



Eastern Bankshares, Inc. (EBC)

Updated May 4th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	\$15.31	5 Year CAGR Estimate:	17.2%	Market Cap:	\$3.0 B
Fair Value Price:	\$22.95	5 Year Growth Estimate:	6.0%	Ex-Dividend Date¹:	06/03/25
% Fair Value:	67%	5 Year Valuation Multiple Estimate:	8.4%	Dividend Payment Date¹:	06/16/25
Dividend Yield:	3.4%	5 Year Price Target	\$31	Years Of Dividend Growth:	26
Dividend Risk Score:	B	Sector:	Financials	Rating:	Buy

Overview & Current Events

Eastern Bankshares Inc. provides commercial banking products and services primarily to retail, commercial and small business customers. It provides banking, trust, and investment services, as well as insurance services, through its full-service bank branches and insurance offices. Eastern Bankshares Inc. is based in Boston, Massachusetts. Eastern Bank made a major move to expand its private banking with a \$528 million acquisition of Cambridge Trust (CATC), which was completed in July 2024. Simultaneously, the bank sold its insurance business for \$510 million to brokerage giant Arthur J. Gallagher & Co. in 2023. As of March 31, 2025, Eastern Bankshares had total consolidated assets of \$25.0 billion, total gross loans of \$18.2 billion, and total deposits of \$20.8 billion. The company was founded in 1818 and has 1,744 employees.

On April 24th, 2025, Eastern Bankshares announced its first-quarter 2025 results for the period ending March 31st, 2025. For the quarter, the company reported a net loss of \$217.7 million, which contrasts sharply with net income of \$60.8 million in the fourth quarter of 2024. Reported earnings per diluted share for the same periods were \$(1.08) and \$0.30, respectively, marking a significant decline. Despite this GAAP loss, operating net income remained stable at \$67.5 million. Net interest income, before the provision for credit losses, increased by \$9.7 million, or 5%, to \$188.9 million for the first quarter, compared to \$179.2 million for the fourth quarter of 2024. This improvement was driven by a reduction in deposit costs and continued benefits from the Cambridge merger, which further enhanced the net interest margin. The adjusted net interest margin expanded by 33 basis points to 3.38%, up from 3.05% in the fourth quarter of 2024. The Cambridge Bancorp merger mid-2024 added over \$25.0 billion in total assets and \$8.4 billion in Wealth Management Assets Under Management and Administration. The integration of CATC's assets and operations has further strengthened Eastern Bankshares' market position and provided substantial growth opportunities. Total deposits decreased by \$522.2 million, or 2.4%, to \$20.8 billion as of quarter-end, reflecting seasonal outflows and runoff of high-cost certificates of deposit. Asset quality ratios improved, with non-performing loans to total loans decreasing from 0.76% in the fourth quarter to 0.51% in the first quarter, reflecting improved credit quality metrics.

On May 2nd, 2025, Eastern Bankshares management announced a financially compelling all-stock acquisition of HarborOne Bancorp, Inc., valued at approximately \$615 million. The transaction is expected to be accretive to Eastern's earnings per share by approximately 16% in 2026, driven by cost synergies and market expansion. The combination reinforces Eastern's position as the largest community bank headquartered in Massachusetts and extends its presence across key New England markets.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	--	--	--	--	--	\$0.13	\$0.90	\$1.21	\$1.43	\$0.66	\$1.53	\$2.05
DPS	--	--	--	--	--	\$0.00	\$0.30	\$0.40	\$0.41	\$0.45	\$0.52	\$0.70
Shares²	--	--	--	--	--	172	172	166	162	162	200	210

¹ Estimated date

² In millions.

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We have elected to use CATC's historical information through 2023 for average earnings growth and valuation averages. Based on CATC's historical information, the company has grown earnings by 1.5% per year over the past decade and decreased by 4.1% over the past five years. We expect earnings to increase by 6% per year for the next five years. Eastern Bankshares has been able to increase its dividend for 26 consecutive years, including its predecessor banks' streaks. Over the last years, the average annual dividend growth rate is 8.0%. In April 2025, the company increased its quarterly dividend by 8.3% from \$0.12 to \$0.13 per share.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	--	--	--	--	--	--	35.0	46.9	17.0	17.3	10.0	15.0
Avg. Yld.	--	--	--	--	--	--	1.5%	2.3%	2.9%	2.8%	3.4%	2.3%

As a reference, during the past decade shares of Cambridge Bancorp have traded with an average price-to-earnings ratio of about 13 and today, the merger combination company PE-ratio stands at 10.0. We are using 15 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield is currently 3.4% which is above the historical average yield of Cambridge Bancorp over the past decade of 3.2% and above the five-year average of 2.8%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	--	--	--	--	--	--	33%	33%	29%	68%	34%	34%

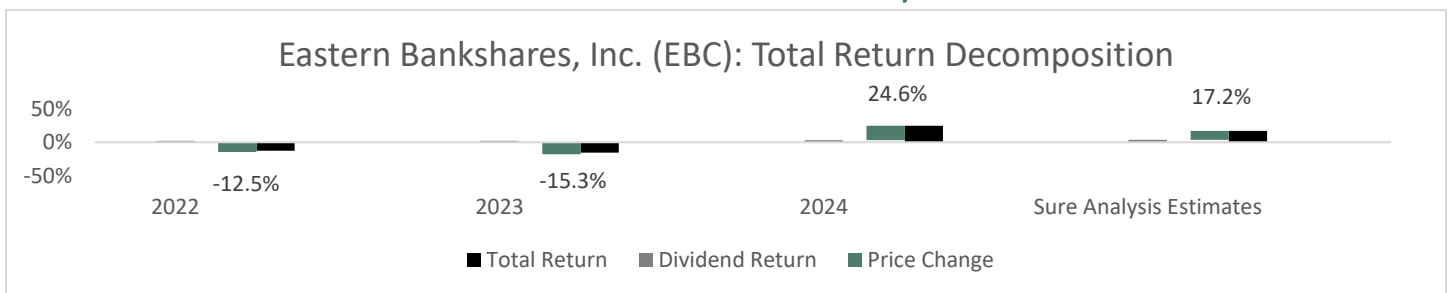
During the past five years, the company's dividend payout ratio has averaged around 40%. Eastern Bankshares dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio below the 50% levels.

Eastern Bankshares is strategically positioned as a dominant player in the New England banking market, particularly following its merger with Cambridge Bancorp. This combination has solidified EBC's status as the largest independent bank headquartered in Boston, with significant scale advantages. This positions EBC as the largest bank-owned independent investment advisor in Massachusetts, giving it a competitive edge in attracting both retail and commercial clients. The integration of Cambridge Bancorp introduces complexity and potential risks, particularly in managing the combined entity's commercial real estate portfolio, which includes office loans—a sector currently under pressure due to shifts in work patterns and higher interest rates. EBC's capital position remains strong, with a CET1 ratio of 14.15%, the ongoing economic uncertainties and competitive pressures in the deposit market could challenge its ability to maintain this advantage.

Final Thoughts & Recommendation

Eastern Bankshares is a well-established financial institution with deep roots in New England, particularly in Massachusetts. The bank has a robust earnings history and a reputation for prudent management, which has allowed it to maintain a solid dividend yield of 3.4%. We estimate total return potential of 17.2% per year for the next five years based on a 6% earnings-per-share growth, the dividend yield, and a valuation tailwind. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	---	---	---	567	589	570	518	638	308	732
SG&A Exp.	---	---	---	255	264	274	240	249	283	324
D&A Exp.	---	---	---	20	19	28	23	23	24	38
Net Profit	---	---	---	123	135	23	155	200	232	120
Net Margin	---	---	---	21.7%	22.9%	4.0%	29.8%	31.3%	75.3%	16.4%
Free Cash Flow	---	---	---	196	189	65	169	221	254	270
Income Tax	---	---	---	35	39	13	30	52	(63)	36

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	---	---	---	11,378	11,629	15,964	23,512	22,647	21,133	25,560
Cash & Equivalents	---	---	---	260	363	2,054	1,232	170	693	1,007
Goodwill & Int.	---	---	---	381	378	377	650	568	566	1,050
Total Liabilities	---	---	---	9,945	10,029	12,536	20,106	20,175	18,158	21,950
Long-Term Debt	---	---	---	166	34	28	34	741	48	45
Total Equity	---	---	---	1,433	1,600	3,428	3,406	2,472	2,975	3,612
LTD/E Ratio	---	---	---	0.12	0.02	0.01	0.01	0.30	0.02	0.01

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	---	---	---	---	1.2%	0.2%	0.8%	0.9%	1.1%	0.5%
Return on Equity	---	---	---	---	8.9%	0.9%	4.5%	6.8%	8.5%	3.6%
ROIC	---	---	---	---	8.4%	0.9%	4.5%	6.0%	7.4%	3.6%
Shares Out.	---	---	---	---	---	172	172	166	162	182
Revenue/Share	---	---	---	2.70	2.80	3.32	3.01	3.85	1.90	4.02
FCF/Share	---	---	---	0.93	0.90	0.38	0.98	1.34	1.56	1.48

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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