competitive pressures; changes in interest rates and resulting changes in competitor or customer behavior and mix or costs of sources of funding; risks that revenue or expense synergies or the other expected benefits of the Company’s merger with Century Bank in November 2021 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; 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 Company’s ability to successfully implement its risk mitigation strategies; and asset and credit quality deterioration, including adverse developments in local or regional real estate markets that decrease collateral values associated with existing loans; and the failure of the Company to execute all of its planned share repurchases. For further discussion of such factors, please see the Company’s most recent Annual Report on Form 10-K and subsequent filings with the U.S. Securities and Exchange Commission (the “SEC”), which are available on the SEC’s website at www.sec.gov.

You should not place undue reliance on forward-looking statements, which reflect the Company’s expectations only as of the date of this press release. The Company does not undertake any obligation to update forward-looking statements.

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.

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), the operating efficiency ratio, and the ratio of noninterest income to total revenue on an operating basis. Each of these figures excludes the impact of such applicable items because management believes such exclusion can provide greater visibility into the Company's core business and underlying trends. Such items that management does not consider to be core to the Company's business include (i) income and expenses from investments held in rabbi trusts, (ii) gains and losses on sales of securities available for sale, net, (iii) gains and losses on the sale of other assets, (iv) rabbi trust employee benefits, (v) impairment charges on tax credit investments and associated tax credit benefits, (vi) other real estate owned ("OREO") gains, (vii) merger and acquisition expenses, and (viii) the non-cash pension settlement charge recognized related to the Defined Benefit Plan. 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, 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 A-D for a reconciliations of the Company's GAAP financial measures to the non-GAAP financial measures in this presentation.

Q4 2022 financial highlights

Key Metrics

\$42.3 million

Net income

\$49.9 million

Operating net income*

\$0.26

Diluted EPS

\$0.31

Diluted operating EPS*

2.81%

NIM¹

0.37%

Total deposit cost¹

23%

Fee income ratio

0.01%

NCOs / avg. loans¹

\$0.10 per share

Dividend declared

\$14.03

BV/Share

\$10.28

TBV/Share*

Highlights

- Operating net income* of \$49.9 million, or \$0.31 per diluted share, for the fourth quarter of 2022.
- Net interest income of \$150.0 million for the fourth quarter of 2022 was 1% lower than the prior quarter as the increase in interest income was more than offset by the increase in interest expense.
- The net interest margin on a fully tax equivalent (“FTE”) basis* of 2.81% for the fourth quarter was 6 basis points lower than the prior quarter.
- Core loan growth, excluding residential loans purchased from Embrace Home Loans, was 11.8% on an annualized basis. Commercial loan growth was 13.2% on an annualized basis.
- Asset quality remains strong, with annualized net charge-offs of just 0.01% of average total loans and non-performing loans of \$38.6 million, or 0.28% of total loans.

Income statement

\$ in millions, except per share amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Net interest income	\$ 150.0	\$ 152.2	\$ 137.8	\$ 128.1	\$ 122.4
Noninterest income	44.5	43.4	41.9	46.4	49.0
Total revenue	194.5	195.6	179.7	174.5	171.4
Noninterest expense	132.8	116.8	111.1	108.9	143.6
Pre-tax, pre-provision income	61.8	78.7	68.5	65.7	27.8
Provision for (release of) allowance for loan losses	10.9	6.5	1.1	(0.5)	(4.3)
Pre-tax income	50.9	72.2	67.4	66.2	32.2
Income tax expense (benefit)	8.6	17.4	16.2	14.7	(2.9)
Net income	\$ 42.3	\$ 54.8	\$ 51.2	\$ 51.5	\$ 35.1
Operating net income*	\$ 49.9	\$ 55.7	\$ 52.5	\$ 55.1	\$ 44.9
EPS	\$ 0.26	\$ 0.33	\$ 0.31	\$ 0.30	\$ 0.20
Operating EPS*	\$ 0.31	\$ 0.34	\$ 0.32	\$ 0.32	\$ 0.26
ROA ¹	0.75 %	0.97 %	0.92 %	0.90 %	0.67 %
Operating ROA* ¹	0.88 %	0.97 %	0.94 %	0.96 %	0.86 %
Efficiency ratio	68.25 %	59.75 %	61.87 %	62.37 %	83.76 %
Operating efficiency ratio*	61.11 %	58.38 %	60.61 %	60.39 %	65.21 %

- Net income was \$42.3 million in the fourth quarter. Excluding certain non-recurring items, **operating net income* was \$49.9 million.**
- **Net interest income was \$150.0 million** in the fourth quarter, a decrease of \$2.2 million from the prior quarter.
- **Noninterest income was \$44.5 million** and \$42.0 million on an operating* basis.
- **Noninterest expense was \$132.8 million²** including the previously disclosed pension charge of \$12.0 million, and \$119.6 million on an operating* basis.
- **Provision for allowance for loan losses of \$10.9 million** for the fourth quarter, primarily due to loan growth.

Net interest margin trends

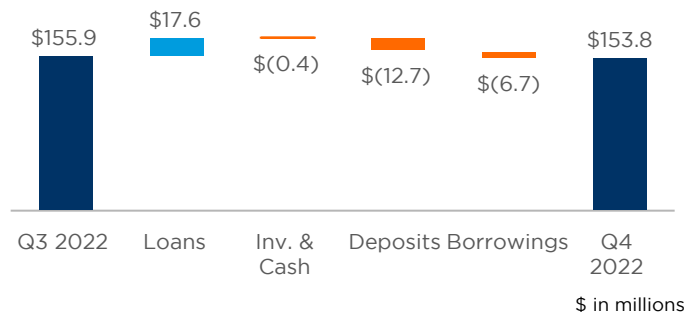
Earning assets

\$ in millions	Q4 2022		Q3 2022		Change	
	Avg. Balance	Yield ¹	Avg. Balance	Yield ¹	Avg. Balance	Yield ¹
Commercial loans	\$ 9,528	4.50 %	\$ 9,138	4.18 %	\$ 390	0.32 %
Residential loans	2,314	3.23 %	2,043	3.07 %	271	0.16 %
Consumer loans	1,364	5.51 %	1,342	4.75 %	22	0.76 %
Total loans	13,206	4.38 %	12,523	4.06 %	683	0.32 %
Securities	8,422	1.53 %	8,716	1.44 %	(294)	0.09 %
Cash	63	3.41 %	283	2.30 %	(220)	1.11 %
Total I.E. assets	21,692	3.27 %	21,522	2.98 %	170	0.29 %

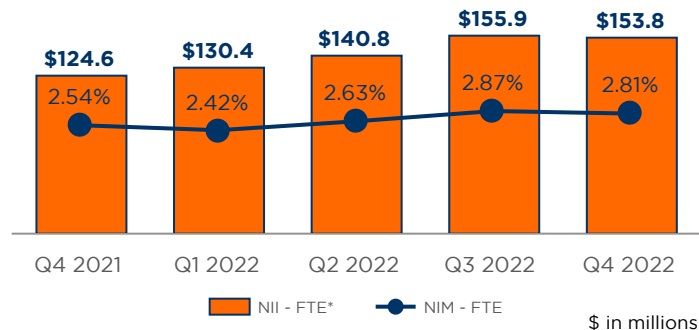
Funding sources

\$ in millions	Q4 2022		Q3 2022		Change	
	Avg. Balance	Cost	Avg. Balance	Cost	Avg. Balance	Cost
Savings	\$ 1,925	0.01 %	\$ 2,021	0.01 %	\$ (96)	— %
DDAWI	4,871	0.40 %	5,212	0.20 %	(341)	0.20 %
MMDA	4,779	0.82 %	4,824	0.16 %	(45)	0.66 %
CD	564	1.82 %	381	0.16 %	183	1.66 %
Total I.B. deposits	12,138	0.57 %	12,438	0.15 %	(300)	0.42 %
Borrowings	796	3.76 %	158	2.18 %	638	1.58 %
Total I.B. liab.	12,934	0.77 %	12,596	0.18 %	338	0.59 %
DDA	6,496		6,614		(118)	
Total deposits	18,634	0.37 %	19,052	0.10 %	(418)	0.27 %

QoQ changes in net interest income*¹



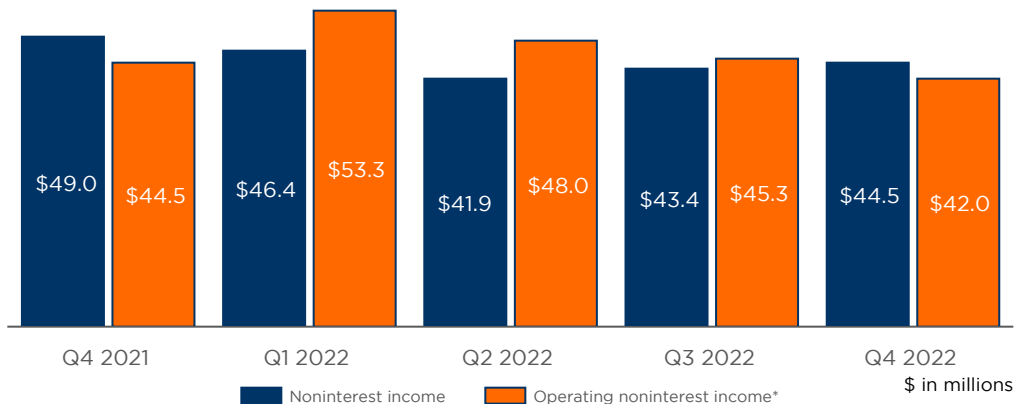
Net interest income and margin trend*¹



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

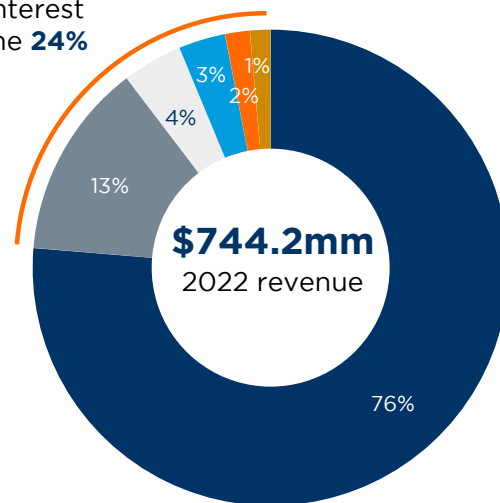
Noninterest income

Noninterest income



Fee income provides diverse revenue stream

Noninterest income **24%**

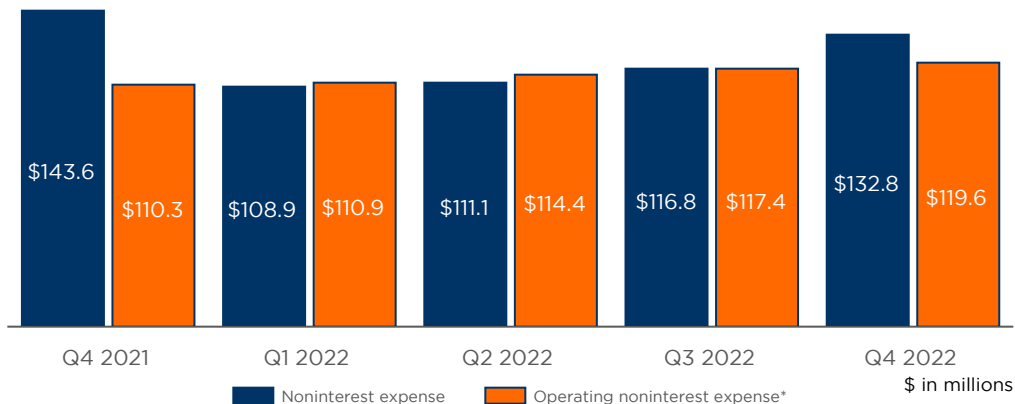


- Net interest income
- Insurance commissions
- Deposit service charges
- Trust & investment advisory fees
- Debit card processing fees
- Other

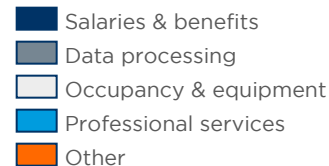
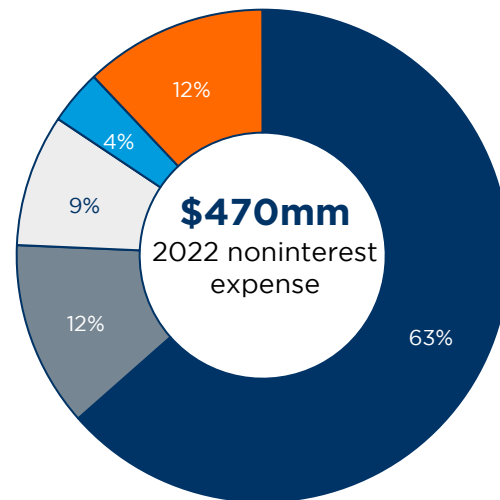
\$ millions	Q4 2022	Q3 2022	Q4 2021	QoQ	YoY
Insurance commissions	22.0	23.8	20.9	(7)%	5 %
Deposit service charges	6.8	6.7	7.3	2 %	(6)%
Trust & investment advisory	5.6	5.8	6.5	(4)%	(14)%
Debit card processing fees	3.2	3.2	3.2	(1)%	2 %
All other	6.8	3.8	11.1	79 %	(39)%
Total noninterest income	\$ 44.5	\$ 43.4	\$ 49.0	3 %	(9)%

Noninterest expense

Noninterest expense



2022 noninterest expense



\$ millions	Q4 2022	Q3 2022	Q4 2021	QoQ	YoY
Salaries & benefits	77.6	78.1	96.4	(1)%	(19)%
Data processing	14.3	13.3	12.9	8 %	11 %
Occupancy & equipment	9.6	9.7	16.2	(1)%	(41)%
Professional services	4.6	4.8	9.2	(4)%	(50)%
All other ¹	26.7	11.0	8.9	143 %	200 %
Total noninterest expense	\$ 132.8	\$ 116.8	\$ 143.6	14 %	(8)%

*Non-GAAP Financial Measure. Please refer to Appendices A-D for the applicable reconciliation. ¹GAAP noninterest expense for the quarter ended December 31, 2022 includes the previously disclosed Defined Benefit Plan settlement accounting charge of \$12.0 million

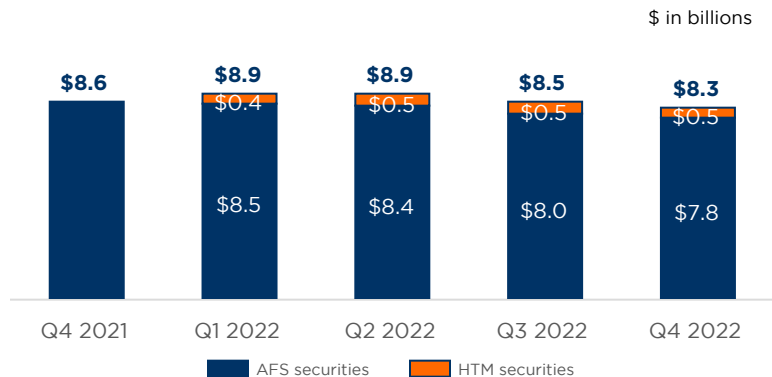
Balance sheet

\$ in millions	Linked Quarter				Year Over Year		
	12/31/2022	9/30/2022	\$	%	12/31/2021	\$	%
Cash and cash equivalents	\$ 170	\$ 158	\$ 12	8 %	\$ 1,232	\$ (1,062)	(86)%
Securities	7,167	7,327	(160)	(2)%	8,511	(1,344)	(16)%
Loans held for sale	5	1	4	400 %	1	4	400 %
Total loans	13,576	12,904	672	5 %	12,282	1,294	11 %
Allowance for loan losses	(142)	(132)	(10)	8 %	(98)	(44)	45 %
Deferred & unearned	(14)	(19)	5	(26)%	(26)	12	(46)%
Net loans	13,420	12,753	667	5 %	12,157	1,263	10 %
Goodwill & intangibles	661	662	(1)	— %	650	11	2 %
Other assets	1,224	1,142	82	7 %	961	263	27 %
Total Assets	\$ 22,647	\$ 22,043	\$ 604	3 %	\$ 23,512	(865)	(4)%
Deposits	\$ 18,974	\$ 18,733	\$ 241	1 %	\$ 19,628	\$ (654)	(3)%
Borrowings	741	423	318	75 %	34	707	2079 %
Other liabilities	460	471	(11)	(2)%	444	16	4 %
Total liabilities	20,175	19,627	548	3 %	20,106	69	— %
Shareholders' equity	2,472	2,416	56	2 %	3,406	(934)	(27)%
Total liabilities & equity	\$ 22,647	\$ 22,043	\$ 604	3 %	\$ 23,512	(865)	(4)%
Equity / assets	10.9 %	11.0 %			14.5 %		
Tangible equity / tangible assets*	8.2 %	8.2 %			12.1 %		

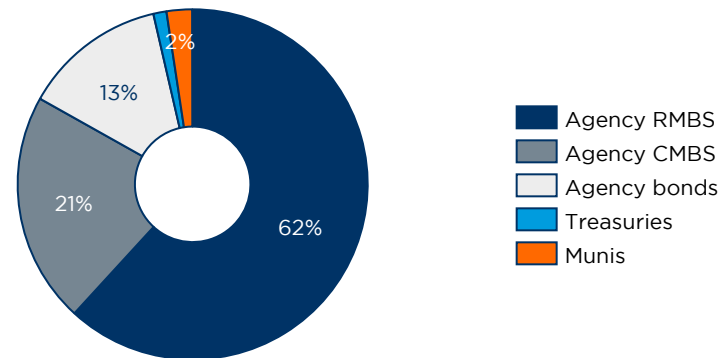
- **Total assets were \$22.6 billion** at December 31, 2022 compared to \$22.0 billion at the end of the prior quarter.
- **Securities decreased \$160 million** to \$7.2 billion due to paydowns and sales of securities, partially offset by an increase in market value.
- **Total loans increased \$672 million** to \$13.6 billion.
- **Total deposits increased \$241 million** to \$19.0 billion, while **borrowings increased \$318 million**.
- **Shareholders' equity increased by \$56 million** from the prior quarter, reflecting an increase in AOCI and retained earnings, partially offset by share repurchases.

Securities portfolio

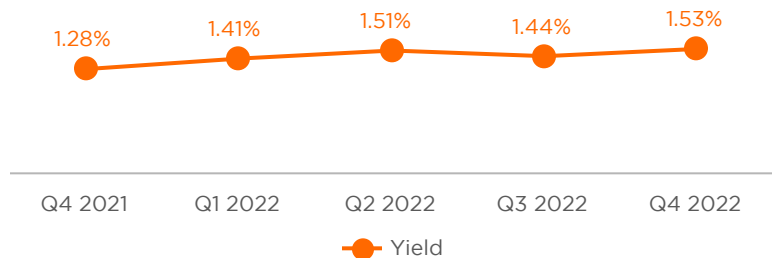
Portfolio trends¹



Investment composition^{1,2}



Total securities yield



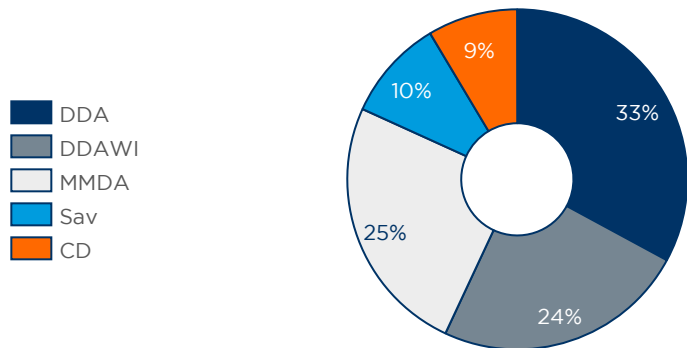
- High quality, **minimal credit risk in portfolio.**
- The **AFS unrealized loss was \$1.1 billion** as of December 31, 2022. Unrealized loss will converge to zero as bond maturity approaches.
- **Portfolio built to provide cash flows** with approximately \$810 million expected over the next 12 months.
- The AFS portfolio has an average **duration of 4.7 years.**

¹Includes both available for sale ("AFS") and held to maturity ("HTM") portfolios represented at amortized cost. ²As of December 31, 2022.

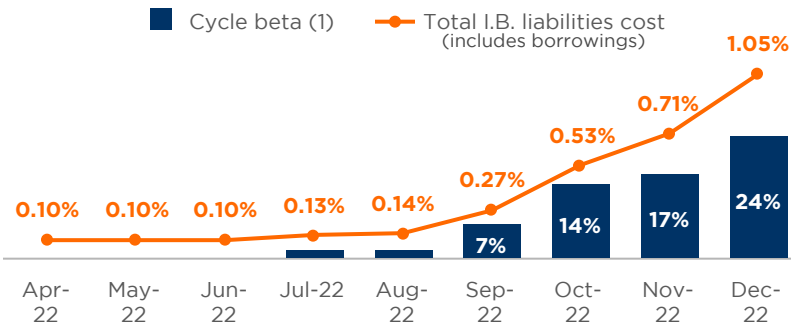
Deposits

- Favorable deposit mix with **57% of total deposits in checking products** and a total **deposit cost of 37 basis points in Q4**.
- Average deposits were lower** in the fourth quarter due to heightened deposit competition and in part due to municipal deposit seasonality.
- Deposits bolstered with **\$928.6 million in brokered CDs** at quarter end.

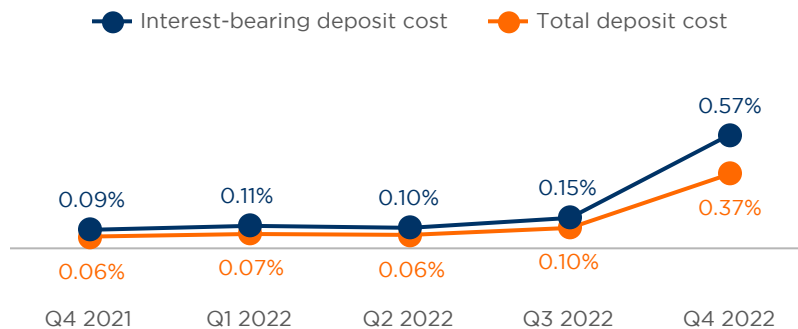
High quality deposit portfolio²



Funding betas & cost



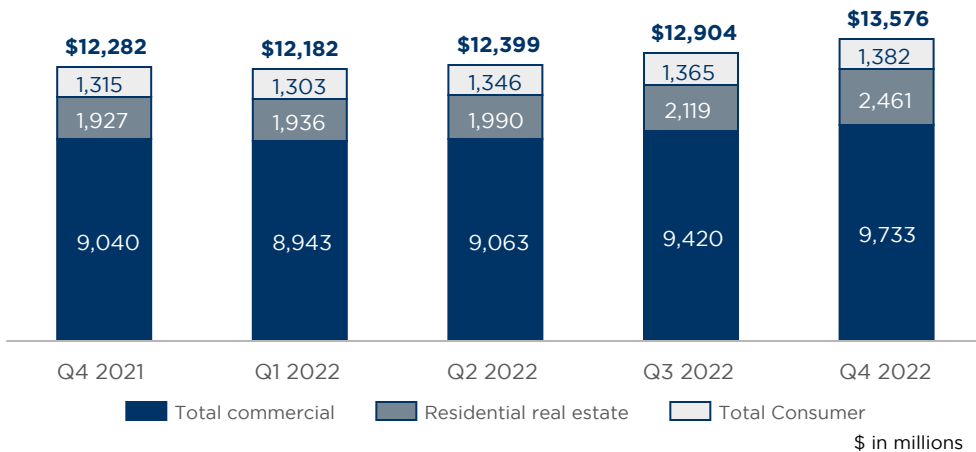
Cost of deposits³



¹Cycle 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. ²As of December 31, 2022. ³Presented on an annualized basis.

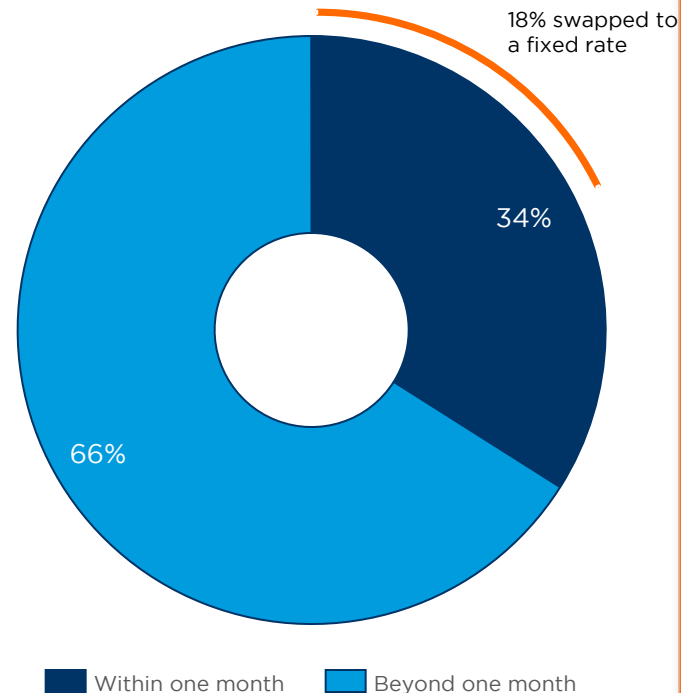
Loan composition

Historical composition



- **Loan growth was \$671.6 million, or 20.6%¹.**
 - Commercial loan growth of 13.2%¹.
 - Residential loan growth of 64.0%¹ including \$367 million² in purchased loans from Embrace Home Loans at December 31, 2022.
 - Consumer loan growth of 4.8%¹, primarily home equity loans.

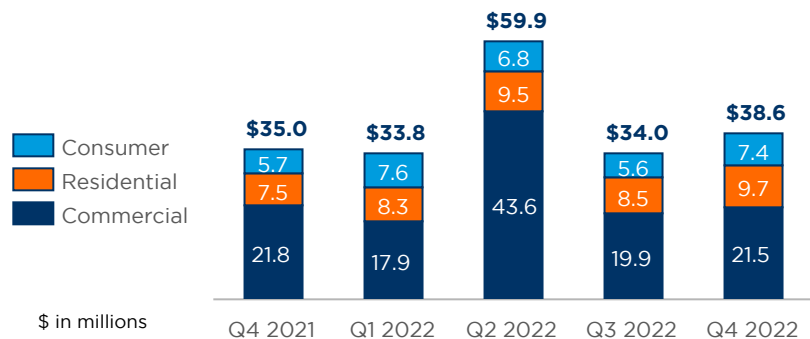
Loan repricing characteristics^{3,4}



¹Presented on an annualized basis. ²Unpaid principal balance does not reflect purchase premiums. ³Reflects percentages of the Company's loan composition, calculated as the sum of loan balances expected to reprice or mature plus the sum of estimated prepayment and contractual amortization cash flows. ⁴As of December 31, 2022.

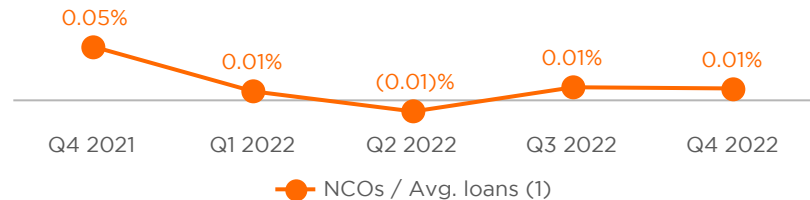
Asset quality

Non-performing loans (NPLs)

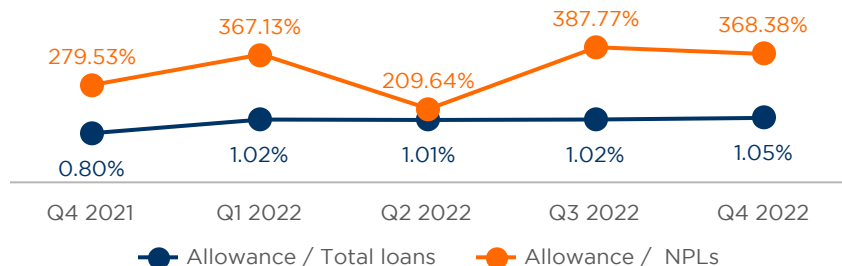


- The **allowance for loan losses** was **\$142.2 million** at December 31, 2022, representing 1.05% of total loans and 368% of non-performing loans.
- The Company recorded a **provision for loan losses of \$10.9 million** for the fourth quarter, of which \$7.2 million was due to loan growth. The allowance to total loans was up 3bps.
- Net charge-offs were 0.01%** of average total loans on an annualized basis.

Net charge-offs (NCOs) / Avg. loans¹



Allowance / Total loans & NPLs



¹Presented on an annualized basis.

Outlook for 2023

The outlook below is subject to a high degree of overall economic and interest rate uncertainty.

Category	Management's outlook
Commercial loan growth	Commercial loan growth is expected to be in the low single digits in 2023 due to higher interest rates and liquidity
Net interest margin	Net interest margin declined 2.87% to 2.81% from Q3 to Q4 2022 and further declines are expected until funding costs stabilize
Operating noninterest income*	Expected to be in the range of \$170 - \$180 million
Operating noninterest expense*	Expected to be in the range of \$465 - \$475 million
Asset quality	Consensus expectations assume a modest recession. Slower growth rate in loans will impact provision levels.
Share repurchases	Will depend on market, capital and liquidity conditions. Will be looking for liquidity conditions to significantly improve before considering repurchasing shares at the pace of early 2022.

Appendix

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

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

Net income (GAAP)

Add:

Noninterest income components:

(Income) losses from investments held in rabbi trusts

Losses on sales of securities available for sale, net

(Gains) losses on sales of other assets

Noninterest expense components:

Rabbi trust employee benefit expense (income)

Impairment charge on tax credit investments

Merger and acquisition expenses

Defined Benefit Plan settlement loss

Total impact of non-GAAP adjustments

Less net tax benefit associated with non-GAAP adjustments (1)

Non-GAAP adjustments, net of tax

Operating net income (non-GAAP)

Weighted average common shares outstanding during the period (2):

Basic

Diluted

Earnings per share, basic

Earnings per share, diluted

Operating earnings per share, basic (non-GAAP)

Operating earnings per share, diluted (non-GAAP)

	As of and for the three Months Ended				
	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
Net income (GAAP)	\$ 42,294	\$ 54,777	\$ 51,172	\$ 51,516	\$ 35,087
Add:					
Noninterest income components:					
(Income) losses from investments held in rabbi trusts	(3,235)	2,248	7,316	4,433	(4,444)
Losses on sales of securities available for sale, net	683	198	104	2,172	—
(Gains) losses on sales of other assets	(14)	(501)	(1,251)	274	(34)
Noninterest expense components:					
Rabbi trust employee benefit expense (income)	1,103	(867)	(3,310)	(2,087)	2,519
Impairment charge on tax credit investments	—	—	—	—	116
Merger and acquisition expenses	—	271	—	34	30,652
Defined Benefit Plan settlement loss	12,045	—	—	—	—
Total impact of non-GAAP adjustments	10,582	1,349	2,859	4,826	28,809
Less net tax benefit associated with non-GAAP adjustments (1)	2,964	384	1,513	1,235	19,036
Non-GAAP adjustments, net of tax	\$ 7,618	\$ 965	\$ 1,346	\$ 3,591	\$ 9,773
Operating net income (non-GAAP)	\$ 49,912	\$ 55,742	\$ 52,518	\$ 55,107	\$ 44,860
Weighted average common shares outstanding during the period (2):					
Basic	162,032,522	163,718,962	166,533,920	169,857,950	172,246,799
Diluted	162,263,547	164,029,649	166,573,627	169,968,156	172,481,829
Earnings per share, basic	\$ 0.26	\$ 0.33	\$ 0.31	\$ 0.30	\$ 0.20
Earnings per share, diluted	\$ 0.26	\$ 0.33	\$ 0.31	\$ 0.30	\$ 0.20
Operating earnings per share, basic (non-GAAP)	\$ 0.31	\$ 0.34	\$ 0.32	\$ 0.32	\$ 0.26
Operating earnings per share, diluted (non-GAAP)	\$ 0.31	\$ 0.34	\$ 0.32	\$ 0.32	\$ 0.26

(1) The net tax benefit associated with these items is determined by assessing whether each item is included or excluded from net taxable income and applying our combined statutory tax rate only to those items included in net taxable income. The net tax benefit amount for the quarters ended December 31, 2021 and June 30, 2022 reflect the impact of the release of \$11.3 million and \$0.7 million, respectively, of the \$12.0 million valuation allowance associated with the Company's stock donation to the Eastern Bank Foundation made in the quarter ended December 31, 2020. There was no such release in other quarters.

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

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

	As of and for the three Months Ended				
	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
(Unaudited, dollars in thousands, except per-share data)					
Return on average assets (3)	0.75 %	0.97 %	0.92 %	0.90 %	0.67 %
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.06)%	0.04%	0.13%	0.08%	(0.08)%
Losses on sales of securities available for sale, net (3)	0.01%	0.00%	0.00%	0.04%	0.00%
(Gains) losses on sales of other assets (3)	0.00%	(0.01)%	(0.02)%	0.00%	0.00%
Rabbi trust employee benefit expense (income) (3)	0.02%	(0.02)%	(0.06)%	(0.04)%	0.05%
Impairment charge on tax credit investments (3)	0.00%	0.00%	0.00%	0.00%	0.00%
Merger and acquisition expenses (3)	0.00%	0.00%	0.00%	0.00%	0.58%
Defined Benefit Plan settlement loss (3)	0.21%	0.00%	0.00%	0.00%	0.00%
Less net tax benefit associated with non-GAAP adjustments (1) (3)	0.05%	0.01%	0.03%	0.02%	0.36%
Operating return on average assets (non-GAAP) (3)	0.88 %	0.97 %	0.94 %	0.96 %	0.86 %
Return on average shareholders' equity (3)	6.93 %	7.83 %	7.16 %	6.38 %	4.07 %
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.53)%	0.32%	1.02%	0.55%	(0.52)%
Losses on sales of securities available for sale, net (3)	0.11%	0.03%	0.01%	0.27%	0.00%
(Gains) losses on sales of other assets (3)	0.00%	(0.07)%	(0.18)%	0.03%	0.00%
Rabbi trust employee benefit expense (income) (3)	0.18%	(0.12)%	(0.46)%	(0.26)%	0.29%
Impairment charge on tax credit investments (3)	0.00%	0.00%	0.00%	0.00%	0.01%
Merger and acquisition expenses (3)	0.00%	0.04%	0.00%	0.00%	3.55%
Defined Benefit Plan settlement loss (3)	1.97%	0.00%	0.00%	0.00%	0.00%
Less net tax benefit associated with non-GAAP adjustments (1) (3)	0.49%	0.05%	0.21%	0.15%	2.21%
Operating return on average shareholders' equity (non-GAAP) (3)	8.17 %	7.98 %	7.34 %	6.82 %	5.19 %

(1) The net tax benefit associated with these items is determined by assessing whether each item is included or excluded from net taxable income and applying our combined statutory tax rate only to those items included in net taxable income. The net tax benefit amount for the quarters ended December 31, 2021 and June 30, 2022 reflect the impact of the release of \$11.3 million and \$0.7 million, respectively, of the \$12.0 million valuation allowance associated with the Company's stock donation to the Eastern Bank Foundation made in the quarter ended December 31, 2020. There was no such release in other quarters.

(3) Presented on an annualized basis.

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

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

	As of and for the three Months Ended				
	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
Average tangible shareholders' equity:					
Average total shareholders' equity (GAAP)	\$ 2,420,174	\$ 2,776,691	\$ 2,865,799	\$ 3,273,447	\$ 3,423,231
Less: Average goodwill and other intangibles	661,841	656,684	654,444	649,497	520,988
Average tangible shareholders' equity (non-GAAP)	\$ 1,758,333	\$ 2,120,007	\$ 2,211,355	\$ 2,623,950	\$ 2,902,243
Return on average tangible shareholders' equity (non-GAAP) (3)	9.54%	10.25%	9.28%	7.96%	4.80%
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.73)%	0.42%	1.33%	0.69%	(0.61)%
Losses on sales of securities available for sale, net (3)	0.15%	0.04%	0.02%	0.34%	—%
(Gains) losses on sales of other assets (3)	—%	(0.09)%	(0.23)%	0.04%	—%
Rabbi trust employee benefit expense (income) (3)	0.25 %	(0.16)%	(0.60)%	(0.32)%	0.34 %
Impairment charge on tax credit investments (3)	— %	— %	— %	— %	0.02 %
Merger and acquisition expenses (3)	— %	0.05 %	— %	0.01 %	4.19 %
Defined Benefit Plan settlement loss (3)	2.72%	—%	—%	—%	—%
Less net tax benefit associated with non-GAAP adjustments (1) (3)	0.67%	0.07%	0.27%	0.19%	2.60%
Operating return on average tangible shareholders' equity (non-GAAP) (3)	11.26%	10.44%	9.53%	8.53%	6.14%

(1) The net tax benefit associated with these items is determined by assessing whether each item is included or excluded from net taxable income and applying our combined statutory tax rate only to those items included in net taxable income. The net tax benefit amount for the quarters ended December 31, 2021 and June 30, 2022 reflect the impact of the release of \$11.3 million and \$0.7 million, respectively, of the \$12.0 million valuation allowance associated with the Company's stock donation to the Eastern Bank Foundation made in the quarter ended December 31, 2020. There was no such release in other quarters.

(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, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
Net interest income (GAAP)	\$ 149,994	\$ 152,179	\$ 137,757	\$ 128,124	\$ 122,437
Add:					
Tax-equivalent adjustment (non-GAAP) (1)	3,780	3,672	3,023	2,261	2,211
Fully-taxable equivalent net interest income (non-GAAP)	\$ 153,774	\$ 155,851	\$ 140,780	\$ 130,385	\$ 124,648
Noninterest income (GAAP)	\$ 44,516	\$ 43,353	\$ 41,877	\$ 46,415	\$ 49,001
Less:					
Income (losses) from investments held in rabbi trusts	3,235	(2,248)	(7,316)	(4,433)	4,444
Losses on sales of securities available for sale, net	(683)	(198)	(104)	(2,172)	—
Gain (losses) on sales of other assets	14	501	1,251	(274)	34
Noninterest income on an operating basis (non-GAAP)	\$ 41,950	\$ 45,298	\$ 48,046	\$ 53,294	\$ 44,523
Noninterest expense (GAAP)	\$ 132,757	\$ 116,840	\$ 111,139	\$ 108,866	\$ 143,602
Less:					
Rabbi trust employee benefit expense (income)	1,103	(867)	(3,310)	(2,087)	2,519
Impairment charge on tax credit investments	—	—	—	—	116
Merger and acquisition expenses	—	271	—	34	30,652
Defined Benefit Plan settlement loss	12,045	—	—	—	—
Noninterest expense on an operating basis (non-GAAP)	\$ 119,609	\$ 117,436	\$ 114,449	\$ 110,919	\$ 110,315
Total revenue (GAAP)	\$ 194,510	\$ 195,532	\$ 179,634	\$ 174,539	\$ 171,438
Total operating revenue (non-GAAP)	\$ 195,724	\$ 201,149	\$ 188,826	\$ 183,679	\$ 169,171
Efficiency ratio (GAAP)	68.25 %	59.75 %	61.87 %	62.37 %	83.76 %
Operating efficiency ratio (non-GAAP)	61.11 %	58.38 %	60.61 %	60.39 %	65.21 %
Noninterest income / total revenue (GAAP)	22.89 %	22.17 %	23.31 %	26.59 %	28.58 %
Noninterest income / total revenue on an operating basis (non-GAAP)	21.43 %	22.52 %	25.44 %	29.01 %	26.32 %

(1) Interest income on tax-exempt loans and investment securities has been adjusted to an FTE basis using a marginal tax rate of 21.6%, 21.5%, 21.5%, 21.5%, and 21.0% for the three months ended December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, and December 31, 2021, respectively.

Appendix C: Reconciliation of non-GAAP capital metrics



	As of				
	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
(Unaudited, dollars in thousands, except per-share data)					
Tangible shareholders' equity:					
Total shareholders' equity (GAAP)	\$ 2,471,790	\$ 2,416,163	\$ 2,718,396	\$ 3,008,392	\$ 3,406,352
Less: Goodwill and other intangibles	661,126	662,222	653,853	654,759	649,703
Tangible shareholders' equity (non-GAAP)	1,810,664	1,753,941	2,064,543	2,353,633	2,756,649
Tangible assets:					
Total assets (GAAP)	22,646,858	22,042,933	22,350,848	22,836,072	23,512,128
Less: Goodwill and other intangibles	661,126	662,222	653,853	654,759	649,703
Tangible assets (non-GAAP)	\$ 21,985,732	\$ 21,380,711	\$ 21,696,995	\$ 22,181,313	\$ 22,862,425
Shareholders' equity to assets ratio (GAAP)	10.9 %	11.0 %	12.2 %	13.2 %	14.5 %
Tangible shareholders' equity to tangible assets ratio (non-GAAP)	8.2 %	8.2 %	9.5 %	10.6 %	12.1 %
Common shares outstanding	176,172,073	177,772,553	179,253,801	183,438,711	186,305,332
Book value per share (GAAP)	\$ 14.03	\$ 13.59	\$ 15.17	\$ 16.40	\$ 18.28
Tangible book value per share (non-GAAP)	\$ 10.28	\$ 9.87	\$ 11.52	\$ 12.83	\$ 14.80

Appendix D: Tangible shareholders' equity roll forward

	As of		Change
	Dec 31, 2022	Sep 30, 2022	Sep 30, 2022
(Unaudited, dollars in thousands, except per-share data)			
Common stock	\$ 1,762	\$ 1,778	\$ (16)
Additional paid in capital	1,649,141	1,676,396	(27,255)
Unallocated ESOP common stock	(137,696)	(138,950)	1,254
Retained earnings	1,881,775	1,855,757	26,018
AOCl, net of tax - available for sale securities	(880,156)	(918,855)	38,699
AOCl, net of tax - pension	7,123	(5,842)	12,965
AOCl, net of tax - cash flow hedge	(50,159)	(54,121)	3,962
Total shareholders' equity:	\$ 2,471,790	\$ 2,416,163	\$ 55,627
Less: Goodwill and other intangibles	661,126	662,222	(1,096)
Tangible shareholders' equity (non-GAAP)	\$ 1,810,664	\$ 1,753,941	\$ 56,723
Common shares outstanding	176,172,073	177,772,553	(1,600,480)
Per share:			
Common stock	\$ 0.01	\$ 0.01	\$ —
Additional paid in capital	9.36	9.43	(0.07)
Unallocated ESOP common stock	(0.78)	(0.78)	—
Retained earnings	10.68	10.44	0.24
AOCl, net of tax - available for sale securities	(5.00)	(5.17)	0.17
AOCl, net of tax - pension	0.04	(0.03)	0.07
AOCl, net of tax - cash flow hedge	(0.28)	(0.30)	0.02
Total shareholders' equity:	\$ 14.03	\$ 13.59	\$ 0.44
Less: Goodwill and other intangibles	3.75	3.73	0.03
Tangible shareholders' equity (non-GAAP)	\$ 10.28	\$ 9.87	\$ 0.41