Q2 Earnings Presentation

Eastern Bankshares, Inc.

July 27 | 2023

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

Q2 2023 financial highlights

Eastern Bankshares, Inc.

Key Metrics

$48.7 million
Net income

$45.3 million
Operating net income*

$0.30 Diluted EPS	**$0.28** Diluted operating EPS*
2.80% NIM*[1]	**1.22%** Total deposit cost[1]
0.14% NPAs / total assets	**0.01%** NCOs / avg. loans[1]

$0.10 per share
Dividend declared

$14.33 BV/Share	**$10.59** TBV/Share*

Highlights

- Net income of $48.7 million and operating net income* of $45.3 million
- Net interest margin expansion of 14 basis points to 2.80% due to prior quarter sale of $1.9 billion in available-for-sale ("AFS") securities ("the repositioning")
- Continued strong asset quality, with annualized net charge-offs ("NCOs") of 0.01% of average total loans and non-performing loans of $30.6 million, or 0.22% of total loans. Provision for allowance for loan losses was $7.5 million, up from $25 thousand in the prior quarter and contributing to an increase in the allowance of $7.0 million
- Total revenue of $195.4 million. Total operating revenue* of $196.3 million, an increase of $1.5 million from prior quarter
- The effective tax rate of 27% in the second quarter was higher than expected due in part to impacts of the repositioning in the prior quarter
- Healthy balance sheet with 11.7% shareholders' equity to assets, 8.9% tangible shareholders' equity to tangible assets* and 15.7% common equity tier 1 capital ratio[2]. Total borrowings and brokered deposits of less than 5% of total assets

*Non-GAAP Financial Measure. Please refer to Appendices C-G for the applicable reconciliation. [1]Presented on an annualized basis. [2]Regulatory capital ratios are preliminary estimates.

Balance sheet

Eastern Bankshares, Inc.

$ in millions	Linked Quarter 6/30/2023	3/31/2023	△ $	△ %	Year Over Year 6/30/2022	△ $	△ %
Cash and cash equivalents	**$ 874**	$ 2,138	$ (1,264)	(59)%	$ 369	$ 505	137 %
Securities	**4,985**	5,171	(186)	(4)%	8,026	(3,041)	(38)%
Loans held for sale	**3**	3	—	— %	1	2	200 %
Total loans	**13,962**	13,675	287	2 %	12,399	1,563	13 %
Allowance for loan losses	**(148)**	(141)	(7)	5 %	(126)	(22)	17 %
Deferred & unearned	**(15)**	(14)	(1)	7 %	(21)	6	(29)%
Net loans	**13,799**	13,521	278	2 %	12,252	1,547	13 %
Goodwill & intangibles	**659**	660	(1)	— %	654	5	1 %
Other assets	**1,263**	1,228	35	3 %	1,049	214	20 %
Total assets	**$ 21,583**	$ 22,721	$ (1,138)	(5)%	$ 22,351	(768)	(3)%
Deposits	**$ 18,181**	$ 18,542	$ (361)	(2)%	$ 19,164	$ (983)	(5)%
Borrowings	**351**	1,138	(787)	(69)%	43	308	716 %
Other liabilities	**525**	461	64	14 %	425	100	24 %
Total liabilities	**19,057**	20,141	(1,084)	(5)%	19,632	(575)	(3)%
Shareholders' equity	**2,526**	2,580	(54)	(2)%	2,719	(193)	(7)%
Total liabilities & equity	**$ 21,583**	$ 22,721	$ (1,138)	(5)%	$ 22,351	(768)	(3)%
Equity / assets	**11.7 %**	11.4 %			12.2 %		
Tangible equity / tangible assets*	**8.9 %**	8.7 %			9.5 %		

- **Total assets were $21.6 billion** at June 30, 2023 compared to $22.7 billion at the end of the prior quarter
- **Securities decreased $186 million** to $5.0 billion due primarily to paydowns
- **Cash decreased $1.3 billion** to $0.9 billion as proceeds from the repositioning were deployed
- **Total loans increased $287 million** to $14.0 billion, primarily driven by commercial loans
- **Total deposits decreased $361 million** to $18.2 billion, while **borrowings decreased $787 million** to $351 million
- **Shareholders' equity decreased by $54 million**, reflecting a decrease in AOCI partially offset by growth in retained earnings

*Non-GAAP Financial Measure. Please refer to Appendices C-G for the applicable reconciliation.

Income statement

Eastern Bankshares, Inc.

$ in millions, except per share amounts	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net interest income	**$ 141.6**	$ 138.3	$ 150.0	$ 152.2	$ 137.8
Noninterest income	**53.8**	(278.3)	44.5	43.4	41.9
Total revenue	**195.4**	(140.0)	194.5	195.6	179.7
Noninterest expense	**121.6**	116.3	132.8	116.8	111.1
Pre-tax, pre-provision income (loss)	**73.8**	(256.3)	61.8	78.7	68.5
Provision for allowance for loan losses	**7.5**	—	10.9	6.5	1.1
Pre-tax income (loss)	**66.3**	(256.3)	50.9	72.2	67.4
Income tax expense (benefit)	**17.6**	(62.2)	8.6	17.4	16.2
Net income (loss)	**$ 48.7**	$ (194.1)	$ 42.3	$ 54.8	$ 51.2
Operating net income*	**$ 45.3**	$ 61.1	$ 49.9	$ 55.7	$ 52.5
EPS	**$ 0.30**	$ (1.20)	$ 0.26	$ 0.33	$ 0.31
Operating EPS*	**$ 0.28**	$ 0.38	$ 0.31	$ 0.34	$ 0.32
ROA[1]	**0.89 %**	(3.50)%	0.75 %	0.97 %	0.92 %
Operating ROA*[1]	**0.83 %**	1.09 %	0.88 %	0.97 %	0.94 %
Efficiency ratio	**62.25 %**	(83.05)%	68.25 %	59.75 %	61.87 %
Operating efficiency ratio*	**61.31 %**	59.06 %	61.11 %	58.38 %	60.61 %

- Net income in the second quarter was $48.7 million and **operating net income* was $45.3 million**
- **Net interest income was $141.6 million** in the second quarter, an increase of $3.3 million from the prior quarter
- **Noninterest income was $53.8 million** and $50.8 million on an operating* basis
- **Noninterest expense was $121.6 million** and $120.3 million on an operating* basis
- **Provision for allowance for loan losses of $7.5 million** for the second quarter due to a combination of loan growth and higher reserve rates

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

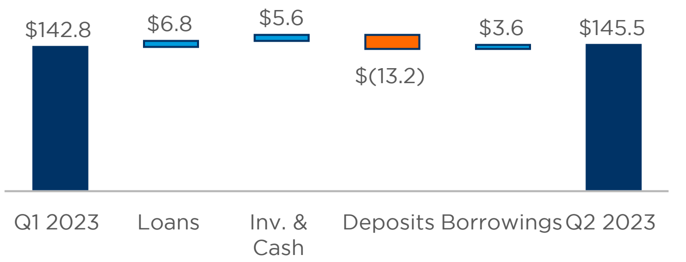
Net interest margin trends

Eastern Bankshares, Inc.

Earning assets

$ in millions	Q2 2023 Avg. Balance	Q2 2023 Yield[1]	Q1 2023 Avg. Balance	Q1 2023 Yield[1]	Change Avg. Balance	Change Yield[1]
Commercial loans	$ 9,921	4.91 %	$ 9,765	4.81 %	$ 156	0.10 %
Residential loans	2,514	3.51 %	2,513	3.49 %	1	0.02 %
Consumer loans	1,370	6.16 %	1,359	5.99 %	11	0.17 %
Total loans	13,805	4.78 %	13,637	4.69 %	168	0.09 %
Securities	5,886	1.80 %	7,685	1.61 %	(1,799)	0.19 %
Cash	1,175	5.07 %	450	4.75 %	725	0.32 %
Total I.E. assets	20,865	3.95 %	21,771	3.60 %	(906)	0.35 %

QoQ changes in FTE net interest income*

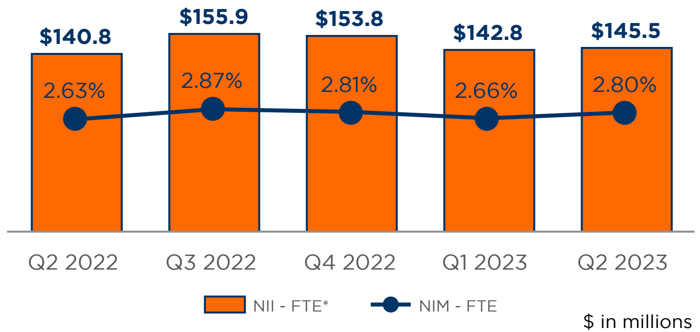


$ in millions

Funding sources

$ in millions	Q2 2023 Avg. Balance	Q2 2023 Cost	Q1 2023 Avg. Balance	Q1 2023 Cost	Change Avg. Balance	Change Cost
Savings	$ 1,553	0.01 %	$ 1,721	0.02 %	$ (168)	(0.01)%
DDAWI	4,271	0.58 %	4,364	0.44 %	(93)	0.14 %
MMDA	5,064	2.11 %	5,040	1.63 %	24	0.48 %
CD	2,276	4.11 %	1,932	3.74 %	344	0.37 %
Total I.B. deposits	13,164	1.71 %	13,057	1.33 %	107	0.38 %
Borrowings	349	4.64 %	675	4.59 %	(326)	0.05 %
Total I.B. liab.	13,513	1.79 %	13,732	1.49 %	(219)	0.30 %
DDA	5,332		5,825		(493)	
Total deposits	18,496	1.22 %	18,882	0.92 %	(386)	0.30 %

FTE net interest income and margin trend*



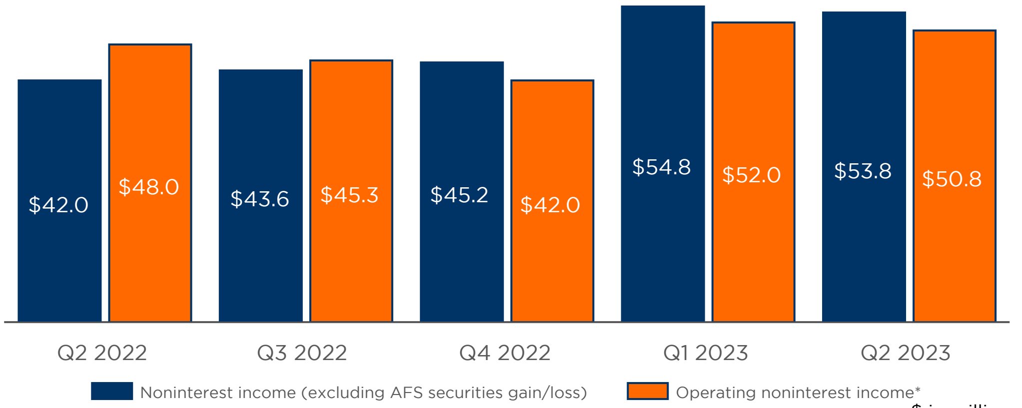
$ in millions

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

Noninterest income

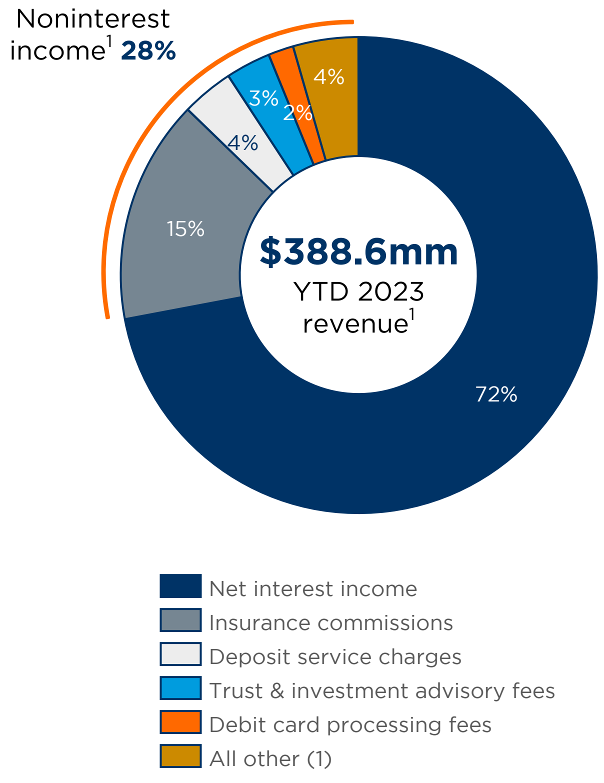
Eastern Bankshares, Inc.

Noninterest income[1]



$ millions	Q2 2023	Q1 2023	Q2 2022	QoQ	YoY
Insurance commissions	**27.6**	31.5	24.7	(12)%	12 %
Deposit service charges	**7.2**	6.5	8.3	11 %	(13)%
Trust & investment advisory	**6.1**	5.8	6.0	5 %	2 %
Debit card processing fees	**3.5**	3.2	3.2	9 %	9 %
Rabbi trust income (losses)	**3.0**	2.9	(7.3)	3 %	NM
Other (ex. AFS gains/losses)	**6.3**	5.1	7.1	24 %	(11)%
Total noninterest income (ex. AFS gains/losses)	**$ 53.8**	$ 54.8	$ 42.0	(2)%	28 %

Fee income provides diverse revenue stream[1]

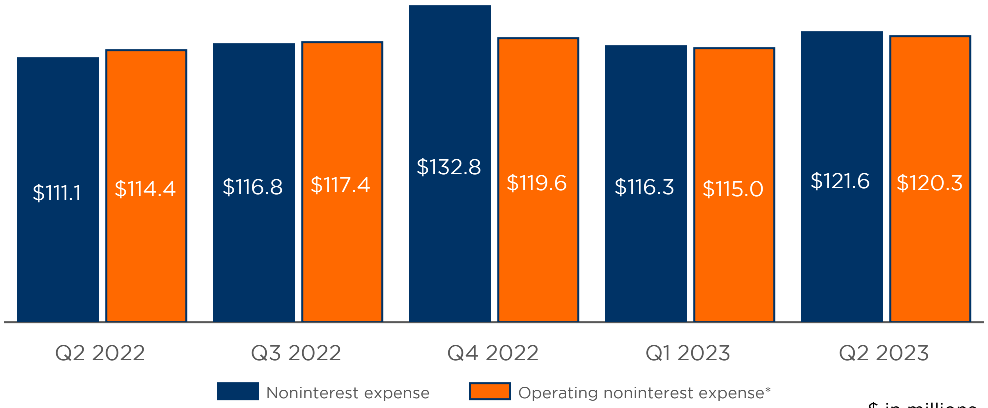


*Non-GAAP Financial Measure. Please refer to Appendices C-G for the applicable reconciliation. [1]Excludes gains/losses on AFS securities.

Noninterest expense

Eastern Bankshares, Inc.

Noninterest expense[1]



$ in millions

$ millions	Q2 2023	Q1 2023	Q2 2022	QoQ	YoY
Salaries & benefits	**79.2**	78.5	73.0	1 %	9 %
Data processing	**13.9**	13.4	14.3	3 %	(3)%
Occupancy & equipment	**9.8**	9.9	9.9	(1)%	(1)%
Professional services	**4.1**	3.4	3.5	19 %	15 %
All other[1]	**14.7**	11.1	10.4	32 %	41 %
Total noninterest expense	**$ 121.7**	$ 116.3	$ 111.1	5 %	9 %

- Overall increase in operating noninterest expense of $5.3 million from the prior quarter
  - Increase in **salaries & benefits, occupancy, and data processing** of $1.1 million
  - Increase of $0.7 million in **professional services**
  - Increase of $3.6 million in all other due to:
    - $1.5 million from increase in **provision for credit losses on off-balance sheet commitments**
    - $0.5 million increase in **FDIC insurance** due to full phase-in of higher assessment
    - $1.0 million increase in **marketing**

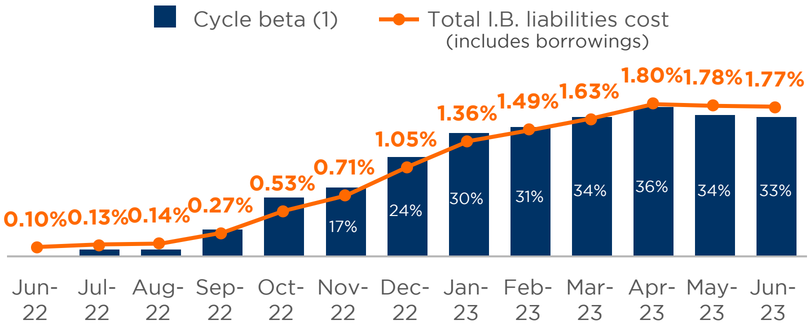
*Non-GAAP Financial Measure. Please refer to Appendices C-G for the applicable reconciliation. [1]GAAP noninterest expense for the quarter ended December 31, 2022 includes the Defined Benefit Plan settlement accounting charge of $12.0 million.

Deposits

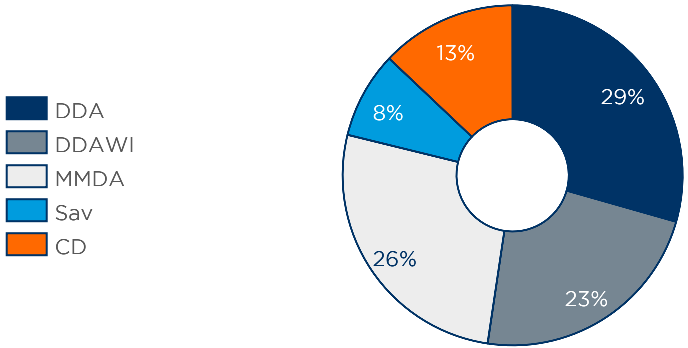
Eastern Bankshares, Inc.

- **Total deposit cost was 1.22%** in the second quarter, compared to 0.92% in the prior quarter
- **Deposits decreased $361 million,** or 2% from the prior quarter
- **52% of total deposits are in checking** products, down from 57% the prior quarter

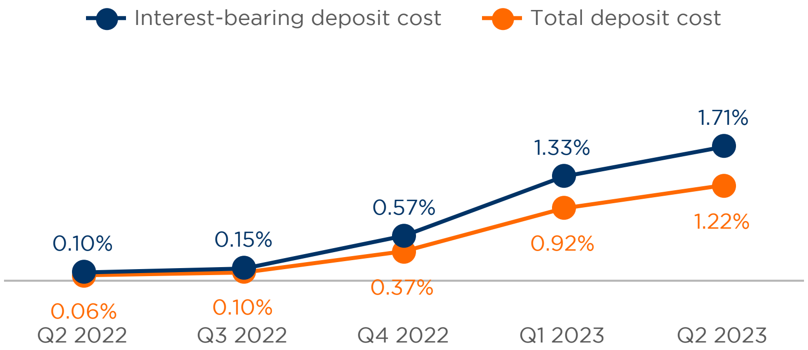
Funding betas & cost



High quality deposit portfolio[2]



Cost of deposits[3]

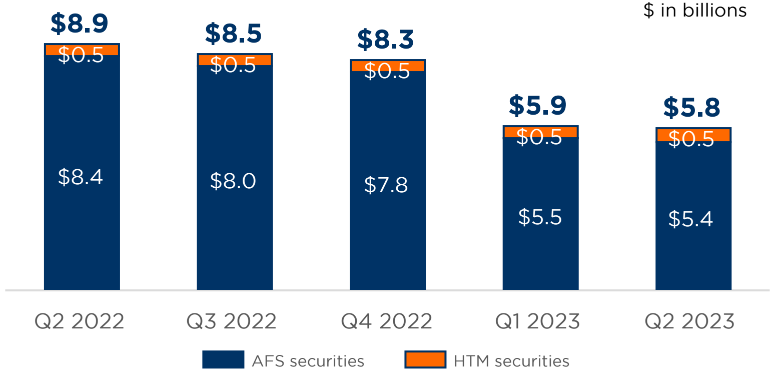


[1]Cycle beta calculated as the change in monthly average total interest-bearing liabilities cost in each respective month from the beginning of the cycle, defined as February, 2022, divided by the respective change in the average monthly upper bound of the Federal Funds target range during the same period. [2]As of June 30, 2023. [3]Presented on an annualized basis.

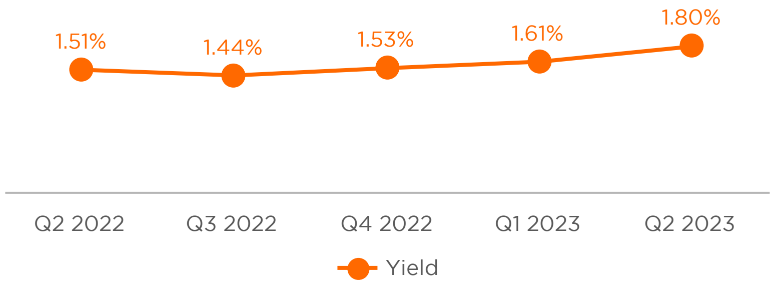
Securities portfolio

Eastern Bankshares, Inc.

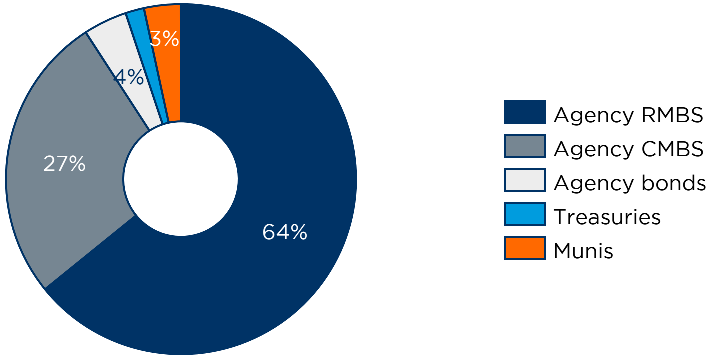
Portfolio trends[1]



Total securities yield



Investment composition[1,2]



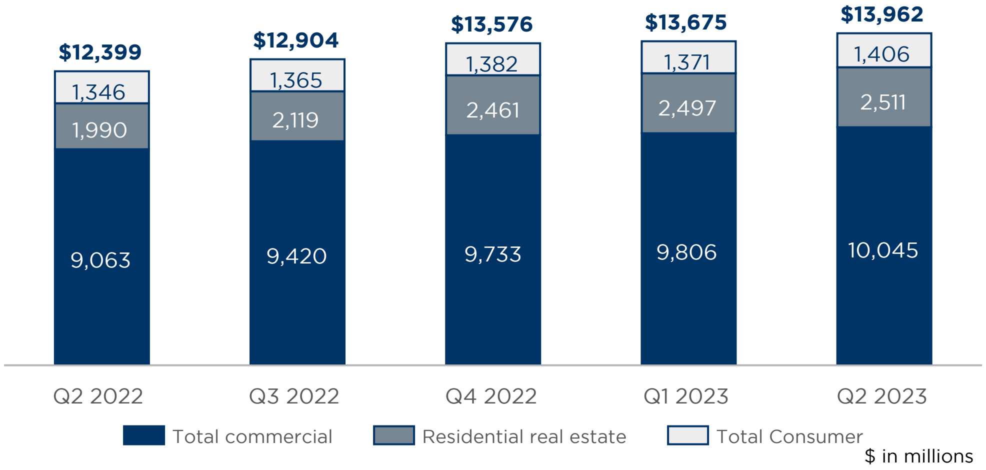
- **In the prior quarter, sold lower yielding AFS securities totaling $1.9 billion** in market value
- Portfolio **yield increased 19 basis points to 1.80%** in the second quarter
- High quality, **minimal credit risk in portfolio**
- The AFS **unrealized loss was $838 million** as of June 30th
- The securities portfolio has an estimated average **duration of 5.0 years** and estimated **annual cash flows of $400-$450 million**

[1]Includes both AFS and HTM portfolios represented at amortized cost. [2]As of June 30, 2023.

Loan composition

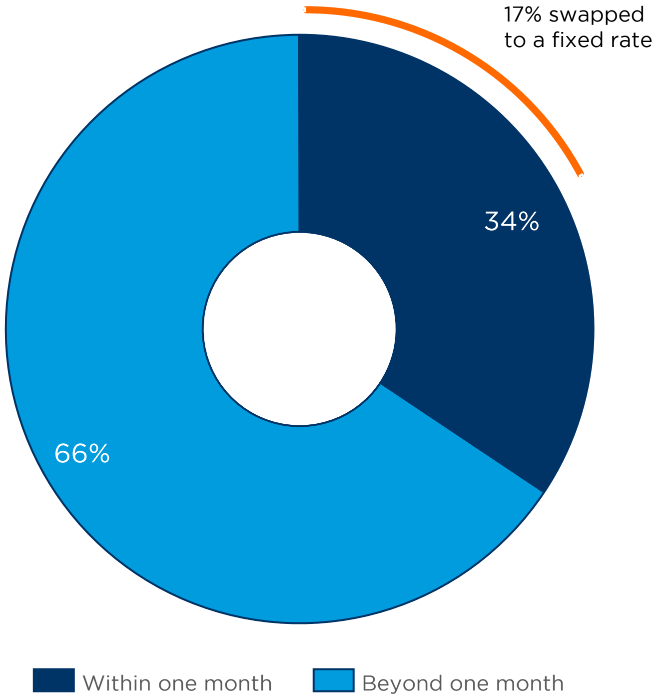
Eastern Bankshares, Inc.

Historical composition



- Quarter over quarter **loan growth was $287 million**, or 8.4%[1]
  - **Commercial** loan growth of $239 million, or 9.8%[1]
  - **Residential** loan growth of $13 million, or 2.1%[1]
  - **Consumer** loan growth of $35 million, or 10.1%[1]
- **Loan growth expected to slow** in the second half of 2023

Loan repricing characteristics[2,3]

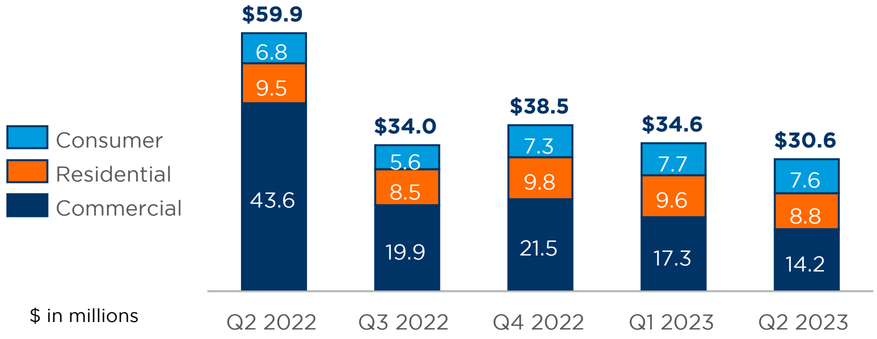


[1]Presented on an annualized basis. [2]Reflects percentages of the Company's loan composition, calculated as the sum of loan balances expected to reprice or mature plus the sum of estimated prepayment and contractual amortization cash flows. [3]As of June 30, 2023.

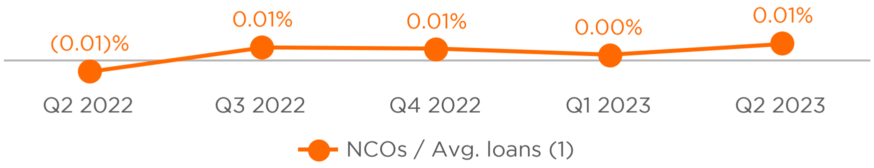
Asset quality

Eastern Bankshares, Inc.

Non-performing loans (NPLs)



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



- **Non-performing loans were $30.6 million**, or 0.22% of total loans
- **Net charge-offs were 0.01%** of average total loans on an annualized basis
- The Company recorded a **provision for loan losses of $7.5** million for the second quarter
- The **allowance for loan losses was $148.0 million** at June 30, 2023, an increase of $7.0 million, representing 1.06% of total loans
- There are **no CRE loans on non-accrual**
- The CRE portfolio is collateralized by **diverse property types** within our local markets. Top 3 sectors include:
  - Multi-family - 23%
  - Industrial/warehouse - 11%
  - Retail - 10%
- **Office CRE update** included in the Appendix

[1]Presented on an annualized basis.

Outlook for 2023

Eastern Bankshares, Inc.

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

Category	Management's outlook
Net interest income	Net interest income for the full year 2023 expected to be modestly lower than 2022 levels with a margin on a fully tax equivalent basis of 2.70% to 2.80%
Operating noninterest income*	Expect full year 2023 to be in the range of $175 - $185 million
Operating noninterest expense*	Expect full year 2023 to be in line with prior guidance of $465 - $475 million
Commercial loan growth	Commercial loan growth is expected to be in the low single digits for remainder of 2023
Tax rate	Expected to be in the range of 22% to 23% for the second half of 2023. There is potential for quarter-to-quarter volatility.

*Non-GAAP Financial Measure. See slide 4 for additional information.

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.

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, and (ix) certain discrete tax items. 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 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; 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 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 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; operational risks such as cybersecurity incidents, natural disasters, and pandemics, including COVID-19; 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.

Appendix

Appendix A: Liquidity & Capital Update

Eastern Bankshares, Inc.

$ in millions	**6/30/2023**	3/31/2023	Change
Uninsured deposits			
Uninsured and uncollateralized deposits	**$ 5,907**	$ 6,681	$ (774)
% of total deposits	**32.5 %**	36.0 %	(3.5)%
Available liquidity sources			
Cash	**$ 874**	$ 2,138	$ (1,264)
Discount Window	**878**	879	(2)
BTFP	**2,536**	2,597	(61)
FHLB	**2,355**	1,522	833
Total sources	**$ 6,642**	$ 7,136	$ (495)
Uninsured deposits coverage ratio	**112 %**	107 %	5 %
Capital			
Shareholders' equity to assets ratio (GAAP)	**11.71 %**	11.35 %	0.36 %
HTM-marked tangible shareholders' equity to HTM-marked tangible assets ratio (non-GAAP)*	**8.76 %**	8.56 %	0.20 %

*Non-GAAP Financial Measure. Please refer to Appendices C-G for the applicable reconciliation.

Appendix B: CRE office exposure[1]

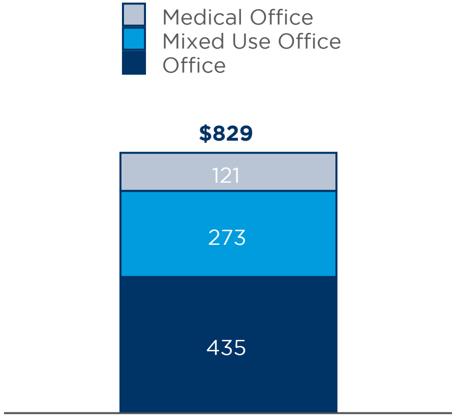
Eastern Bankshares, Inc.

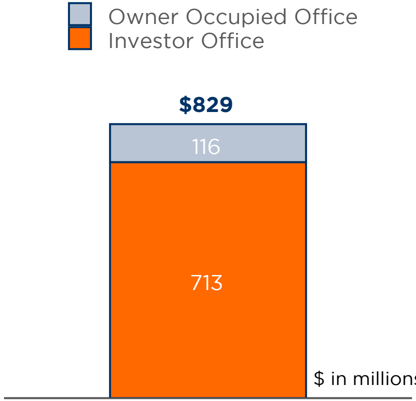
Loan composition

Portfolio	6/30/23	Percent of total loans
Total Loans	$ 13,962	100 %
Total Commercial Loans	10,045	72 %
Office CRE Loans Incl. Owner Occupied	829	6 %
Investor Office CRE Loans	713	5 %

$ in millions

Office related CRE loans





$ in millions

- **Office related CRE of $829 million includes** investor office, owner occupied office and mixed use office
- **The investor office CRE[2] portfolio of $713 million is closely monitored** given prevailing market conditions
  - **99%** is within our footprint
  - Portfolio is comprised of buildings with **diversified rent rolls** and **staggered lease rollover**
  - **Average loan size** of approximately **$4 million**
  - **The 25 largest credits** (58% of investor office CRE) had a **loan to value ("LTV") at origination under 60%**
  - **There are no non-performing investor office CRE loans**
  - **62% suburban**, 38% Boston and Cambridge

[1] Office CRE loan exposure includes loans in the Construction portfolio and excludes loans in the Business Banking portfolio. [2] Investor office CRE excludes owner occupied office.

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

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except per-share data)	As of and for the Three Months Ended Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Net income (loss) (GAAP)	$ 48,657	$ (194,096)	$ 42,294	$ 54,777	$ 51,172
Add:					
Noninterest income components:					
(Income) losses from investments held in rabbi trusts	(3,002)	(2,857)	(3,235)	2,248	7,316
Losses on sales of securities available for sale, net	—	333,170	683	198	104
Gains on sales of other assets	(12)	(1)	(14)	(501)	(1,251)
Noninterest expense components:					
Rabbi trust employee benefit expense (income)	1,314	1,274	1,103	(867)	(3,310)
Merger and acquisition expenses	—	—	—	271	—
Defined Benefit Plan settlement loss	—	—	12,045	—	—
Total impact of non-GAAP adjustments	(1,700)	331,586	10,582	1,349	2,859
Less net tax benefit associated with non-GAAP adjustments (1)	1,634	76,377	2,964	384	1,513
Non-GAAP adjustments, net of tax	$ (3,334)	$ 255,209	$ 7,618	$ 965	$ 1,346
Operating net income (non-GAAP)	$ 45,323	$ 61,113	$ 49,912	$ 55,742	$ 52,518
Weighted average common shares outstanding during the period (2):					
Basic	162,232,236	161,991,373	162,032,522	163,718,962	166,533,920
Diluted	162,246,675	162,059,431	162,263,547	164,029,649	166,573,627
Earnings (loss) per share, basic	$ 0.30	$ (1.20)	$ 0.26	$ 0.33	$ 0.31
Earnings (loss) per share, diluted	$ 0.30	$ (1.20)	$ 0.26	$ 0.33	$ 0.31
Operating earnings per share, basic (non-GAAP)	$ 0.28	$ 0.38	$ 0.31	$ 0.34	$ 0.32
Operating earnings per share, diluted (non-GAAP)	$ 0.28	$ 0.38	$ 0.31	$ 0.34	$ 0.32

(1) The net tax benefit 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 amount for the six months ended June 30, 2023 resulted from the sale of securities classified as available for sale and included a $23.7 million tax benefit resulting from the transfer of certain securities from Market Street Securities Corp., a wholly owned subsidiary which was liquidated during the first quarter of 2023, to Eastern Bank. Upon the sale of securities in the first quarter of 2023, the Company established a valuation allowance of $17.4 million, which is included in the net tax befit amount, as it was determined at the time 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. The net tax benefit for the three months ended June 30, 2023 was primarily the net effect of changes in management's estimate of the Company's annual taxable income.

(2) Shares held by the Company's employee stock ownership plan ("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 C: Reconciliation of non-GAAP earnings metrics (2 of 3)

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except per-share data)	As of and for the Three Months Ended Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Return on average assets (3)	0.89 %	(3.50)%	0.75 %	0.97 %	0.92 %
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.05)%	(0.05)%	(0.06)%	0.04%	0.13%
Losses on sales of securities available for sale, net (3)	0.00%	6.00%	0.01%	0.00%	0.00%
Gains on sales of other assets (3)	0.00%	0.00%	0.00%	(0.01)%	(0.02)%
Rabbi trust employee benefit expense (income) (3)	0.02%	0.02%	0.02%	(0.02)%	(0.06)%
Merger and acquisition expenses (3)	0.00%	0.00%	0.00%	0.00%	0.00%
Defined Benefit Plan settlement loss (3)	0.00%	0.00%	0.21%	0.00%	0.00%
Less net tax benefit associated with non-GAAP adjustments (1) (3)	0.03%	1.38%	0.05%	0.01%	0.03%
Operating return on average assets (non-GAAP) (3)	0.83 %	1.09 %	0.88 %	0.97 %	0.94 %
Return on average shareholders' equity (3)	7.51 %	(32.00)%	6.93 %	7.83 %	7.16 %
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.46)%	(0.47)%	(0.53)%	0.32%	1.02%
Losses on sales of securities available for sale, net (3)	0.00%	54.92%	0.11%	0.03%	0.01%
Gains on sales of other assets (3)	0.00%	0.00%	0.00%	(0.07)%	(0.18)%
Rabbi trust employee benefit expense (income) (3)	0.20%	0.21%	0.18%	(0.12)%	(0.46)%
Merger and acquisition expenses (3)	0.00%	0.00%	0.00%	0.04%	0.00%
Defined Benefit Plan settlement loss (3)	0.00%	0.00%	1.97%	0.00%	0.00%
Less net tax benefit associated with non-GAAP adjustments (1) (3)	0.25%	12.59%	0.49%	0.05%	0.21%
Operating return on average shareholders' equity (non-GAAP) (3)	7.00 %	10.07 %	8.17 %	7.98 %	7.34 %

(1) The net tax benefit 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 amount for the six months ended June 30, 2023 resulted from the sale of securities classified as available for sale and included a $23.7 million tax benefit resulting from the transfer of certain securities from Market Street Securities Corp., a wholly owned subsidiary which was liquidated during the first quarter of 2023, to Eastern Bank. Upon the sale of securities in the first quarter of 2023, the Company established a valuation allowance of $17.4 million, which is included in the net tax befit amount, as it was determined at the time 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. The net tax benefit for the three months ended June 30, 2023 was primarily the net effect of changes in management's estimate of the Company's annual taxable income.

(3) Presented on an annualized basis.

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

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except per-share data)	As of and for the Three Months Ended Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Average tangible shareholders' equity:					
Average total shareholders' equity (GAAP)	$ 2,599,325	$ 2,460,170	$ 2,420,174	$ 2,776,691	$ 2,865,799
Less: Average goodwill and other intangibles	659,825	660,795	661,841	656,684	654,444
Average tangible shareholders' equity (non-GAAP)	$ 1,939,500	$ 1,799,375	$ 1,758,333	$ 2,120,007	$ 2,211,355
Return on average tangible shareholders' equity (non-GAAP) (3)	10.06%	(43.75)%	9.54%	10.25%	9.28%
Add:					
(Income) losses from investments held in rabbi trusts (3)	(0.62)%	(0.64)%	(0.73)%	0.42%	1.33%
Losses on sales of securities available for sale, net (3)	—%	75.09%	0.15%	0.04%	0.02%
Gains on sales of other assets (3)	—%	—%	—%	(0.09)%	(0.23)%
Rabbi trust employee benefit expense (income) (3)	0.27 %	0.29 %	0.25 %	(0.16)%	(0.60)%
Merger and acquisition expenses (3)	— %	— %	— %	0.05 %	— %
Defined Benefit Plan settlement loss (3)	—%	—%	2.72%	—%	—%
Less net tax benefit associated with non-GAAP adjustments (1) (3)	0.34%	17.21%	0.67%	0.07%	0.27%
Operating return on average tangible shareholders' equity (non-GAAP) (3)	9.37%	13.78%	11.26%	10.44%	9.53%

(1) The net tax benefit 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 amount for the six months ended June 30, 2023 resulted from the sale of securities classified as available for sale and included a $23.7 million tax benefit resulting from the transfer of certain securities from Market Street Securities Corp., a wholly owned subsidiary which was liquidated during the first quarter of 2023, to Eastern Bank. Upon the sale of securities in the first quarter of 2023, the Company established a valuation allowance of $17.4 million, which is included in the net tax befit amount, as it was determined at the time 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. The net tax benefit for the three months ended June 30, 2023 was primarily the net effect of changes in management's estimate of the Company's annual taxable income.

(3) Presented on an annualized basis.

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

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands)	Three Months Ended Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Net interest income (GAAP)	$ 141,588	$ 138,309	$ 149,994	$ 152,179	$ 137,757
Add:					
Tax-equivalent adjustment (non-GAAP) (1)	3,877	4,445	3,780	3,672	3,023
Fully-taxable equivalent net interest income (non-GAAP)	$ 145,465	$ 142,754	$ 153,774	$ 155,851	$ 140,780
Noninterest income (loss) (GAAP)	$ 53,831	$ (278,330)	$ 44,516	$ 43,353	$ 41,877
Less:					
Income (losses) from investments held in rabbi trusts	3,002	2,857	3,235	(2,248)	(7,316)
Losses on sales of securities available for sale, net	—	(333,170)	(683)	(198)	(104)
Gains on sales of other assets	12	1	14	501	1,251
Noninterest income on an operating basis (non-GAAP)	$ 50,817	$ 51,982	$ 41,950	$ 45,298	$ 48,046
Noninterest expense (GAAP)	$ 121,648	$ 116,294	$ 132,757	$ 116,840	$ 111,139
Less:					
Rabbi trust employee benefit expense (income)	1,314	1,274	1,103	(867)	(3,310)
Merger and acquisition expenses	—	—	—	271	—
Defined Benefit Plan settlement loss	—	—	12,045	—	—
Noninterest expense on an operating basis (non-GAAP)	$ 120,334	$ 115,020	$ 119,609	$ 117,436	$ 114,449
Total revenue (loss) (GAAP)	$ 195,419	$ (140,021)	$ 194,510	$ 195,532	$ 179,634
Total operating revenue (non-GAAP)	$ 196,282	$ 194,736	$ 195,724	$ 201,149	$ 188,826
Efficiency ratio (GAAP)	62.25 %	(83.05)%	68.25 %	59.75 %	61.87 %
Operating efficiency ratio (non-GAAP)	61.31 %	59.06 %	61.11 %	58.38 %	60.61 %

(1) Interest income on tax-exempt loans and investment securities has been adjusted to an FTE basis using a marginal tax rate of 21.8%, 21.7%, 21.6%, 21.5%, and 21.5% for the three months ended June 30, 2023, March 31, 2023, December 31, 2022, September 30, 2022, and June 30, 2022, respectively.

Appendix E: Reconciliation of non-GAAP capital metrics

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except per-share data)	As of Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Tangible shareholders' equity:					
Total shareholders' equity (GAAP)	$ 2,526,772	$ 2,579,123	$ 2,471,790	$ 2,416,163	$ 2,718,396
Less: Goodwill and other intangibles	658,993	660,165	661,126	662,222	653,853
Tangible shareholders' equity (non-GAAP)	1,867,779	1,918,958	1,810,664	1,753,941	2,064,543
Tangible assets:					
Total assets (GAAP)	21,583,493	22,720,530	22,646,858	22,042,933	22,350,848
Less: Goodwill and other intangibles	658,993	660,165	661,126	662,222	653,853
Tangible assets (non-GAAP)	$ 20,924,500	$ 22,060,365	$ 21,985,732	$ 21,380,711	$ 21,696,995
Shareholders' equity to assets ratio (GAAP)	11.7 %	11.4 %	10.9 %	11.0 %	12.2 %
Tangible shareholders' equity to tangible assets ratio (non-GAAP)	8.9 %	8.7 %	8.2 %	8.2 %	9.5 %
Common shares outstanding	176,376,675	176,328,426	176,172,073	177,772,553	179,253,801
Book value per share (GAAP)	$ 14.33	$ 14.63	$ 14.03	$ 13.59	$ 15.17
Tangible book value per share (non-GAAP)	$ 10.59	$ 10.88	$ 10.28	$ 9.87	$ 11.52

Appendix F: Tangible shareholders' equity roll forward

Eastern Bankshares, Inc.

	As of		Change from
	Jun 30, 2023	Mar 31, 2023	Mar 31, 2023
(Unaudited, dollars in thousands, except per-share data)			
Common stock	$ 1,766	$ 1,764	$ 2
Additional paid in capital	1,656,750	1,651,524	5,226
Unallocated ESOP common stock	(135,232)	(136,470)	1,238
Retained earnings	1,704,470	1,672,169	32,301
AOCI, net of tax - available for sale securities	(646,611)	(588,125)	(58,486)
AOCI, net of tax - pension	6,381	6,742	(361)
AOCI, net of tax - cash flow hedge	(60,752)	(28,481)	(32,271)
Total shareholders' equity:	$ 2,526,772	$ 2,579,123	$ (52,351)
Less: Goodwill and other intangibles	658,993	660,165	(1,172)
Tangible shareholders' equity (non-GAAP)	$ 1,867,779	$ 1,918,958	$ (51,179)
Common shares outstanding	176,376,675	176,328,426	48,249
Per share:			
Common stock	$ 0.01	$ 0.01	$ —
Additional paid in capital	9.39	9.37	0.03
Unallocated ESOP common stock	(0.77)	(0.77)	0.01
Retained earnings	9.66	9.48	0.18
AOCI, net of tax - available for sale securities	(3.67)	(3.34)	(0.33)
AOCI, net of tax - pension	0.04	0.04	—
AOCI, net of tax - cash flow hedge	(0.34)	(0.16)	(0.18)
Total shareholders' equity:	$ 14.33	$ 14.63	$ (0.30)
Less: Goodwill and other intangibles	3.74	3.74	(0.01)
Tangible shareholders' equity (non-GAAP)	$ 10.59	$ 10.88	$ (0.29)

Appendix G: HTM-Marked Tangible Common Equity Ratio

Eastern Bankshares, Inc.

(Unaudited, dollars in thousands, except per-share data)	As of Jun 30, 2023	As of Mar 31, 2023
HTM-marked tangible shareholders' equity:		
Total shareholders' equity (GAAP)	$ 2,526,772	$ 2,579,123
Less: Goodwill and other intangibles	658,993	660,165
Less: After-tax fair value mark on HTM securities (1)	37,462	32,841
HTM-marked tangible shareholders' equity (non-GAAP)	1,830,317	1,886,117
HTM-marked tangible assets:		
Total assets (GAAP)	21,583,493	22,720,530
Less: Goodwill and other intangibles	658,993	660,165
Less: After-tax fair value mark on HTM securities (1)	37,462	32,841
HTM-marked tangible assets (non-GAAP)	20,887,038	22,027,524
Shareholders' equity to assets ratio (GAAP)	11.71 %	11.35 %
HTM-marked tangible shareholders' equity to HTM-marked tangible assets ratio (non-GAAP)	8.76 %	8.56 %

(1) Assumes pre-tax mark-to-market adjustments are tax-effected at an effective tax rate of 28.23%.