Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Robert F. Rivers
Name of the Holding Company Director and Official

Chairman
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID
C.I.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2019
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Eastern Bank Corporation
Legal Title of Holding Company

One Eastern Place
(Mailing Address of the Holding Company) Street / P.O. Box

Lynn	MA	01901
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Jim Harmacinski	Financial Analyst
Name	Title

781-598-7356
Area Code / Phone Number / Extension

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Area Code / FAX Number

j.harmacinski@easternbank.com
E-mail Address

www.easternbank.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes: 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

The following list is a reference for the responses submitted to each of the report items
for the 2019 Annual Report FR Y-6 for Eastern Bank Corporation.

Report Item 1a: Form 10-K

N/A

Report Item 1b: Annual Report

Enclosed is the 2019 Consolidated Eastern Bank Corporation Annual Report.

Report Item 2a: Organization Chart

Attached is an organization chart of Eastern Bank Corporation's direct and indirect ownership of all its banks and nonbank subsidiaries.

Report Item 2b: Domestic Branch Listing

Attached is the list of Eastern Bank Corporation's branches

Report Item 3: Shareholders

Eastern Bank Corporation is a mutually owned holding company with no shareholders.

Report Item 4: Directors and Officers

Attached is a list of the information requested for Eastern Bank Corporation's Board of Directors and Executive Officers.

Eastern Bank Corporation
2019 Annual Report

Eastern Bank Corporation

Management's Letter

2019 was another outstanding year for Eastern as we generated our third consecutive year of record results. Our net income of $135.1 million was an all-time high and exceeded our 2018 results by over 10%. Total assets grew to a record $11.6 billion; and loans, deposits and capital levels were also new highs. Loans ended 2019 at $8.9 billion or an increase of $124 million from 2018; deposits were $9.6 billion, up $152 million from 2018; and capital exceeded $1.6 billion, or an increase of $167 million from 2018 levels. Our loan credit quality remained stellar with very low loan losses of 0.05% of average loans and non-performing loans of 0.49% of total loans.

Although interest rate levels were lower in 2019 than they had been in 2018, a vibrant local economy and our strong competitive position helped us generate this performance. The company's net interest income (the difference between interest earned on loans and investments less interest paid on deposits and other funding sources) was $411 million, or 5.4% above 2018, as higher interest rates on loans and investments exceeded higher costs of deposits and other funding. Our net interest margin improved to 3.96% from 3.84% in 2018 as our balance sheet, which we have been positioning to perform well for any direction in interest rates, paid dividends.

All of our business units performed well in 2019. Our Commercial Banking Group had another exceptional year as commercial loans increased from $5.9 billion to $6.2 billion, or 5%. Our commitment to Small Business remained as strong as ever as we were ranked the #1 SBA lender in New England for the 10th consecutive year. Our retail businesses, both consumer lending and our branch-based deposit groups, had outstanding years as checking and lending product sales to our customers were well above prior levels. Eastern Insurance Group had another outstanding year with more than $91 million in revenues and Eastern Wealth Management saw revenues increase 3% to just under $20 million.

We leveraged our existing platforms to generate these terrific results with noninterest expenses of $413 million, less than a 4% increase from 2018. We continue to be very pleased with our many investments in technology and people and believe our online and mobile platform upgrades over the last few years have provided a better customer experience and new opportunities for growth. We will finish the roll out of our commercial and business customers' online banking upgrades in the first half of 2020 and plan continuous upgrades in our commercial lending origination platform we implemented several years ago. The process to create better digital experiences for our customers that make it easy to transact with Eastern, and to improve our analytical capabilities to better understand our customers, made great strides in 2019 and we look forward to more in 2020.

Our capital base is critical to our health and future success. We ended 2019 with over $1.6 billion in capital after adding $167 million through the year, primarily due to our earnings. Our capital ratios far exceed the bank regulatory minimums and we also exceed the "well-capitalized" standards set by our regulators. In addition, our balance sheet is extremely strong with excellent loan quality, ample liquidity and robust capital levels.

We were very pleased with these record results in 2019 and would like to thank our 1,896 Eastern colleagues for making them happen. We believe we are well positioned for continued success and look forward to another outstanding year in 2020.

ROBERT F. RIVERS *Chair and Chief Executive Officer*	**DEBORAH C. JACKSON** *Lead Director*
QUINCY L. MILLER *Vice Chair and President*	**JAMES B. FITZGERALD** *Vice Chair, Chief Financial Officer & Chief Administrative Officer*

Financial Highlights

(Dollars in thousands)	December 31 2019	2018	2017	2016	2015
Balance Sheet Data					
Total assets	**$ 11,628,775**	$ 11,378,287	$ 10,873,073	$ 9,801,109	$ 9,588,786
Securities and short-term investments	**1,736,296**	1,618,802	1,766,213	1,284,080	1,651,562
Residential loans	**1,428,630**	1,430,764	1,290,461	1,153,735	1,041,072
Consumer loans	**1,335,519**	1,501,209	1,548,287	1,539,534	1,607,804
Commercial loans	**6,222,897**	5,924,030	5,388,293	5,011,862	4,482,592
Total loans	**8,987,046**	8,856,003	8,227,041	7,705,131	7,131,468
Total deposits	**9,551,392**	9,399,493	8,815,452	8,188,950	8,133,730
Total retained earnings	**1,644,000**	1,433,141	1,330,514	1,254,927	1,205,014
Average total assets	**11,404,110**	11,137,370	10,391,796	9,913,145	9,667,907
Average earning assets	**10,529,522**	10,298,162	9,566,544	9,077,633	8,871,112
Average total deposits	**9,365,581**	9,161,981	8,684,043	8,416,777	8,031,975
Operating Data					
Net interest income	**$ 411,264**	$ 390,044	$ 338,514	$ 293,574	$ 274,977
Provision for credit losses	**6,300**	15,100	5,800	7,900	(325)
Noninterest income	**182,299**	180,595	197,727	169,128	153,007
Noninterest expense	**412,684**	397,928	389,413	367,643	333,695
Income before income taxes	**174,579**	157,611	141,028	87,159	94,614
Net income	**135,098**	122,727	86,697	62,714	62,564
Other Data					
Return on average assets	**1.18%**	1.10%	0.83%	0.63%	0.65%
Return on average equity	**8.75%**	9.02%	6.62%	5.06%	5.33%
Net interest margin (FTE) (1)	**3.96%**	3.84%	3.65%	3.33%	3.17%
Equity to assets ratio	**13.76%**	12.60%	12.24%	12.80%	12.57%

(1) Fully tax equivalent

Average Balance Sheets

The following tables present average balances, interest rates and yields (tax equivalent basis) for the years indicated:

(Dollars in thousands)	Average Balance	2019 Interest Income/Expense	Average Yield/Rate
Assets			
Loans:			
Residential mortgage loans	$ 1,439,845	$ 53,736	3.73 %
Commercial loans [2]	6,089,410	291,055	4.78
Consumer loans	1,419,692	60,009	4.23
Total loans	8,948,947	404,800	4.52
Investment securities [2]	1,435,719	42,494	2.96
Federal funds sold and other short-term investments	144,856	2,977	2.06
Total earning assets	10,529,522	450,271	4.28
Noninterest-bearing assets	874,588		
Total assets	$ 11,404,110		
Liabilities and Retained Earnings			
Deposits:			
Savings accounts	$ 991,244	210	0.02
Interest checking accounts [1]	1,842,993	3,947	0.21
Money market investment [1]	2,769,934	19,150	0.69
Time accounts	392,035	3,994	1.02
Total interest-bearing deposits	5,996,206	27,301	0.46
Borrowed funds	291,413	6,452	2.21
Total interest-bearing liabilities	6,287,619	33,753	0.54
Demand accounts [1]	3,369,375		
Other noninterest-bearing liabilities	203,925		
Retained earnings	1,543,191		
Total liabilities and retained earnings	$ 11,404,110		
Net interest income		$ 416,518	
Interest spread			3.74 %
Net interest income to earning assets			3.96 %

(1) Balances shown for interest checking accounts, money market investments, and demand accounts do not reflect the impacts of certain sweep programs designed to manage reserve requirements at the Federal Reserve Bank of Boston.

(2) FTE adjustments to commercial loan and investment security income were $2.7 and $2.5 million, respectively.

(Dollars in thousands)	2018 Average Balance	Interest Income/Expense	Average Yield/Rate
Assets			
Loans:			
Residential mortgage loans	$ 1,358,387	$ 49,840	3.67 %
Commercial loans (2)	5,653,675	262,234	4.64
Consumer loans	1,554,087	59,669	3.84
Total loans	8,566,149	371,743	4.34
Investment securities (2)	1,539,901	45,707	2.97
Federal funds sold and other short-term investments	192,112	3,412	1.78
Total earning assets	10,298,162	420,862	4.09
Noninterest-bearing assets	839,208		
Total assets	$ 11,137,370		
Liabilities and Retained Earnings			
Deposits:			
Savings accounts	$ 1,048,289	229	0.02
Interest checking accounts (1)	1,821,854	3,325	0.18
Money market investment (1)	2,422,531	9,988	0.41
Time accounts	452,885	3,843	0.85
Total interest-bearing deposits	5,745,559	17,385	0.30
Borrowed funds	410,312	7,737	1.89
Total interest-bearing liabilities	6,155,871	25,122	0.41
Demand accounts (1)	3,416,422		
Other noninterest-bearing liabilities	204,515		
Retained earnings	1,360,562		
Total liabilities and retained earnings	$ 11,137,370		
Net interest income		$ 395,740	
Interest spread			3.68 %
Net interest income to earning assets			3.84 %

(1) Balances shown for interest checking accounts, money market investments, and demand accounts do not reflect the impacts of certain sweep programs designed to manage reserve requirements at the Federal Reserve Bank of Boston.

(2) FTE adjustments to commercial loan and investment security income were $2.6 and $3.1 million, respectively.

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Report of Independent Auditors

The Board of Directors
Eastern Bank Corporation

We have audited the accompanying consolidated financial statements of Eastern Bank Corporation, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in retained earnings and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eastern Bank Corporation at December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

February 28, 2020

Eastern Bank Corporation

Consolidated Balance Sheets

	December 31	
	2019	**2018**
Assets	*(In Thousands)*	
Cash and due from banks	**$ 135,503**	$ 149,703
Other short-term investments	**227,099**	110,005
Cash and cash equivalents	**362,602**	259,708
Trading securities	**961**	52,899
Securities available for sale	**1,508,236**	1,455,898
Loans held for sale	**26**	22
Loans and leases, net of allowance for credit losses of $82,297 in 2019 and $80,655 in 2018	**8,899,184**	8,774,913
Federal Home Loan Bank stock, at cost	**9,027**	17,959
Premises and equipment	**57,453**	66,475
Bank-owned life insurance	**77,546**	75,434
Goodwill and other intangibles, net	**377,734**	381,276
Deferred income taxes, net	**28,207**	37,676
Rabbi trust assets	**78,012**	64,819
Other assets	**229,787**	191,208
Total assets	**$ 11,628,775**	$ 11,378,287
Liabilities and retained earnings		
Liabilities:		
Deposits:		
Demand	**$ 386,446**	$ 337,169
Savings	**971,119**	999,649
Interest checking	**214,462**	464,352
Money market investment	**7,650,226**	7,123,375
Time	**243,941**	277,740
Time - $250,000 and over	**85,198**	197,208
Total deposits	**9,551,392**	9,399,493
Borrowed funds	**235,395**	334,287
Other liabilities	**241,835**	211,366
Total liabilities	**10,028,622**	9,945,146
Retained earnings	**1,644,000**	1,508,902
Accumulated other comprehensive income, net of tax:		
Unrealized appreciation (depreciation) on securities available for sale	**21,798**	(19,360)
Funded status of defined benefit postretirement plans	**(81,269)**	(59,389)
Unrealized appreciation on cash flow hedges	**15,624**	2,988
Total retained earnings	**1,600,153**	1,433,141
Total liabilities and retained earnings	**$ 11,628,775**	$ 11,378,287

See accompanying notes.

Eastern Bank Corporation

Consolidated Statements of Income

	Year Ended December 31	
	2019	**2018**
	(In Thousands)	
Interest and dividend income:		
Loans, including fees	**$ 402,092**	$ 369,148
Trading securities	**242**	1,033
Taxable securities available for sale	**31,400**	31,988
Tax-exempt securities available for sale	**8,306**	9,585
Federal funds sold and other short-term investments	**2,977**	3,412
Total interest and dividend income	**445,017**	415,166
Interest expense:		
Deposits	**27,301**	17,384
Borrowed funds	**6,452**	7,738
Total interest expense	**33,753**	25,122
Net interest income	**411,264**	390,044
Provision for allowance for credit losses	**6,300**	15,100
Net interest income after provision for credit losses	**404,964**	374,944
Noninterest income:		
Insurance commissions	**90,587**	91,885
Service charges on deposit accounts	**27,043**	26,897
Trust and investment advisory fees	**19,653**	19,128
Debit card processing fees	**10,452**	16,162
Interest rate swap income	**4,362**	5,012
Income (losses) from investments held in rabbi trusts	**9,866**	(1,542)
Trading securities gains, net	**1,297**	2,156
Net gain on sales of mortgage loans held for sale	**795**	397
Gains on sales of securities available for sale, net	**2,016**	50
(Losses) gains on sales of other assets	**(15)**	1,989
Other	**16,243**	18,461
Total noninterest income	**182,299**	180,595
Noninterest expense:		
Salaries and employee benefits	**252,238**	239,349
Office occupancy and equipment	**36,458**	35,480
Data processing	**45,939**	45,260
Professional services	**15,958**	14,812
Charitable contributions	**12,905**	13,251
Marketing	**9,619**	11,100
FDIC insurance	**1,878**	4,180
Amortization of intangible assets	**3,542**	3,891
Net periodic benefit cost, excluding service cost	**(5,335)**	(6,498)
Other	**39,482**	37,103
Total noninterest expense	**412,684**	397,928
Income before income tax expense	**174,579**	157,611
Income tax expense	**39,481**	34,884
Net income	**$ 135,098**	$ 122,727

See accompanying notes.

Eastern Bank Corporation

Consolidated Statements of Comprehensive Income

	Year Ended December 31	
	2019	**2018**
	(In Thousands)	
Net income	**$ 135,098**	$ 122,727
Other comprehensive income, net of tax:		
Unrealized gains (losses) on securities available for sale:		
Change in fair value of securities available for sale	**42,715**	(30,485)
Less: reclassification adjustment for gains included in net income	**1,557**	40
Net change in fair value of securities available for sale	**41,158**	(30,525)
Unrealized gains(losses) on cash flow hedges:		
Change in fair value of cash flow hedges	**14,576**	3,849
Less: reclassification adjustment for income	**1,940**	861
Net change in fair value of cash flow hedges	**12,636**	2,988
Defined benefit pension plans:		
(Amortization) of actuarial net loss	**(5,206)**	(5,479)
Change in actuarial net loss	**27,119**	(1,926)
(Amortization) of prior service cost	**(33)**	(32)
Net change in actuarial net loss	**21,880**	(7,437)
Total other comprehensive income (loss)	**31,914**	(20,100)
Comprehensive income	**$ 167,012**	$ 102,627

See accompanying notes.

Eastern Bank Corporation

Consolidated Statements of Changes in Retained Earnings

	Retained Earnings	Accumulated Other Comprehensive Income	Total
		(In Thousands)	
Balance at December 31, 2017	$ 1,379,006	$ (48,492)	$ 1,330,514
Opening balance reclassification [1] :			
Unrealized appreciation on securities available for sale	(1,953)	1,953	-
Actuarial net loss of defined benefit pension plans	9,122	(9,122)	-
Net income	122,727	-	122,727
Other comprehensive (loss), net of tax	-	(20,100)	(20,100)
Balance at December 31, 2018	1,508,902	(75,761)	1,433,141
Net income	**135,098**	**-**	**135,098**
Other comprehensive income, net of tax	**-**	**31,914**	**31,914**
Balance at December 31, 2019	**$ 1,644,000**	**$ (43,847)**	**$ 1,600,153**

(1) Opening balance reclassification adjustment, related to the adoption of Accounting Standards Update 2018-02, to reclassify amounts stranded in other comprehensive income to retained earnings as a result of the Tax Cuts and Jobs Act.

See accompanying notes.

Eastern Bank Corporation

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2019	**2018**
	(In Thousands)	
Operating activities		
Net income	**$ 135,098**	$ 122,727
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for allowance for credit losses	**6,300**	15,100
Depreciation	**15,940**	16,177
Amortization of intangible assets	**3,542**	3,891
Deferred income tax expense (benefit)	**1,376**	(4,878)
Amortization of premiums, discounts, and fees, net	**8,193**	4,747
Increase in cash surrender value of bank-owned life insurance	**(2,112)**	(15)
Decrease (increase) in trading securities, net	**51,938**	(6,108)
Gain on sale of securities available for sale, net	**(2,016)**	(50)
Net gain on sale of mortgage loans held for sale	**(795)**	(397)
Proceeds from sale of loans held for sale	**208,658**	108,788
Originations of loans held for sale	**(207,867)**	(106,059)
(Increase) decrease in prepaid pension expense	**(11,031)**	11,237
Other, net	**(11,347)**	39,849
Net cash provided by operating activities	**195,877**	205,009
Investing activities		
Proceeds from sales of securities available for sale	**47,985**	11,672
Proceeds from maturities and principal paydowns of securities available for sale	**204,065**	162,425
Purchases of securities available for sale	**(252,571)**	(167,584)
Proceeds from sale of Federal Home Loan Bank stock	**42,034**	18,346
Purchases of Federal Home Loan Bank stock	**(33,102)**	(12,035)
Contributions to low income housing tax credit investments	**(6,349)**	(3,270)
Contributions to other equity investments	**(4,545)**	(146)
Distributions from equity investments	**62**	226
Proceeds from life insurance policies	**-**	743
Net increase in outstanding loans	**(135,666)**	(637,518)
Acquisitions, net of cash and cash equivalents acquired	**-**	(11,500)
Proceeds from sale of portion of reporting unit	**-**	571
Purchased banking premises and equipment, net	**(7,187)**	(9,034)
Net cash used in investing activities	**(145,274)**	(647,104)
Financing activities		
Net increase in demand, savings, interest checking, and money market investment deposit accounts	**297,708**	485,087
Net (decrease) increase in time deposits	**(145,809)**	98,954
Net decrease in borrowed funds	**(98,892)**	(192,218)
Contingent consideration paid	**(716)**	(1,173)
Net cash provided by financing activities	**52,291**	390,650
Net increase (decrease) in cash, cash equivalents, and restricted cash	**102,894**	(51,445)
Cash, cash equivalents, and restricted cash at beginning of year	**259,708**	311,153
Cash, cash equivalents, and restricted cash at end of year	**$ 362,602**	$ 259,708

See accompanying notes.

Eastern Bank Corporation

Notes to Consolidated Financial Statements

December 31, 2019

1. Summary of Significant Accounting Policies

Nature of Operations

Eastern Bank Corporation (the Corporation) is a Massachusetts chartered mutual bank holding company. Through its wholly-owned subsidiaries, Eastern Bank (the Bank) and Eastern Insurance Group LLC, the Corporation provides a variety of banking, trust and investment, and insurance services.

The activities of the Corporation are subject to the regulatory supervision of the Federal Reserve Board. The activities of the Bank are subject to the regulatory supervision of the Federal Deposit Insurance Corporation (FDIC) and the Consumer Financial Protection Bureau (CFPB). The Corporation is also subject to various Massachusetts business and banking regulations, and the Bank is also subject to various Massachusetts and New Hampshire business and banking regulations.

Basis of Presentation

The consolidated financial statements include the accounts of the Corporation, its wholly-owned subsidiaries and a consolidated tax credit investment company. All intercompany accounts and transactions have been eliminated in consolidation. The Corporation consolidates: wholly-owned subsidiaries; any variable interest entities (VIEs) where the Corporation or one of the Corporation’s wholly-owned subsidiaries was determined to be the primary beneficiary of the VIE; and any voting interest entities (VOEs) where either the Corporation or a wholly-owned subsidiary is determined to have control of the VOE.

Certain previously reported amounts have been reclassified to conform to the current year presentation.

The accounting and reporting policies of the Corporation conform to accounting principles generally accepted in the United States (GAAP) and to the general practices of the banking industry. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates.

Eastern Bank Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Material estimates that are particularly susceptible to change relate to the determination of the allowance for credit losses, valuation and fair value measurements, other-than-temporary impairment on investment securities, the liabilities for benefit obligations (particularly pensions), the provision for income taxes and the valuation of goodwill and other intangibles and their respective analyses of impairment.

The Corporation has evaluated subsequent events through February 28, 2020, which is the date that the consolidated financial statements were available to be issued.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method of accounting. Accordingly, the net assets of the companies acquired are recorded at their fair values at the date of acquisition. Goodwill represents the excess of purchase price over the fair value of net assets acquired. Other intangible assets represent acquired assets that lack physical substance but can be distinguished from goodwill because of contractual or other legal rights, or because the asset is capable of being sold or exchanged either on its own, or in combination with a related contract, asset, or liability.

The Corporation evaluates goodwill for impairment at least annually, or more often if warranted. Other intangible assets are reviewed for impairment whenever there is an indication of impairment, however, useful lives are evaluated annually. Any impairment losses are charged to earnings. The Corporation amortizes other intangible assets over their respective estimated useful lives. The estimated useful life of core deposit identifiable intangible assets fall within a range of seven to ten years and the estimated useful life of customer lists from insurance agency acquisitions is ten years. The estimated useful life of non-compete agreements resulting from insurance agency acquisitions are dependent upon the terms of the agreement. Intangible assets are stated at cost less accumulated amortization.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, Federal funds sold, and other short-term investments including restricted cash pledged, all of which have an original maturity of 90 days or less.

Securities

Debt and equity securities that are bought and held principally for the purpose of resale in the near terms are classified as trading and fair value net income, respectively, and reported at fair value, with unrealized gains and losses included in earnings.

1. Summary of Significant Accounting Policies (continued)

Debt securities classified as available for sale are reported at fair value, with unrealized gains and losses reported as a separate component of other comprehensive income, net of tax.

Management evaluates impaired securities available for sale (e.g., those for which fair value is less than cost) for other-than-temporary impairment (OTTI) at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and the extent to which the fair value has been less than cost, current market conditions, the financial condition and near-term prospects of the issuer, performance of collateral underlying the securities, the ratings of the individual securities, the interest rate environment, the Corporation's intent to sell the security or whether it is more likely than not that the Corporation will be required to sell the debt security before its anticipated recovery, as well as other qualitative factors.

Premiums and discounts on investments and mortgage-backed securities are amortized or accreted to income using the effective interest rate method. If a decline in fair value below the amortized cost basis of an investment is judged to be other than temporary, the investment is written down to fair value. The portion of the impairment related to credit losses is included in earnings, and the portion of the impairment related to other factors is included in other comprehensive income. Gains and losses on sales of investments are recognized at the time of sale on the specific-identification basis.

Loans

Loans are reported at their principal amount outstanding, net of deferred loan fees and any unearned discount or unamortized premium for acquired loans. Unearned discount and unamortized premium are accreted and amortized, respectively, to income on a basis that results in level rates of return over the terms of the loans. Origination fees and related direct incremental origination costs are offset, and the resulting net amount is deferred and amortized over the life of the related loans using the interest method, assuming a certain level of prepayments. When loans are sold or repaid, the unamortized fees and costs are recorded to income.

1. Summary of Significant Accounting Policies (continued)

Interest accruals are generally discontinued when management has determined that the borrower may be unable to meet contractual obligations and/or when loans are 90 days or more in arrears, unless management believes that collateral held by the Corporation is clearly sufficient and full satisfaction of both principal and interest is highly probable or the loan is accounted for as a purchased credit-impaired loan. When a loan is placed on nonaccrual, all interest previously accrued but not collected is reversed against current period income and amortization of deferred loan fees is discontinued. Interest received on nonaccrual loans is either applied against principal or reported as income according to management's judgment as to the collectability of principal. Nonaccrual loans may be returned to an accrual status when principal and interest payments are no longer delinquent, and the risk characteristics of the loan have improved to the extent that there no longer exists a concern as to the collectability of principal and interest. Loans are considered past due based upon the number of days delinquent according to their contractual terms.

Impaired loans consist of all loans for which management has determined it is probable the Corporation will be unable to collect all amounts due according to the contractual terms of the loan agreements. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. The Corporation measures impairment of loans using a discounted cash flow method, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent.

In cases where a borrower experiences financial difficulties and the Corporation makes certain concessionary modifications to contractual terms, the loan is classified as a troubled debt restructuring (TDR). Modifications may include adjustments to interest rates, extensions of maturity, consumer loans where the borrower's obligations have been effectively discharged through Chapter 7 Bankruptcy and the borrower has not reaffirmed the debt to the Corporation, and other actions intended to minimize economic loss and avoid foreclosure or repossession of collateral. All TDR loans are considered impaired and therefore are subject to a specific review for impairment loss. The impairment analysis discounts the present value of the anticipated cash flows by the loan's contractual rate of interest in effect prior to the loan's modification or the fair value of collateral if the loan is collateral dependent. The amount of impairment loss, if any, is recorded as a specific loss allocation to each individual loan in the allowance for loan losses. Commercial loans (commercial and industrial, commercial real estate, commercial construction, and small business loans) and residential loans that have been classified as TDRs and which subsequently default are reviewed to determine if the loan should be deemed collateral dependent. In such an instance, any shortfall between the value of the collateral and the book value of the loan is determined by measuring the recorded investment in the loan against the fair value of the collateral less costs to sell.

1. Summary of Significant Accounting Policies (continued)

Acquired Loans

All acquired loans are recorded at fair value at the acquisition date with no carryover of the allowance for loan losses. At acquisition, loans are also reviewed to determine if the loan has evidence of deterioration in credit quality since origination and for which it is probable, at acquisition, that all contractually required payments will not be collected. Such loans are deemed to be purchased credit-impaired (PCI) loans. Under the accounting model for PCI loans, the excess of cash flows expected to be collected over the carrying amount of the loans, referred to as the "accretable yield," is accreted into interest income over the life of the loans using the effective yield method. Accordingly, PCI loans are not subject to classification as nonaccrual in the same manner as originated loans. Rather, acquired loans are considered to be accruing loans because their interest income relates to the accretable yield recognized and not to contractual interest payments at the loan level. The difference between contractually required principal and interest payments and the cash flows expected to be collected, referred to as the "nonaccretable difference," includes estimates of both the impact of prepayments and future credit losses expected to be incurred over the life of the loans.

The estimate of cash flows expected to be collected is regularly re-assessed subsequent to acquisition. These re-assessments involve updates, as necessary, of the key assumptions and estimates used in the initial estimate of fair value. Generally speaking, expected cash flows are affected by:

- *Changes in the expected principal and interest payments over the estimated life* – Changes in expected cash flows may be driven by the credit outlook and actions taken with borrowers. Changes in expected future cash flows resulting from loan modifications are included in the assessment of expected cash flows.

- *Change in prepayment assumptions* – Prepayments affect the estimated life of the loans, which may change the amount of interest income expected to be collected.

- *Change in interest rate indices for variable rate loans* – Expected future cash flows are based, as applicable, on the variable rates in effect at the time of the assessment of expected cash flows.

1. Summary of Significant Accounting Policies (continued)

A decrease in expected cash flows in subsequent periods may indicate that the loan is impaired which would require the establishment of an allowance for loan losses by a charge to the provision for loan losses. An increase in expected cash flows in subsequent periods serves, first, to reduce any previously established allowance for loan losses by the increase in the present value of cash flows expected to be collected, and results in a recalculation of the amount of accretable yield for the loan. The adjustment of accretable yield due to an increase in expected cash flows is accounted for as a change in estimate. The additional cash flows expected to be collected are reclassified from the nonaccretable difference to the accretable yield, and the amount of periodic accretion is adjusted accordingly over the remaining life of the loans.

A PCI loan may be resolved either through receipt of payment (in full or in part) from the borrower, the sale of the loan to a third party, or foreclosure of the collateral. For PCI loans accounted for on an individual loan basis and resolved directly with the borrower, any amount received from resolution in excess of the carrying amount of the loan is recognized and reported within interest income.

A refinancing or modification of a PCI loan accounted for individually is assessed to determine whether the modification represents a TDR. If the loan is considered to be a TDR, it will be included in the total impaired loans reported by the Corporation. The loan will continue to recognize interest income based upon the excess of cash flows expected to be collected over the carrying amount of the loan.

1. Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

The allowance for credit losses is established to provide for probable losses incurred in the Corporation's loan portfolio at the balance sheet date and is established through a provision for credit losses charged to earnings. The allowance is based on management's assessment of many factors, including the risk characteristics of the loan portfolio, current economic conditions, and trends in loan delinquencies and charge-offs. Charge-offs, net of recoveries, are charged directly to the allowance. Commercial and residential loans are charged-off in the period in which they are deemed uncollectible. Delinquent loans in these product types are subject to ongoing review and analysis to determine if a charge-off in the current period is appropriate. For consumer finance loans, policies and procedures exist that require charge-off consideration upon a certain triggering event depending on the product type. Charge-off triggers include: 120 days delinquent for automobile, home equity, and other consumer loans with the exception of cash reserve loans for which the trigger is 150 days delinquent; death of the borrower; or chapter 7 bankruptcy. In addition to those events, the charge-off determination includes other credit quality indicators, such as collateral position and adequacy or the presence of other repayment sources.

The allowance for credit losses is evaluated on a regular basis by management. While management uses current information in establishing the allowance for losses, future adjustments to the allowance may be necessary if economic conditions or conditions relative to borrowers differ substantially from the assumptions used in making the evaluation. Management uses a methodology to systematically estimate the amount of credit loss incurred in the portfolio. Commercial real estate, commercial and industrial, and business banking loans are evaluated using a loan rating system, historical losses and other factors which form the basis for estimating incurred losses. Portfolios of more homogeneous populations of loans, including residential mortgages and consumer loans, are analyzed as groups taking into account delinquency ratios, historical loss experience and charge-offs.

1. Summary of Significant Accounting Policies (continued)

The allowance consists of specific and general components. The specific component consists of reserves for impaired loans (defined as those where management has determined it is probable it will not collect all payments when due), typically classified as either doubtful or substandard. For impaired loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the loan is lower than the carrying value of the loan. The general component covers non-impaired non-classified loans and is based on historical loss experience adjusted for qualitative factors. The qualitative factors include internal infrastructure factors, external macroeconomic factors, and internal portfolio factors, all customized to loan pools that include loans with similar characteristics. The general reserve rate is then determined as the greater of the rate arrived at via the qualitative factor methodology or the floor rate. The floors are determined by adjusting the Corporation's average loss rates by long run industry average loss rates for peer institutions, and then multiplying those by the industry loss emergence period.

In the ordinary course of business, the Corporation enters into commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable. The credit risk associated with these commitments is evaluated in a manner similar to the allowance for loan losses. The reserve for unfunded lending commitments is included in other liabilities in the balance sheet.

Additionally, various regulatory agencies, as an integral part of the Corporation's examination process, periodically assess the appropriateness of the allowance for loan losses and may require the Corporation to increase its provision for loan losses or recognize further loan charge-offs, in accordance with U.S. GAAP.

Mortgage Banking Activities

Mortgage loans held for sale to the secondary market are carried at the lower of cost or estimated market value on an individual loan basis. The Corporation enters into commitments to fund residential mortgage loans with an offsetting forward commitment to sell them in the secondary markets in order to mitigate interest rate risk. Gains or losses on sales of mortgage loans are recognized at the time of sale. Interest income is recognized on loans held for sale between the time the loan is funded and the loan is sold. Direct loan origination costs and fees are deferred upon origination and are recognized on the date of sale.

1. Summary of Significant Accounting Policies (continued)

Federal Home Loan Bank Stock

The Corporation, as a member of the Federal Home Loan Bank (FHLB) of Boston, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions, the stock has no quoted market value and is carried at cost.

Premises and Equipment Used in Operations

Land is carried at cost. Buildings, leasehold improvements, and equipment are stated at cost less accumulated depreciation and amortization, computed principally on the straight-line method over the estimated useful lives of the related assets or the terms of the leases, if shorter.

Premises and Equipment Held for Sale

Banking premises and equipment held for sale are carried at the lower of cost or estimated fair value less costs to sell.

Retirement Plans

The Corporation provides pension benefits to its employees through various pension plans. At the measurement date, plan assets are determined based on fair value, generally representing observable market prices. The actuarial cost method used to compute the pension liabilities and related expense is the projected unit credit method. The projected benefit obligation is principally determined based on the present value of the projected benefit distributions at an assumed discount rate. The discount rate which is utilized is determined using the spot rate approach whereby the individual spot rates on the Financial Times and Stock Exchange (FTSE) above-median yield curve are applied to each corresponding year's projected cash flow used to measure the respective plan's service cost and interest cost. Periodic pension expense (or income) includes service costs, interest costs based on the assumed discount rate, the expected return on plan assets, if applicable, based on an actuarially derived market-related value and amortization of actuarial gains and losses. The overfunded or underfunded status of the plans is recorded as an asset or liability on the consolidated balance sheets, with changes in that status recognized through other comprehensive income, net of related taxes.

1. Summary of Significant Accounting Policies (continued)

Variable Interest Entities and Voting Interest Entities

The Corporation is involved in the normal course of business with various types of special purpose entities, some of which meet the definition for VIEs and VOEs. The Corporation is required by GAAP to consolidate a VIE when the Corporation is deemed to be the primary beneficiary. This determination is evaluated periodically as facts and circumstances change.

A legal entity is referred to as a VIE if any of the following conditions exist: 1) the total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties; 2) as a group, the holders of the equity investment at risk lack any of the characteristics of a controlling financial interest; or 3) the equity investors' voting rights are not proportional to the economics, and substantially all of the activities of the entity either involve or are conducted on behalf of an investor that has disproportionally few voting rights. The Corporation consolidates entities deemed to be VIEs when either the Corporation or a wholly-owned subsidiary is determined to be the primary beneficiary. The primary beneficiary analysis is a qualitative analysis based on power and benefits. An enterprise has a controlling financial interest in a VIE if it has both power and benefits – that is, it has 1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance (power); and 2) the obligation to absorb losses of the VIE that potentially could be significant to the VIE and/or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits).

Under GAAP, investments in limited partnerships and similar entities that are not VIEs should be evaluated for potential consolidation under the voting model. The Corporation consolidates VOEs when either the Corporation or a wholly-owned subsidiary is determined to have control of the VOE.

1. Summary of Significant Accounting Policies (continued)

Rabbi Trust VIE

The Corporation established a rabbi trust to meet its obligations under certain executive non-qualified retirement benefits and deferred compensation plans and to mitigate the expense volatility of the aforementioned retirement plans. The rabbi trust is considered a VIE as the equity investment at risk is insufficient to permit the trust to finance its activities without additional subordinated financial support from the Corporation. The Corporation is considered the primary beneficiary of the rabbi trust as it has the power to direct the activities of the rabbi trust that significantly affect the rabbi trust's economic performance and it has the obligation to absorb losses of the rabbi trust that could potentially be significant to the rabbi trust by virtue of its contingent call options on the rabbi trust's assets in the event of the Corporation's bankruptcy. As the primary beneficiary of this VIE, the Corporation consolidates the rabbi trust investments, executive retirement benefits liabilities and deferred compensation plan liabilities. These rabbi trust investments consist primarily of cash and cash equivalents, U.S. government agency obligations, equity securities, mutual funds and other exchange-traded funds, and are recorded at fair value. Changes in fair value are recorded in noninterest income.

Tax Credit Investment VIE

Through a wholly-owned subsidiary, the Corporation is the sole member of a tax credit investment company through which it consolidates a community development entity (CDE) that is considered a VIE. The CDE is considered a VIE because as a group, the holders of the equity investment at risk lack any of the characteristics of a controlling financial interest. The tax credit investment company is considered the primary beneficiary of the CDE as it has the power to direct the activities of a VIE that most significantly impact the VIEs economic performance and the obligation to absorb losses of and the right to receive benefits from the VIE that potentially could be significant to the VIE.

1. Summary of Significant Accounting Policies (continued)

Bank Owned Life Insurance

Primarily as a result of mergers and acquisitions, the Corporation holds life insurance on the lives of certain participating executives. The amount reported as an asset on the balance sheet is the sum of the cash surrender values reported to the Corporation by the various insurance carriers. Certain policies are split-dollar life insurance policies whereby the Corporation recognizes a liability for the postretirement benefit related to the arrangement. This postretirement benefit is included in other liabilities on the balance sheet.

Income Taxes

The Corporation accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are established for the temporary differences between the accounting basis and the tax basis of the Corporation's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. A valuation allowance is established if it is considered more likely than not that all or a portion of the deferred tax assets will not be realized. Interest and penalties paid on the underpayment of income taxes are classified as income tax expense.

The Corporation periodically evaluates the potential uncertainty of its tax positions as to whether it is more likely than not its position would be upheld upon examination by the appropriate taxing authority. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the consolidated financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

Low Income Housing Tax Credits and Other Tax Credit Investments

As part of its community reinvestment initiatives, the Corporation invests in qualified affordable housing projects and other tax credit investment projects. The Corporation receives low-income housing tax credits, investment tax credits, rehabilitation tax credits, solar tax credits and other tax credits as a result of its investments in these limited partnership investments.

1. Summary of Significant Accounting Policies (continued)

The Corporation accounts for its investments in qualified affordable housing projects using the proportional amortization method and amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits allocated to the Corporation. The amortization of the excess of the carrying amount of the investment over its estimated residual value is included as a component of income tax expense. At investment inception, the Corporation records a liability for the committed amount of the investment. This liability is reduced as contributions are made.

The Corporation evaluates investments in tax credit investment companies for consolidation based on the variable or voting interest entity guidance, as appropriate.

Other tax credit investment projects are accounted for using either the cost method or equity method.

Advertising Costs

All advertising costs are expensed in the period in which they are incurred.

Insurance Commissions

Through Eastern Insurance Group LLC, the Corporation acts as an agent in offering property, casualty and life and health insurance to both personal and commercial customers. Personal lines insurance products include life, accident and health, automobile, and property and liability insurance including fire, condominium, home and tenants, among others. Commercial insurance products include group life and health, commercial property and liability, surety, and workers compensation insurance, among others. The Corporation recognizes insurance commission revenues as performance obligations of underlying agreements are satisfied.

Trust Operations

The Bank is a full-service trust company that provides a wide range of trust services to customers that includes managing customer investments, safekeeping customer assets, supplying disbursement services, and providing other fiduciary services. Trust assets held in a fiduciary or agency capacity for customers are not included in the accompanying consolidated balance sheets as they are not assets of the Corporation. Revenue from administrative and management activities associated with these assets is recognized as performance obligations of underlying agreements are satisfied.

1. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments

Derivative instruments are carried at fair value in the Corporation's financial statements. The accounting for changes in the fair value of a derivative instrument is determined by whether it has been designated and qualifies as part of a hedging relationship, and further, by the type of hedging relationship. At the inception of a hedge, the Corporation documents certain items, including, but not limited to, the following: the relationship between hedging instruments and hedged items, the Corporation's risk management objectives, hedging strategies, and the evaluation of hedge transaction effectiveness. Documentation includes linking all derivatives that are designated as hedges to specific assets or liabilities on the balance sheet or to specific forecasted transactions.

The Corporation's derivative instruments that are designated and qualify for hedge accounting are classified as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows associated with a recognized asset or liability, or a forecasted transaction). As such, changes in the fair value of the designated hedging instrument that is included in the assessment of hedge effectiveness are recorded in other comprehensive income and reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. Such reclassifications shall be presented in the same income statement line item as the earnings effect of the hedged item.

The Corporation's derivative instruments not designated as hedging instruments are recorded at fair value and changes in fair value are recognized in other noninterest income. Derivative instruments not designated as hedging instruments include interest rate swaps, foreign exchange contracts offered to commercial customers to assist them in meeting their financing and investing objectives for their risk management purposes, and risk participation agreements entered into as financial guarantees of performance on customer-related interest rate swap derivatives. The interest rate and foreign exchange risks associated with customer interest rate swaps and foreign exchange contracts are mitigated by entering into similar derivatives having offsetting terms with correspondent bank counterparties.

All derivative financial instruments eligible for clearing are cleared through the Chicago Mercantile Exchange (CME). In accordance with its amended rulebook, CME legally characterizes variation margin payments made to and received from CME as settlement of derivatives rather than as collateral against derivatives.

1. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Topic also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Corporation in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Statements of Cash Flows

Supplemental disclosures of cash flow information for the years ended December 31 follows:

	2019	2018
	(In Thousands)	
Cash paid for:		
Interest	**$ 34,217**	$ 23,732
Income taxes	**$ 31,308**	$ 29,731

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

Relevant standards that were recently issued but not yet adopted as of December 31, 2019:

Standard	Description	Date of Adoption	Effects on the financial statements or other significant matters
ASU 2016-02, Leases (Topic 842) and relevant amendments	The standard represents a wholesale change to lease accounting and requires all leases, other than short-term leases, to be reported on balance sheet through recognition of a right-of-use asset and a corresponding liability for future lease obligations. The standard also requires extensive disclosures for assets, expenses, and cash flows associated with leases, as well as a maturity analysis of lease liabilities.	January 1, 2020	The Corporation adopted this standard on January 1, 2020 and used the effective date as the date of application and, therefore, periods prior to January 1, 2020 will not be restated. The Corporation elected the package of practical expedients which permit the Corporation not to reassess prior conclusions about lease identification, lease classification, and initial direct costs under the new standard. The Corporation also elected the hindsight practical expedient and, therefore, used hindsight knowledge as of the effective date when determining lease terms and impairment. In addition, the Corporation elected the practical expedient to not separate lease and non-lease components and, therefore, accounts for each separate lease component of a contract and its associated non-lease components as a single lease component. The new standard also provides a practical expedient for an entity's ongoing accounting relating to leases of 12 months or less (short-term leases). The Corporation has elected the short-term lease recognition exemption for all leases that qualify, and thus will not recognize right-of-use assets or lease liabilities for those leases. The adoption of this standard resulted in the recognition of right-of-use assets and lease liabilities on the Corporation's balance sheet for its real estate and equipment operating leases of $93.0 million and $96.4 million, respectively. The Corporation also recognized a transition adjustment to the opening balance of retained earnings on 1/1/2020 amounting to $1.1 million, net of tax, related to the incremental accrued rent adjustment calculated as a result of electing hindsight. The amount of right-of-use assets were determined based upon the present value of the remaining minimum rental payments under current leasing standards for existing operating leases, adjusted for options that the Corporation is reasonably certain to exercise, less accrued rent as of 12/31/2019 and the incremental accrued rent as a result of electing hindsight. The amount of lease liabilities were determined based upon the present value of the remaining minimum rental payments under current leasing standards for existing operating leases, adjusted for options that the Corporation is reasonably certain to exercise.

Eastern Bank Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Standard	Description	Date of Adoption	Effects on the financial statements or other significant matters
ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and relevant amendments	The standard replaces the existing incurred loss impairment guidance and requires immediate recognition of expected credit losses for financial assets carried at amortized cost, including trade and other receivables, loans and commitments, held-to-maturity debt securities and other financial assets, held at the reporting date to be measured based on historical experience, current conditions and reasonable and supportable forecasts. The standard also amends existing impairment guidance for available-for-sale securities, and credit losses will be recorded as an allowance versus a write-down of the amortized cost basis of the security and will allow for a reversal of impairment loss when the credit of the issuer improves. The guidance requires a cumulative effect of the initial application to be recognized in retained earnings at the date of initial application.	January 1, 2023, early adoption permitted	The Corporation continues to assess the impact of the standard on its consolidated financial statements. To date, the Corporation has been assessing the key differences and gaps between its current allowance methodologies and model with those it is considering to use upon adoption. This has included assessing the adequacy of existing loss data, developing models for default and loss estimates, and finalizing vendor selection. The Corporation expects to validate its models and execute a parallel run beginning in 2021.
ASU 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract	This standard addresses accounting for fees paid by a customer for implementation, set-up and other upfront costs incurred in a cloud computing arrangement that is hosted by the vendor, i.e., a service contract. The new guidance aligns treatment for capitalization of implementation costs with guidance on internal-use software.	January 1, 2021, early adoption permitted	The Corporation is currently assessing the impact of the new standard on the Corporation's consolidated financial statements.

1. Summary of Significant Accounting Policies (continued)

Relevant standards that were adopted during the year ended December 31, 2019:

The Corporation adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), effective January 1, 2019. The standard provides entities with a single model for recognizing revenue from contracts with customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. In completing its assessment of those revenue streams within the scope of the guidance, the Corporation did not identify any revenue sources for which the timing of recognition needed to change under the new standard. The adoption of this standard on January 1, 2019 did not have a material impact on the Corporation's consolidated financial statements, its current accounting policies and practices, or the timing or amount of revenue recognized. As a result, no adjustment has been made to retained earnings. However, where appropriate, the Corporation evaluated necessary changes to business processes, systems, and internal controls in order to support the recognition, measurement, and disclosure requirements of the new standard.

Effective January 1, 2016, The Corporation early adopted a provision of ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, that eliminated the requirement for entities that are not considered public business entities to disclose the fair value of financial instruments measured at amortized cost. The Corporation adopted the remaining provisions of the standard effective January 1, 2019. Under the new standard, all equity securities will be measured at fair value through earnings with certain exceptions, including investments accounted for under the equity method of accounting or where the fair market value of an equity security is not readily available. The adoption of this standard did not have a material impact on the Corporation's consolidated financial statements.

The preceding listings of relevant standards are not comprehensive listings of all standards to which the Corporation is subject. Rather, these represent accounting standards that had or have the potential for having a material impact on the Corporation's consolidated financial statements.

2. Mergers and Acquisitions

In 2018, the Corporation acquired certain assets and assumed certain liabilities from the acquisition of certain insurance agencies for total consideration of $11.5 million in cash. These acquisitions were considered to be business combinations to be accounted for using the acquisition method since the Corporation obtained control through the acquisition of the operating assets. As a result of these business combinations, the Corporation increased its goodwill and insurance agency intangible assets by $7.7 million and $5.0 million, respectively. The intangible assets recorded as part of these acquisitions consisted of a $4.4 million customer list intangible asset and a $0.6 million non-compete intangible asset. For tax purposes, the transactions were considered asset acquisitions and as such, the amortization of goodwill and intangible assets is deductible for tax purposes. Included in the determination of goodwill was $1.2 million of contingent consideration based upon a percentage of revenues retained over a period of time after the acquisition dates. The amount of contingent consideration included in goodwill was based upon management’s best estimate of possible outcomes. According to the purchase agreements, the contingent consideration payouts may range from $0 to $1.4 million. Acquisition-related legal and professional fee costs associated with these agency acquisitions of $0.2 million were charged to expense in 2018 and were included in the professional fee line item of the consolidated statement of income.

In 2018, $0.2 million was charged to expense to adjust the acquisition-related contingent consideration liabilities.

3. Securities

Trading Securities:

Trading securities, at fair value, were as follows:

	Year Ended December 31	
	2019	**2018**
	(In Thousands)	
Debt securities:		
Municipal bonds and obligations	**$ 961**	$ 52,899
	$ 961	$ 52,899

The reduction in the above balance is due to the Corporation's exit of the Capital Markets business in 2019.

For the years ended December 31, 2019 and 2018, the net unrealized gains and losses on trading activities for trading securities still held at the reporting date were $2 thousand and $39 thousand, respectively.

3. Securities

Securities Available for Sale:

The amortized cost, gross unrealized gains and losses, and fair value of securities available for sale for the periods below were as follows:

	December 31, 2019			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(In Thousands)			
Debt securities				
Government-sponsored residential mortgage-backed securities	**$ 1,151,305**	**$ 17,208**	**$ (545)**	**$ 1,167,968**
U.S. Treasury securities	**50,155**	**265**	**-**	**50,420**
State and municipal bonds and obligations	**272,582**	**10,959**	**(3)**	**283,538**
Qualified zone academy bond	**6,155**	**155**	**-**	**6,310**
	$ 1,480,197	**$ 28,587**	**$ (548)**	**$ 1,508,236**

	December 31, 2018			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(In Thousands)			
Debt securities				
Government-sponsored residential mortgage-backed securities	$ 1,153,495	$ 1,919	$ (19,277)	$ 1,136,137
State and municipal bonds and obligations	321,184	1,883	(9,351)	313,716
Qualified zone academy bond	6,045	-	-	6,045
	$ 1,480,724	$ 3,802	$ (28,628)	$ 1,455,898

A schedule of the contractual maturities of securities available for sale as of December 31, 2019, follows:

	Amortized Cost	Fair Value
	(In Thousands)	
Maturing in one year or less	**$ 6,576**	**$ 6,731**
Maturing after one year but within five years	**67,145**	**67,954**
Maturing after five years but within ten years	**276,655**	**283,210**
Maturing after ten years	**1,129,821**	**1,150,341**
	$ 1,480,197	**$ 1,508,236**

3. Securities (continued)

Mortgage-backed securities and callable securities are shown at their contractual maturity dates. However, both are expected to have shorter average lives due to expected prepayments and callable features, respectively. Included in the securities available for sale at December 31, 2019, were $266.4 million of callable securities at fair value.

Gross realized gains from sales of securities available for sale were $2.1 million and $0.2 million for the years ended December 31, 2019 and 2018, respectively. The Corporation had no significant gross realized losses from sales of securities available for sale for the years ended December 31, 2019 and 2018, respectively.

Management prepares an estimate of the expected cash flows for investment securities available for sale that potentially may be deemed to have OTTI. This estimate begins with the contractual cash flows of the security. This amount is then reduced by an estimate of probable credit losses associated with the security. When estimating the extent of probable losses on the securities, management considers the credit quality and the ability to pay of the underlying issuers. Indicators of diminished credit quality of the issuers include defaults, interest deferrals, or “payments in kind.” Management also considers those factors listed in the Investments – Debt and Equity Securities topic of the FASB ASC when estimating the ultimate realizability of the cash flows for each individual security.

The resulting estimate of cash flows after considering credit is then subject to a present value computation using a discount rate equal to the current yield used to accrete the beneficial interest or the effective interest rate implicit in the security at the date of acquisition. If the present value of the estimated cash flows is less than the current amortized cost basis, an OTTI is considered to have occurred and the security is written down to the fair value indicated by the cash flow analysis. As part of the analysis, management considers whether it intends to sell the security or whether it is more than likely that it would be required to sell the security before the expected recovery of its amortized cost basis.

3. Securities (continued)

Information pertaining to securities available for sale with gross unrealized losses at December 31, 2019 and 2018, which the Corporation has not deemed to be OTTI, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	December 31, 2019				
		Less than 12 Months		12 Months or Longer	
	# of Holdings	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
			(In Thousands)		
Government-sponsored residential mortgage-backed securities	**1**	**$ 545**	**$ 74,550**	**$ -**	**$ -**
State and municipal bonds and obligations	**2**	**3**	**850**	**-**	**-**
	3	**$ 548**	**$ 75,400**	**$ -**	**$ -**

	December 31, 2018				
		Less than 12 Months		12 Months or Longer	
	# of Holdings	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
			(In Thousands)		
Government-sponsored residential mortgage-backed securities	17	$ -	$ -	$ 19,277	$ 925,797
State and municipal bonds and obligations	257	978	47,324	8,373	151,562
	274	$ 978	$ 47,324	$ 27,650	$ 1,077,359

3. Securities (continued)

The Corporation does not intend to sell these investments and has determined based upon available evidence that it is more likely than not that the Corporation will not be required to sell each security before the expected recovery of its amortized cost basis. As a result, the Corporation does not consider these investments to be OTTI. The Corporation made this determination by reviewing various qualitative and quantitative factors regarding each investment category, such as current market conditions, extent and nature of changes in fair value, issuer rating changes and trends, and volatility of earnings.

As a result of the Corporation's review of these qualitative and quantitative factors, the causes of the impairments listed in the table above by category are as follows at December 31, 2019:

- *Government-sponsored residential mortgage-backed securities:* The security with an unrealized loss in this portfolio has contractual terms that generally do not permit the issuer to settle the security at a price less than the current par value of the investment. The decline in market value of this security is attributable to changes in interest rates and not credit quality. Additionally, this security is implicitly guaranteed by the U.S. Government or one of its agencies.
- *State and municipal bonds and obligations:* The securities with unrealized losses in this portfolio have contractual terms that generally do not permit the issuer to settle the securities at a price less than the current par value of the investment. The decline in market value of these securities is attributable to changes in interest rates and not credit quality. These bonds are investment grade and are rated AA Standard and Poor's.

In 2018 the Corporation tendered illiquid common shares for one of its cost method investments in exchange for cash and stock in the acquiring entity totaling $0.6 million. The Corporation recorded a gain of $0.6 million for the consideration received in excess of the cost basis of the tendered shares. The newly acquired stock in the acquiring entity had a fair value of $0.3 million and was subsequently donated to the Eastern Bank Charitable Foundation, and the portion of the gain related to the stock donation was a non-taxable securities gain.

4. Loans and Allowance for Loan Losses

A comparative summary of loans at December 31 follows:

	2019	2018
	(In Thousands)	
Commercial and industrial	**$ 1,642,184**	$ 1,658,765
Commercial real estate	**3,806,311**	3,520,717
Business banking	**774,402**	744,548
Residential real estate	**1,428,630**	1,430,764
Consumer home equity	**933,088**	949,410
Automobile	**243,888**	415,949
Other consumer	**158,543**	135,850
Gross loans before unamortized premiums, unearned discounts and deferred fees	**8,987,046**	8,856,003
Allowance for credit losses	**(82,297)**	(80,655)
Unamortized premiums, net of unearned discounts and deferred fees	**(5,565)**	(435)
Loans after the allowance for credit losses, unamortized premiums, unearned discounts and deferred fees	**$ 8,899,184**	$ 8,774,913

The Corporation's lending activities are conducted principally in the New England area with the exception of its Shared National Credit Portfolio. Eastern participates in Shared National Credits in an effort to improve industry and geographical diversification. Shared National Credits are included in the commercial and industrial and commercial real estate portfolios and are defined as loan syndications with exposure over $100 million and with three or more lenders participating. The Corporation originates single-family and multi-family residential loans, commercial real estate loans, commercial loans, airplane loans for commercial and consumer use, and a variety of other consumer loans. Commercial and consumer airplane loans are included in commercial and industrial and other consumer loans, respectively, in the table above. In addition, the Corporation originates loans for the construction of residential homes, multi-family properties, commercial real estate properties, and for land development. Most loans originated by the Corporation are either collateralized by real estate or other assets, or guaranteed by federal and local governmental authorities. The ability and willingness of the single-family residential and consumer borrowers to honor their repayment commitments is generally dependent on the level of overall economic activity within the borrowers' geographic areas and real estate values.

4. Loans and Allowance for Loan Losses (continued)

The ability and willingness of commercial real estate, commercial and industrial, and construction loan borrowers to honor their repayment commitments is generally dependent on the health of the real estate economic sector in the borrowers' geographic areas and the general economy. The ability and willingness of airplane loan borrowers to repay is generally dependent on the health of the general economy.

The following tables summarize changes in the allowance for loan losses by loan category and bifurcate the amount of allowance allocated to each loan category based on collective impairment analysis and loans evaluated individually for impairment.

(In Thousands)	For the Year Ended December 31, 2019								
	Commercial and Industrial	Commercial Real Estate	Business Banking	Residential Real Estate	Consumer Home Equity	Automobile	Other Consumer	Unallocated	Total
Allowance for Loan Losses:									
Beginning balance	$ 19,321	$ 36,876	$ 8,297	$ 7,059	$ 4,113	$ 2,288	$ 2,312	$ 389	$ 80,655
Charge-offs	(1,123)	-	(5,974)	(66)	(205)	(475)	(1,656)	-	(9,499)
Recoveries	3,748	12	604	105	52	198	122	-	4,841
Provision	(1,027)	1,226	5,373	(718)	67	(670)	2,054	(5)	6,300
Ending balance	$ 20,919	$ 38,114	$ 8,300	$ 6,380	$ 4,027	$ 1,341	$ 2,832	$ 384	$ 82,297
Ending balance: individually evaluated for impairment	$ 2,337	$ 40	$ 571	$ 1,399	$ 322	$ -	$ -	$ -	$ 4,669
Ending balance: acquired with deteriorated credit quality	$ 936	$ -	$ -	$ 256	$ -	$ -	$ -	$ -	$ 1,192
Ending balance: collectively evaluated for impairment	$ 17,646	$ 38,074	$ 7,729	$ 4,725	$ 3,705	$ 1,341	$ 2,832	$ 384	$ 76,436
Loans:									
Ending balance: individually evaluated for impairment	$ 32,370	$ 7,641	$ 11,658	$ 29,532	$ 6,555	$ -	$ -	$ -	$ 87,756
Ending balance: acquired with deteriorated credit quality	3,571	6,459	-	3,421	-	-	-	-	13,451
Ending balance: collectively evaluated for impairment	1,606,243	3,792,211	762,744	1,395,677	926,533	243,888	158,543	-	8,885,839
Ending balance: total loans by group	$ 1,642,184	$ 3,806,311	$ 774,402	$ 1,428,630	$ 933,088	$ 243,888	$ 158,543	$ -	$ 8,987,046

Eastern Bank Corporation

Notes to Consolidated Financial Statements (continued)

4. Loans and Allowance for Loan Losses (continued)

(In Thousands)	For the Year Ended December 31, 2018								
	Commercial and Industrial	Commercial Real Estate	Business Banking	Residential Real Estate	Consumer Home Equity	Automobile	Other Consumer	Unallocated	Total
Allowance for Loan Losses:									
Beginning balance	$ 14,892	$ 36,277	$ 6,615	$ 6,954	$ 4,040	$ 2,714	$ 2,037	$ 582	$ 74,111
Charge-offs	(3,646)	(49)	(6,345)	(27)	(285)	(695)	(1,414)	-	(12,461)
Recoveries	2,753	132	375	152	60	271	162	-	3,905
Provision	5,322	516	7,652	(20)	298	(2)	1,527	(193)	15,100
Ending balance	$ 19,321	$ 36,876	$ 8,297	$ 7,059	$ 4,113	$ 2,288	$ 2,312	$ 389	$ 80,655
Ending balance: individually evaluated for impairment	$ 1,361	$ 38	$ 154	$ 1,804	$ 337	$ -	$ -	$ -	$ 3,694
Ending balance: acquired with deteriorated credit quality	$ 239	$ 181	$ -	$ 393	$ -	$ -	$ -	$ -	$ 813
Ending balance: collectively evaluated for impairment	$ 17,721	$ 36,657	$ 8,143	$ 4,862	$ 3,776	$ 2,288	$ 2,312	$ 389	$ 76,148
Loans:									
Ending balance: individually evaluated for impairment	$ 13,954	$ 10,579	$ 7,704	$ 27,713	$ 4,948	$ -	$ -	$ -	$ 64,898
Ending balance: acquired with deteriorated credit quality	4,904	7,853	-	4,134	-	-	-	-	16,891
Ending balance: collectively evaluated for impairment	1,639,907	3,502,285	736,844	1,398,917	944,462	415,949	135,850	-	8,774,214
Ending balance: total loans by group	$ 1,658,765	$ 3,520,717	$ 744,548	$ 1,430,764	$ 949,410	$ 415,949	$ 135,850	$ -	$ 8,856,003

4. Loans and Allowance for Loan Losses (continued)

For the purpose of estimating the allowance for loan losses, management segregates the loan portfolio into the categories noted in the above tables. Each of these loan categories possess unique risk characteristics like loan purpose, repayment source, and collateral that are considered when determining the appropriate level of the allowance for each category. Examples of these characteristics include:

Commercial and Industrial
Loans in this category consist of revolving and term loan obligations extended to businesses and corporate enterprises for the purpose of financing working capital, equipment purchases and acquisitions. Collateral frequently consists of a first lien position on business assets including, but not limited to: accounts receivable, inventory, airplanes and equipment. The primary repayment source is operating cash flow and, secondarily, the liquidation of assets. The Corporation often obtains personal guarantees from individuals holding material ownership in the borrowing entity.

Commercial Real Estate
Loans in this category consist of mortgage loans on investment real estate. In addition to term loans on cash flowing, stabilized properties, loans are also granted to construct new structures. Property types financed include office, industrial, multi-family, retail, hotel and other single-purpose use properties. Collateral values are established by independent third-party appraisals and evaluations. Primary repayment sources include: operating income generated by the real estate, permanent debt refinancing, sale of the real estate and, secondarily, by liquidation of the collateral. The Corporation often obtains personal guarantees from individuals holding material ownership in the borrowing entity.

Business Banking
The business banking portfolio segment consists of loans granted to commercial borrowers with more modest loan exposures, generally commercial and industrial exposures of $1 million or less and commercial real estate exposures of $3 million or less. Business banking loans are typically secured by all business assets or commercial real estate. Business Banking originations include traditionally underwritten loans as well as partially automated scored loans. Business banking scored loans are decisioned by utilizing the Corporation's proprietary decision matrix that includes a number of quantitative factors including, but not limited to, a guarantor's credit score, industry risk, and time in business.

4. Loans and Allowance for Loan Losses (continued)

The Corporation engages in Small Business Association (SBA) lending, both in business banking and commercial banking divisions. SBA guarantees reduce the Corporation's loss given default and are considered a credit enhancement to the loan structure.

Residential Real Estate

Residential real estate loans originated for the Corporation's portfolio are made to borrowers who demonstrate the ability to repay principal and interest on a monthly basis. Underwriting considerations include, among others: income sources and their reliability, willingness to repay as evidenced by credit repayment history, financial resources including cash reserves and the value of the collateral. The Corporation maintains policy standards for minimum credit score and cash reserves and maximum loan to value consistent with a "prime" portfolio. Collateral consists of mortgage liens on 1-4 family residential dwellings. The Corporation does not originate or purchase sub-prime or other high-risk loans.

Consumer Home Equity

The Corporation originates home equity lines of credit and home equity loans. Home equity lines of credit are granted for ten years with monthly interest-only repayment requirements. Full principal repayment is required at the end of the ten-year draw period. Home equity loans are term loans that require the monthly payment of principal and interest such that the loan will have fully amortized at maturity. Underwriting considerations are materially consistent with those utilized in residential real estate. Collateral consists of a senior or subordinate lien on owner-occupied residential property.

Automobile

The Corporation originates loans secured by new and used automobiles. In 2018, the Corporation exited the indirect automobile loan business and no longer originates loans through dealerships. The Corporation still originates automobile loans through its branch network. The Corporation's policy and underwriting in this portfolio segment include the following, among others: income sources and reliability, credit histories, term of repayment and collateral value.

Other Consumer

Other consumer loans consist of personal lines of credit, overdraft protection, airplane loans and student loans. This portfolio segment is typically granted on an unsecured basis with the exception of airplane loans.

4. Loans and Allowance for Loan Losses (continued)

Credit Quality

For the commercial real estate, commercial and industrial and business banking portfolio, the Corporation utilizes a risk rating system from 0 to 10 to manage risk and identify potential problem loans. Risk rating assignment is based upon a number of quantitative and qualitative factors that are under continual review. Factors include cash flow, collateral coverage, liquidity, leverage, position within the industry, internal controls and management, financial reporting, and other considerations. The risk rating categories are defined as follows:

<u>Unrated</u>
Certain segments of the portfolios are not rated. These segments include airplane loans, business banking scored loan products, and other commercial loans managed by exception. Loans within this unrated loan segment are monitored by delinquency status and for lines of credit greater than $100,000 in exposure, an annual review is conducted. The Corporation supplements performance data with current credit scores for the business banking portfolio on a quarterly basis. Unrated loans managed outside of airplane loans and business banking loans are generally restricted to commercial exposure less than $1,000,000 with a line of credit component restricted to $350,000. Loans included in this category have qualification requirements that include: risk rating of 6 or better at time of recommendation for unrated status, acceptable management of deposit accounts and no known negative changes in management, operations or financial performance. Restricted from this category are lines of credit managed with borrowing base requirements and construction loans.

For purposes of estimating the allowance for loan losses, unrated loans are considered in the same manner as pass rated loans.

<u>1-6 Risk Rating – Pass</u>
Loans risk rated 1-6 comprise those loans that range from "substantially risk free", which indicates borrowers of unquestioned credit standing, well-established national companies with a very strong financial condition, and loans fully secured by cash, though acceptable rated loans may be experiencing weak cash flow, impending lease rollover or minor liquidity concerns.

4. Loans and Allowance for Loan Losses (continued)

7 Risk Rating – Special Mention (Potential Weakness)
Loans to borrowers in this category exhibit potential weaknesses or downward trends deserving management's close attention. While potentially weak, no loss of principal or interest is envisioned. Included in special mention are borrowers who are performing as agreed, are weak when compared to industry standards, may be experiencing an interim loss and may be in declining industries. An element of asset quality, financial flexibility or management is below average. Management and owners may have limited depth, particularly when operating under strained circumstances. The Corporation does not consider borrowers within this category as new business prospects. Borrowers rated special mention may find it difficult to obtain alternative financing from traditional bank sources.

8 Risk Rating – Substandard (Well-Defined Weakness)
Loans with an 8 risk rating exhibit well-defined weaknesses that, if not corrected, may jeopardize the orderly liquidation of the debt. A substandard loan is inadequately protected by the repayment capacity of the obligor or by the collateral pledged. Repayment under market rates and terms, or by the requirements under the existing loan documents, is in jeopardy, however, no loss of principal or interest is envisioned. There is a possibility that a partial loss of principal and/or interest will occur if the deficiencies are not corrected. Loss potential, while existing in the aggregate portfolio of substandard assets, does not have to exist in individual assets classified substandard. Credits in this category often may have reported a loss in the most recent fiscal year end and are likely to continue to report losses in the interim period, or interim losses are expected to result in a fiscal year-end loss. Nonaccrual is possible, but not mandatory, in this class.

9 Risk Rating – Doubtful (Loss Probably)
Loans classified as doubtful have the weaknesses found in the substandard borrowers with the added provision that the weaknesses make collection of the debt in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Serious problems exist such that partial loss of principal is likely. The probability of loss exceeds 50% but because of reasonably specific pending factors that may work to strengthen the credit, estimated losses are deferred until a more exact status can be determined. Pending factors may include the sale of the company, a merger, capital injection, new profitable purchase orders, and refinancing plans. Specific reserves will be the amount identified after specific review. Nonaccrual is mandatory in this class.

4. Loans and Allowance for Loan Losses (continued)

10 Risk Rating – Loss
Loans to borrowers in this category are deemed incapable of repayment. Loans to such borrowers are considered uncollectable and of such little value that continuance as active assets of the Corporation is not warranted. This classification does not mean that the loans have no recovery or salvage value, but rather, it is not practical or desirable to defer writing off these assets even though partial recovery may be affected in the future. Loans in this category will have a recorded investment of $0 at the time of the downgrade.

The credit quality of the commercial loan portfolio is actively monitored and supported by a comprehensive credit approval process that vests approval of all large dollar transactions to a committee of seasoned business line and credit professionals. Risk ratings are periodically reviewed and the Corporation maintains an independent credit risk review function that reports directly to the Risk Management Committee of the Board of Directors. Credits that demonstrate significant deterioration in credit quality are transferred to a specialized group of seasoned workout officers for individual attention.

The following table details the internal risk grading categories for the Corporation's commercial and industrial, commercial real estate and business banking portfolios:

(Dollars in thousands)		As of December 31					
		Commercial and Industrial		Commercial Real Estate		Business Banking	
Category	**Risk Rating**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Unrated		**$ 150,226**	$ 185,265	**$ 48,597**	$ 50,785	**$ 445,201**	$ 441,757
Pass	1-6	**1,405,902**	1,415,249	**3,694,332**	3,391,360	**317,744**	290,252
Special mention	7	**24,171**	30,880	**38,044**	56,092	**2,006**	6,632
Substandard	8	**42,894**	21,042	**24,671**	21,925	**8,561**	5,907
Doubtful	9	**18,991**	6,329	**667**	555	**890**	-
Loss	10	**-**	-	**-**	-	**-**	-
Total		**$ 1,642,184**	$ 1,658,765	**$ 3,806,311**	$ 3,520,717	**$ 774,402**	$ 744,548

4. Loans and Allowance for Loan Losses (continued)

For the Corporation's residential real estate and home equity loan portfolios, the quality of the loan is best indicated by the repayment performance of an individual borrower. Updated appraisals, broker opinions of value and other collateral valuation methods are employed in the residential and home equity portfolios, typically for credits that are deteriorating. Delinquency status is determined using payment performance, while accrual status may be determined using a combination of payment performance, expected borrower viability and collateral value.

Nonaccrual residential loans that have been restructured must perform for a period of six months before being considered for accrual status. Delinquent consumer loans are handled by a team of seasoned collection specialists.

As a general rule, loans more than 90 days past due with respect to principal and interest are classified as a nonaccrual loan unless the loan is accounted for as a PCI loan. As permitted by banking regulations, certain consumer loans past due 90 days or more may continue to accrue interest. The Corporation may also use discretion regarding other loans over 90 days delinquent if the loan is well secured and in the process of collection.

4. Loans and Allowance for Loan Losses (continued)

The following table shows the age analysis of past due loans as of the dates indicated:

(Dollars in thousands)	December 31, 2019						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans	Recorded Investment >90 Days and Accruing
Commercial and industrial	$ 1,407	$ -	$ 963	$ 2,370	$ 1,639,814	$ 1,642,184	$ -
Commercial real estate	1,290	100	1,856	3,246	3,803,065	3,806,311	1,315
Business banking	3,031	763	6,095	9,889	764,513	774,402	-
Residential real estate	14,030	2,563	3,030	19,623	1,409,007	1,428,630	-
Consumer home equity	2,497	430	1,636	4,563	928,525	933,088	9
Automobile	2,929	361	362	3,652	240,236	243,888	-
Other consumer	522	153	217	892	157,651	158,543	-
Total	$ 25,706	$ 4,370	$ 14,159	$ 44,235	$ 8,942,811	$ 8,987,046	$ 1,324

(Dollars in thousands)	December 31, 2018						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans	Recorded Investment >90 Days and Accruing
Commercial and industrial	$ 296	$ 526	$ 2,326	$ 3,148	$ 1,655,617	$ 1,658,765	$ -
Commercial real estate	2,547	-	2,069	4,616	3,516,101	3,520,717	410
Business banking	3,328	885	5,114	9,327	735,221	744,548	-
Residential real estate	16,003	3,493	3,109	22,605	1,408,159	1,430,764	-
Consumer home equity	3,449	811	2,392	6,652	942,758	949,410	9
Automobile	3,021	373	331	3,725	412,224	415,949	-
Other consumer	414	87	106	607	135,243	135,850	-
Total	$ 29,058	$ 6,175	$ 15,447	$ 50,680	$ 8,805,323	$ 8,856,003	$ 419

4. Loans and Allowance for Loan Losses (continued)

The following is a summary of information pertaining to nonaccrual loans:

	December 31, 2019	2018
	(In Thousands)	
Commercial and industrial	**$ 21,471**	$ 6,551
Commercial real estate	**4,120**	3,344
Business banking	**8,502**	7,704
Residential real estate	**5,598**	5,535
Consumer home equity	**2,137**	2,461
Automobile	**364**	380
Other consumer	**259**	197
Total nonaccrual loans	**$ 42,451**	$ 26,172

The following is a summary of information pertaining to impaired loans as of the dates indicated:

(Dollars in thousands)	December 31, 2019					
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Total Interest Income Recognized	Interest Income Recognized Using Cash Basis
With no related allowance recorded:						
Commercial and industrial	$ 22,074	$ 22,819	$ -	$ 17,695	$ 615	$ -
Commercial real estate	7,553	7,808	-	9,987	179	-
Business banking	2,738	4,062	-	2,072	70	-
Residential real estate	16,517	17,858	-	15,501	603	68
Consumer home equity	3,666	3,697	-	2,869	121	3
Sub-total	52,548	56,244	-	48,124	1,588	71
With an allowance recorded:						
Commercial and industrial	10,296	10,503	2,337	6,141	-	-
Commercial real estate	88	90	40	391	-	-
Business banking	8,920	13,176	571	7,730	86	-
Residential real estate	13,015	14,072	1,399	12,215	475	53
Consumer home equity	2,889	2,913	322	2,261	96	3
Sub-total	35,208	40,754	4,669	28,738	657	56
Total	$ 87,756	$ 96,998	$ 4,669	$ 76,862	$ 2,245	$ 127

4. Loans and Allowance for Loan Losses (continued)

(Dollars in thousands)	December 31, 2018					
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Total Interest Income Recognized	Interest Income Recognized Using Cash Basis
With no related allowance recorded:						
Commercial and industrial	$ 10,466	$ 11,035	$ -	$ 10,797	$ 429	$ -
Commercial real estate	10,364	10,554	-	8,993	328	-
Business banking	1,231	2,470	-	1,298	-	-
Residential real estate	11,779	12,767	-	11,880	439	31
Consumer home equity	2,102	2,115	-	1,944	81	-
Sub-total	35,942	38,941	-	34,912	1,277	31
With an allowance recorded:						
Commercial and industrial	3,488	5,110	1,361	5,647	-	-
Commercial real estate	215	215	38	919	-	-
Business banking	6,473	10,403	154	7,015	-	-
Residential real estate	15,934	17,272	1,804	16,072	594	42
Consumer home equity	2,846	2,862	337	2,629	110	1
Sub-total	28,956	35,862	3,694	32,282	704	43
Total	$ 64,898	$ 74,803	$ 3,694	$ 67,194	$ 1,981	$ 74

In the course of resolving nonperforming loans, the Corporation may choose to restructure the contractual terms of certain loans. The Corporation attempts to work-out an alternative payment schedule with the borrower in order to avoid foreclosure actions. Any loans that are modified are reviewed by the Corporation to identify whether a TDR has occurred. TDRs involve situations in which, for economic or legal reasons related to the borrower's financial difficulties, the Corporation grants a concession to the borrower that it would not otherwise consider. Terms may be modified to fit the ability of the borrower to repay consistent with their current financial condition and the restructuring of the loans may include the transfer of assets from the borrower to satisfy the debt, a modification of loan terms, or a combination of the two.

The Corporation's policy is to have any restructured loans which are on nonaccrual status prior to being modified remain on nonaccrual status for approximately six months subsequent to being modified before management considers its return to accrual status. If the restructured loan is on accrual status prior to being modified, it is reviewed to determine if the modified loan should remain on accrual status.

Eastern Bank Corporation

Notes to Consolidated Financial Statements (continued)

4. Loans and Allowance for Loan Losses (continued)

The following table shows the TDR loans on accrual and nonaccrual status as of the dates indicated:

(Dollars in thousands)	December 31, 2019					
	TDRs on Accrual Status		TDRs on Nonaccrual Status		Total TDRs	
	Number of Loans Loans	Balance of Loans	Number of Loans	Balance of Loans	Number of Loans	Balance of Loans
Commercial and industrial	**4**	**$ 10,899**	**14**	**$ 19,781**	**18**	**$ 30,680**
Commercial real estate	**1**	**3,520**	**3**	**3,338**	**4**	**6,858**
Business banking	**2**	**3,156**	**1**	**204**	**3**	**3,360**
Residential real estate	**152**	**25,093**	**27**	**3,977**	**179**	**29,070**
Consumer home equity	**89**	**5,955**	**5**	**600**	**94**	**6,555**
Total	**248**	**$ 48,623**	**50**	**$ 27,900**	**298**	**$ 76,523**

(Dollars in thousands)	December 31, 2018					
	TDRs on Accrual Status		TDRs on Nonaccrual Status		Total TDRs	
	Number of Loans	Balance of Loans	Number of Loans	Balance of Loans	Number of Loans	Balance of Loans
Commercial and industrial	3	$ 5,580	7	$ 4,184	10	$ 9,764
Commercial real estate	2	7,236	2	239	4	7,475
Business banking	-	-	1	288	1	288
Residential real estate	133	24,033	25	3,104	158	27,137
Consumer home equity	62	4,616	7	332	69	4,948
Total	200	$ 41,465	42	$ 8,147	242	$ 49,612

The amount of specific reserve associated with the TDRs was $3.2 million and $2.9 million at December 31, 2019 and 2018, respectively. In 2019, $0.3 million in TDRs moved from nonaccrual to accrual. The amount of additional commitments to lend to borrowers who have been a party to a TDR was $2.5 million and $0 at December 31, 2019 and 2018, respectively.

4. Loans and Allowance for Loan Losses (continued)

The following table shows the modifications which occurred during the periods and the change in the recorded investment subsequent to the modifications occurring:

(Dollars in thousands)	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment (1)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment (1)
Troubled debt restructurings:						
Commercial and industrial	**16**	**$ 18,912**	**$ 19,212**	7	$ 5,926	$ 6,786
Commercial real estate	**2**	**3,277**	**3,277**	-	-	-
Business banking	**2**	**3,184**	**3,184**	-	-	-
Residential real estate	**11**	**2,659**	**2,696**	14	2,235	2,278
Consumer home equity	**9**	**2,053**	**2,392**	10	1,122	1,128
Total	**40**	**$ 30,085**	**$ 30,761**	31	$ 9,283	$ 10,192

(1) The post-modification balances represent the balance of the loan on the date of modification. These amounts may show an increase when modification includes capitalization of interest.

At December 31, 2019, the outstanding recorded investment of loans that were new to TDR during the year was $36.2 million.

4. Loans and Allowance for Loan Losses (continued)

The following table shows the Corporation's post-modification balance of TDRs listed by type of modification during the years indicated:

	Year Ended December 31, 2019	2018
	(In Thousands)	
Adjusted interest rate and extended maturity	**$ 1,513**	$ 1,338
Adjusted interest rate and principal deferred	**-**	715
Adjusted interest rate	**3,352**	676
Interest only/principal deferred	**2,769**	5,926
Extended maturity and interest only/principal deferred	**-**	677
Additional underwriting - increased exposure	**10,822**	-
Subordination	**11,032**	-
Other	**1,273**	860
Total	**$ 30,761**	$ 10,192

The following table shows the loans have that been modified during the prior 12 months which have subsequently defaulted during the years indicated. The Bank considers a loan to have defaulted when it reaches 90 days past due:

(Dollars in thousands)	Year Ended December 31, 2019		2018	
	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
Troubled debt restructurings that subsequently defaulted (1):				
Commercial and industrial	**10**	**$ 18,808**	-	$ -
Commercial real estate	**2**	**3,125**	-	-
Consumer home equity	-	-	1	116
Residential real estate	-	-	1	144
Total	**12**	**$ 21,933**	2	$ 260

(1) This table does not reflect any TDRs which were charged off during the years indicated.

In 2019 and 2018, the amount of TDRs that were modified in the prior 12 months and subsequently charged off was $0 and $1.5 million, respectively.

4. Loans and Allowance for Loan Losses (continued)

Certain loans acquired by the Corporation may have shown evidence of deterioration of credit quality since origination and it was therefore deemed unlikely that the Corporation would be able to collect all contractually required payments. As such, these loans were deemed to be PCI loans and the carrying value and prospective income recognition are predicated upon future cash flows expected to be collected. The Corporation considered factors such as payment history, collateral values, and accrual status when determining whether there was evidence of deterioration in credit quality at the acquisition date.

The following table displays certain information pertaining to PCI loans at the dates indicated:

	December 31, 2019	December 31, 2018
	(In Thousands)	
Outstanding balance	**$ 15,149**	$ 20,841
Carrying amount	**13,451**	16,891

The following summarizes activity in the accretable yield for the PCI loan portfolio:

	2019	2018
	(In Thousands)	
Balance at beginning of year	**$ 6,161**	$ 7,618
Accretion	**(2,132)**	(2,559)
Other change in expected cash flows	**(898)**	(680)
Reclassification from nonaccretable difference for loans with improved cash flows	**792**	1,782
Balance at end of year	**$ 3,923**	$ 6,161

4. Loans and Allowance for Loan Losses (continued)

The following summarizes the impairment recorded through the allowance for loan losses for PCI loans subsequent to acquisition:

	2019	2018
	(In Thousands)	
Balance at beginning of year	**$ 813**	$ 761
Provision for loan losses	**895**	497
Reduction of the allowance (1)	**(516)**	(445)
Balance at end of year	**$ 1,192**	$ 813

(1) Reduction to a previously established allowance because it is probable that there is a significant increase in cash flows previously expected to be collected or actual cash flows are significantly greater than cash flows previously expected.

Loans pledged to secure advances from the Federal Home Loan Bank were $1.0 billion and $0.9 billion at December 31, 2019 and 2018, respectively.

At December 31, 3019, and 2018 mortgage loans partially or wholly-owned by others and serviced by the Corporation amounted to approximately $15.6 million and $16.8 million, respectively.

5. Premises and Equipment

A comparative summary of premises and equipment at December 31 follows:

	2019	2018
	(In Thousands)	
Premises and equipment used in operations:		
Land	**$ 7,410**	$ 7,960
Buildings	**57,075**	56,295
Equipment	**57,720**	62,775
Leasehold improvements	**35,447**	35,808
Premises and equipment, gross	**157,652**	162,838
Less accumulated depreciation and amortization	**(101,085)**	(96,363)
Premises and equipment used in operations, net	**56,567**	66,475
Premises and equipment held for sale	**886**	-
Premises and equipment, net	**$ 57,453**	$ 66,475

The Corporation occupies certain branch offices under operating lease arrangements. The net expense under such arrangements for the years ended December 31, 2019 and 2018 amounted to approximately $16.2 million and $14.3 million, respectively.

6. Goodwill and Other Intangibles

The changes in the carrying amount of goodwill for the years ended December 31 follows:

	2019			2018		
	Gross Carrying Amount	Accumulated Impairment Losses	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment Losses	Net Carrying Amount
	(In Thousands)					
Balance at beginning of year	**$ 369,031**	**$ -**	**$ 369,031**	$ 361,937	$ -	$ 361,937
Goodwill acquired during the year	**-**	**-**	**-**	7,666	-	7,666
Goodwill disposed of during the year [1]	**-**	**-**	**-**	(572)	-	(572)
Balance at end of year	**$ 369,031**	**$ -**	**$ 369,031**	$ 369,031	$ -	$ 369,031

(1) The Corporation sold a portion of its insurance agency reporting unit in 2018 and reduced goodwill by $0.6 million.

A summary of other intangible assets for the years ended December 31 follows:

	2019			2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount [1]	Accumulated Amortization [1]	Net Carrying Amount
	(In Thousands)					
Insurance agency	**$ 27,305**	**$ (19,356)**	**$ 7,949**	$ 27,305	$ (16,712)	$ 10,593
Core deposits	**6,579**	**(5,825)**	**754**	6,579	(4,927)	1,652
Total	**$ 33,884**	**$ (25,181)**	**$ 8,703**	$ 33,884	$ (21,639)	$ 12,245

(1) Excludes amounts that became fully amortized during year.

6. Goodwill and Other Intangibles (continued)

The Corporation has estimated the useful life of its insurance agency-related intangible assets, comprising primarily of customer lists and non-compete agreements, and its core deposit identifiable intangible assets to be a weighted-average of ten years and eight years, respectively, and these useful lives are reassessed annually.

The estimated amortization expense for each of the five succeeding years follows:

		(In Thousands)
Years Ending December 31:		
2020	$	2,799
2021		1,900
2022		1,406
2023		1,000
2024		730

7. Deposits

Deposit balances reflect the impact of overnight programs which decrease reported demand and interest checking balances and increase reported money market investment balances. These programs have been established to manage reserve requirements at the Federal Reserve Bank of Boston. At December 31, 2019 and 2018, the Corporation swept $4.7 billion and $4.5 billion, respectively, from demand deposit and interest checking balances into money market investments.

The following table summarizes time deposits by maturity at December 31, 2019:

	(In Thousands)
2020	$ 286,862
2021	20,889
2022	9,902
2023	5,052
2024	6,370
Thereafter	64
	$ 329,139

Deposits from related parties held by the Corporation at December 31, 2019 amounted to $6.9 million.

At December 31, 2019 and 2018, securities with a carrying value of $21.9 million and $29.0 million respectively, were pledged to secure public deposits and for other purposes required by law.

8. Borrowed Funds

A comparative summary of borrowed funds at December 31 follows:

	2019	2018
	(In Thousands)	
Federal funds purchased	**$ 201,082**	$ 168,776
Federal Home Loan Bank advances	**18,964**	137,286
Escrow deposits of borrowers	**15,349**	14,875
Interest rate swap collateral funds	**-**	13,350
	$ 235,395	$ 334,287

At December 31, 2019, the Bank had available and unused borrowing capacity of approximately $637.0 million at the Federal Reserve Discount Window.

A summary of FHLB of Boston advances by maturities at December 31 follows:

	2019		2018	
	Amount	**Weighted-Average Rate**	**Amount**	**Weighted-Average Rate**
		(In Thousands)		
Within one year	**$ 4,946**	**1.81%**	$ 130,082	2.67%
Over one year to three years	**193**	**0.17%**	-	-
Over three years to five years	**1,587**	**0.35%**	366	1.01%
Over five years	**12,238**	**1.39%**	6,838	1.86%
	$ 18,964	**1.40%**	$ 137,286	2.63%

Advances from the FHLB of Boston are secured by stock in FHLB of Boston, residential real estate loans, commercial real estate loans and government-sponsored residential mortgage-backed securities. The collateral value of residential real estate and commercial real estate loans securing these advances was $952.5 million and $150.1 million, respectively, at December 31, 2019. The collateral value of government-sponsored residential mortgage-backed securities securing these advances was $801.1 million at December 31, 2019. At December 31, 2019, the Bank had available and unused borrowing capacity of approximately $1.7 billion with the FHLB of Boston.

8. Borrowed Funds (continued)

As a member of the FHLB of Boston, the Corporation is required to hold FHLB of Boston stock. At December 31, 2019 and 2018, the Corporation had investments in the FHLB of Boston of $9.0 million and $18.0 million, respectively. At its discretion the FHLB of Boston may declare dividends on the stock. Included in other noninterest income are dividends received of $0.8 million and $1.2 million for the years ended December 31, 2019 and 2018, respectively.

9. Income Taxes

Income tax expense (benefit) for the years ended December 31 follows:

	2019	2018
	(In Thousands)	
Current tax expense:		
Federal	**$ 26,365**	$ 26,793
State	**11,740**	12,969
Total current tax expense	**38,105**	39,762
Deferred tax expense (benefit):		
Federal	**782**	(1,360)
State	**594**	(3,518)
Total deferred tax expense (benefit)	**1,376**	(4,878)
Total income tax expense	**$ 39,481**	$ 34,884

9. Income Taxes (continued)

The difference between the total expected income tax expense computed by applying the federal income tax rate of 21% to income before income tax expense for the years ended December 31, 2019 and 2018, respectively, follows:

	2019	2018
	(In Thousands)	
Income tax expense at statutory rate	**$ 36,662**	$ 33,098
Increase (decrease) resulting from:		
State income tax, net of federal tax benefit	**9,744**	7,466
Amortization of qualified low-income housing investments	**4,782**	2,750
Tax credits	**(7,570)**	(3,154)
Tax-exempt income	**(3,923)**	(4,269)
Cash surrender value of officers' life insurance	**(472)**	(680)
Dividends received deduction	**(58)**	(51)
Nontaxable gain on donated stock	**-**	(64)
Other, net	**316**	(212)
Actual income tax expense	**$ 39,481**	$ 34,884

9. Income Taxes (continued)

Significant components of the Corporation's deferred tax assets and deferred tax liabilities at December 31 are presented in the table below:

	2019	2018
	(In Thousands)	
Deferred tax assets:		
Allowance for credit losses	**$ 25,641**	$ 25,001
Pension and deferred compensation plans	**25,455**	15,809
Unrealized appreciation on securities available for sale	**-**	5,466
Accrued expenses	**5,854**	5,412
Depreciation	**3,515**	2,805
Loan basis difference fair value adjustments	**1,949**	2,483
Charitable contribution limitation carryover	**-**	778
Other	**1,516**	1,097
Total deferred tax assets	**63,930**	58,851
Less: valuation allowance	**-**	-
Deferred tax assets, net of valuation allowance	**63,930**	58,851
Deferred tax liabilities:		
Amortization of intangibles	**13,400**	13,373
Unrealized appreciation on securities available for sale	**6,241**	-
Partnerships	**3,967**	3,297
Cash flow hedges	**6,109**	1,168
Trading securities	**3,316**	891
Other	**2,690**	2,446
Total deferred tax liabilities	**35,723**	21,175
Net deferred income tax assets	**$ 28,207**	$ 37,676

9. Income Taxes (continued)

There was no deferred tax asset valuation allowance at December 31, 2019 and December 31, 2018. In addition, there was no change in the valuation allowance for the years ended December 31, 2019 and 2018.

The Corporation files tax returns in the U.S. federal jurisdiction and various states. At December 31, 2019, the Corporation's open tax years for examination by the IRS were 2016, 2017 and 2018. The Corporation's open tax years for examination by state tax authorities varies by state, but no years prior to 2013 are open.

Management has performed an evaluation of the Corporation's uncertain tax positions and determined that a liability for unrecognized tax benefits at December 31, 2019 and 2018 was not needed.

In 2018, the Corporation recognized approximately $1 thousand in interest expense and penalties that were included in income tax expense. In 2019, there was no interest expense or penalties included in income tax expense.

As a result of the Tax Reform Act of 1986, the special tax bad debt provisions were amended to eliminate the reserve method. However, the base year reserve of approximately $20.8 million remains subject to recapture in the event that the Bank pays dividends in excess of its earnings and profits or redeems its stock.

10. Low Income Housing Tax Credits and Other Tax Credit Investments

The Corporation has invested in several separate Low Income Housing Tax Credits (LIHTC) projects which provide the Corporation with tax credits and operating loss tax benefits over a period of approximately 15 years. Typically, none of the original investment is expected to be repaid. The return on these investments is generally generated through tax credits and tax losses. The Corporation accounts for its investments in LIHTC projects using the proportional amortization method, under which it amortizes the initial cost of the investment in proportion to the amount of the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). The Corporation's maximum exposure to loss in its investments in qualified affordable housing projects is limited to its carrying value included in other assets. The effects of the Tax Cuts and Jobs Act on this proportional amortization method and carrying value of these LIHTC projects was considered and was deemed to be immaterial.

10. Low Income Housing Tax Credits and Other Tax Credit Investments (continued)

The following table presents the Corporation's investments in qualified affordable housing projects accounted for using the proportional amortization method as of the date indicated:

	2019	2018
	(In Thousands)	
Current recorded investment included in other assets	**$ 37,665**	$ 32,446
Commitments to fund qualified affordable housing projects included in recorded investment noted above	**18,042**	14,391
Tax credits and benefits [1]	**5,962**	2,891
Amortization of investments included in current tax expense [2]	**4,782**	2,750

(1) Amount reflects tax credits and tax benefits recognized in the consolidated statement of income for the years ended December 31, 2019 and 2018
(2) Amount reflects amortization of qualified affordable housing projects for the years ended December 31, 2019 and 2018

The Corporation is the sole member of a tax credit investment company through which it consolidates a VIE. In 2015 the VIE made an equity investment to fund the construction of solar energy facilities in a manner to qualify for renewable energy investment tax credits. This equity investment is included in other assets on the consolidated balance sheet and totaled $4.2 million and $4.4 million at December 31, 2019 and 2018, respectively. The minority interest associated with this investment was immaterial at December 31, 2019 and 2018. The Corporation will treat the investment tax credits received as a reduction of federal income taxes for the year in which the credit arises using the flow-through method. The Corporation recorded $0.4 million of new markets tax credits in both 2019 and 2018 as a result of this investment.

The Corporation accounts for its investments in other tax credit investment projects using either the cost method or equity method. These investments are included in other assets on the consolidated balance sheets and totaled $4.3 million and $0.4 million at December 31, 2019 and 2018, respectively. Investment tax credits received as a result of these investments amounted to $2.3 million and $0 million in 2019 and 2018, respectively. The Corporation treats investment tax credits received for these investments as a reduction of federal income taxes for the year in which the credits arise using the flow-through method. There were no commitments outstanding for these projects at either year end.

11. Minimum Regulatory Capital Requirements

The Corporation is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Corporation's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation must meet specific capital guidelines that involve quantitative measures of the Corporation's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Corporation's capital amounts and classification are also subject to qualitative judgements by the regulators about components, risk weightings, and other factors.

The Corporation is subject to the requirements set forth in U.S. Basel III. Under this regulation, the Corporation is required to maintain minimum amounts and ratios (set forth in the table on the next page) of total, Tier I, and common equity Tier 1 capital to risk-weighted assets, and of Tier I capital to average assets (all as defined in the regulations). Management believes, as of December 31, 2019 and 2018, that the Corporation met all capital adequacy requirements to which it is subject.

As of December 31, 2019, the Bank was categorized as "well-capitalized" based on the regulatory framework for prompt corrective action. To be categorized as well-capitalized, the Corporation must maintain minimum total risk-based, Tier I risk-based, common equity Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the following table. There have been no conditions or events that management believes would cause a change in the Corporation's categorization.

11. Minimum Regulatory Capital Requirements (continued)

The Corporation's actual capital amounts and ratios are presented in the following table:

	Actual		For Capital Adequacy		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(In Thousands)			
As of December 31, 2019:						
Total regulatory capital (to risk-weighted assets)	**$ 1,365,391**	**13.56 %**	**$ 805,394**	**≥8 %**	**$ 1,006,742**	**≥10 %**
Tier 1 capital (to risk-weighted assets)	**1,274,174**	**12.66**	**604,045**	**6**	**805,394**	**8**
Common Equity Tier I capital (to risk-weighted assets)	**1,274,174**	**12.66**	**453,034**	**4.5**	**654,382**	**6.5**
Tier I capital (to average assets)	**1,274,174**	**11.47**	**444,279**	**4**	**555,348**	**5**
As of December 31, 2018:						
Total regulatory capital (to risk-weighted assets)	$ 1,224,693	12.41 %	$ 789,488	≥8 %	$ 986,860	≥10 %
Tier 1 capital (to risk-weighted assets)	1,135,755	11.51	592,116	6	789,488	8
Common Equity Tier I capital (to risk-weighted assets)	1,135,755	11.51	444,087	4.5	641,459	6.5
Tier I capital (to average assets)	1,135,755	10.39	437,410	4	546,763	5

The Corporation is subject to various capital requirements in connection with seller/servicer agreements that the Corporation has entered into with secondary market investors. Failure to maintain minimum capital requirements could result in the Corporation's inability to originate and service loans for the respective investor and, therefore, could have a direct material effect on the Corporation's financial statements. Management believes, as of December 31, 2019 and 2018, that the Corporation met all capital requirements in connection with seller/servicer agreements.

12. Employee Benefits

Pension Plans

The Corporation provides pension benefits for its employees through membership in the Savings Banks Employees' Retirement Association (SBERA). The plan is a noncontributory, defined benefit plan. Corporation employees become eligible after attaining age 21 and one year of service. Additionally, benefits become fully vested after three years of eligible service for individuals employed by the Corporation on or before October 31, 1989. Individuals employed subsequent to October 31, 1989 become fully vested after five years of eligible service. The Corporation's annual contribution to the defined benefit plan is based upon standards established by the Pension Protection Act. The contribution is based on an actuarial method intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future.

SBERA offers a common and collective trust as the underlying investment structure for pension plans participating in the association. The target allocation mix for the common and collective trust portfolio calls for an equity-based investment deployment range of 43% to 57% of total common and collective trust portfolio assets. The remainder of the common and collective trust's portfolio is allocated to fixed income securities with a target range of 15% to 25% and other investments, including global asset allocation and hedge funds, from 15% to 31%. The investment managers for the common and collective trust portfolio are selected by the trustees of SBERA through the association's investment committee. A professional investment advisory firm is retained by the investment committee to provide allocation analysis, performance measurement, and to assist with manager searches. The overall investment objective is to diversify equity investments across a spectrum of investment types to limit risks from large market swings. The defined benefit plan has a plan year end of October 31.

The Corporation has an unfunded defined benefit Supplemental Executive Retirement Plan (DB SERP) that provides certain retired and currently employed officers with defined pension benefits in excess of qualified plan limits imposed by U.S. federal tax law. The DB SERP has a plan year end of December 31. In addition, the Corporation has an unfunded Benefit Equalization Plan (BEP) to provide retirement benefits to certain employees whose retirement benefits under the qualified pension plan are limited per the Internal Revenue Code. The BEP has a plan year end of October 31. The Corporation also has an unfunded Outside Directors' Retainer Continuance Plan that provides pension benefits to outside directors who retire from service. The Outside Directors' Retainer Continuance Plan has a plan year end of December 31.

12. Employee Benefits (continued)

The funded status and amounts recognized in the Corporation's consolidated financial statements for the defined benefit plan, the DB SERP, the BEP and the Outside Directors' Retainer Continuance Plan are set forth in the following table:

	2019	2018
	(In Thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of the year	**$ 302,317**	$ 328,409
Service cost	**18,926**	23,256
Interest cost	**10,996**	11,170
Actuarial (gain) loss	**74,828**	(46,932)
Benefits paid	**(10,298)**	(13,586)
Benefit obligation at end of the year	**$ 396,769**	$ 302,317
Change in plan assets:		
Fair value of plan assets at beginning of year	**$ 305,154**	$ 335,369
Actual return on plan assets	**60,723**	(18,918)
Employer contribution	**23,300**	2,289
Benefits paid	**(10,298)**	(13,586)
Fair value of plan assets at end of year	**378,879**	305,154
Funded status	**$ (17,890)**	$ 2,837
Reconciliation of funding status:		
Past service cost	**$ (25)**	$ (69)
Unrecognized net loss	**(113,022)**	(82,542)
Prepaid benefit cost	**95,157**	85,448
Funded status	**$ (17,890)**	$ 2,837
Accumulated benefit obligation	**$ 290,429**	$ 223,865
Amounts recognized in accumulated other comprehensive income, net of tax:		
Unrecognized past service cost	**$ (18)**	$ (50)
Unrecognized net loss	**(81,251)**	(59,339)
Net amount	**$ (81,269)**	$ (59,389)
Amounts in accumulated other comprehensive income expected to be recognized in net periodic benefit cost over the next fiscal year:		
Unrecognized past service cost	**$ 18**	$ 32
Unrecognized net loss	**6,790**	5,207
Net amount	**$ 6,808**	$ 5,239

12. Employee Benefits (continued)

Assumptions used in determining the benefit obligation and pension cost were as follows:

	2019	**2018**
Discount rate - benefit obligation defined benefit plan	**3.16%**	4.25%
Discount rate - benefit obligation BEP	**3.15%**	4.25%
Discount rate - benefit obligation DB SERP	**2.72%**	4.25%
Discount rate - benefit obligation directors' retainer continuance plan	**2.86%**	4.25%
Discount rate - benefit cost	**4.25%**	3.50%
Rate of increase in compensation levels for defined benefit plan and BEP - benefit obligation	**5.25%**	5.25%
Rate of increase in compensation level for directors' retainer continuance plan - benefit obligation	**3.00%**	3.00%
Rate of increase in compensation levels for defined benefit plan and BEP - benefit cost	**5.25%**	5.25%
Rate of increase in compensation level for directors' retainer continuance plan - benefit cost	**3.00%**	3.00%
Expected return on plan assets for defined benefit plan - benefit obligation	**7.50%**	7.50%
Expected return on plan assets for defined benefit plan - benefit cost	**7.50%**	7.75%

In general, the Corporation has selected its assumption with respect to the expected long-term rate of return based on prevailing yields on high quality fixed income investments increased by a premium for equity return expectations.

In 2018, upon the hiring of a new actuarial firm, the Corporation refined its methodology for determining the discount rate used in calculating the benefit obligation and the benefit cost for all of its defined benefit plans. This change was effective in calculating the benefit obligations as of December 31, 2018 and the benefit costs beginning for fiscal year 2019. The Corporation now uses the spot rate approach whereby the individual spot rates on the FTSE above-median yield curve are applied to each corresponding year’s projected cash flow used to measure the respective plan’s service cost and interest cost. The Corporation believes that the new methodology more accurately determines each plan’s service cost and interest cost for the fiscal year versus using the single equivalent discount rate by strengthening the correlation between the projected cash flows and the corresponding discount rate use to measure those components of net periodic pension cost.

12. Employee Benefits (continued)

The Corporation accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and, accordingly, accounted for it prospectively. A total estimated benefit obligation of $302.3 million was calculated at December 31, 2018 under the new methodology. Under the prior methodology, a total estimated benefit obligation of $310.3 million would have been calculated at December 31, 2018.

The Corporation owns a percentage of the SBERA defined benefit common collective trust. Based upon this ownership percentage, plan assets managed by SBERA on behalf of the Corporation amounted to $378.9 million and $305.2 million at December 31, 2019 and 2018, respectively. Investments held by the common collective trust include Level 1, 2 and 3 assets such as: collective funds, equity securities, mutual funds, hedge funds and short-term investments. The Fair Value Measurements and Disclosures Topic of the FASB ASC stipulates that an asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As such, the Corporation classifies its interest in the common collective trust as a Level 3 asset.

The table below presents a reconciliation of the Corporation's interest in the SBERA common collective trust during the year ended December 31, 2019:

	(In Thousands)
Balance at January 1, 2019	$ 305,154
Net realized and unrealized gains and losses	60,723
Contributions	20,000
Benefits Paid	(6,998)
Balance at December 31, 2019	$ 378,879

12. Employee Benefits (continued)

The components of net pension expense for the plans for the years ended December 31 follows:

	2019	2018
	(In Thousands)	
Components of net periodic benefit cost:		
Service cost	**$ 18,926**	$ 23,258
Interest cost	**10,996**	11,170
Expected return on plan assets	**(23,617)**	(25,335)
Past service cost	**44**	44
Recognized net actuarial loss	**7,242**	7,621
Net periodic benefit cost	**$ 13,591**	$ 16,758

Service costs for the defined benefit plan, the BEP, and the DB SERP are included in salaries and employee benefits in the statement of income. Service costs for the Directors' Retainer Continuance Plan are included in professional services in the statement of income.

In accordance with the Pension Protection Act, the Corporation is not required to make any contributions for the defined benefit plan for the plan year beginning November 1, 2019.

The following table summarizes estimated benefits to be paid from the defined benefit plan, DB SERP, BEP, and Directors' Retainer Continuance Plan for the plan years beginning November 1 and January 1, respectively.

	(In Thousands)
2020	$ 32,024
2021	24,355
2022	24,815
2023	26,447
2024	26,891
In aggregate for 2025 - 2029	157,091

12. Employee Benefits (continued)

The Corporation consolidates a rabbi trust VIE which consists of investments that are used to fund certain executive non-qualified retirement benefits and deferred compensation. These rabbi trust investments consist primarily of cash and cash equivalents, U.S. government agency obligations, equity securities, mutual funds and other exchange-traded funds, and were recorded at fair value. Changes in fair value are recorded in noninterest income. The liabilities associated with these non-qualified plans and deferred compensation are included in other liabilities.

Assets held in rabbi trust accounts by plan type, at fair value, were as follows:

	At December 31,	
	2019	**2018**
	(In Thousands)	
Deferred Compensation	**$ 23,936**	$ 21,249
DB SERP	**20,003**	18,183
DC SERP	**24,564**	18,947
Directors' Retainer Continuance Plan	**3,575**	3,273
Benefit Equalization Plan	**5,934**	3,167
	$ 78,012	$ 64,819

For the years ended December 31, 2019 and 2018, the net unrealized gain on rabbi trust investments still held at the reporting date were $13.2 million and $3.2 million, respectively.

12. Employee Benefits (continued)

Employee Tax Deferred Incentive Plan

The Corporation has an employee tax deferred incentive plan (401(k)) under which the Corporation makes voluntary contributions within certain limitations. All employees who meet specified age and length of service requirements are eligible to participate in the 401(k) plan. The amount contributed by the Corporation is included in salaries and employee benefits expense. The amounts contributed for the years ended December 31, 2019 and 2018, were $4.2 million and $3.9 million, respectively.

Defined Contribution Supplemental Executive Retirement Plan

The Corporation has a defined contribution supplemental executive retirement plan (DC SERP), which allows certain senior officers to earn benefits calculated as a percentage of their compensation. In addition, the participant benefits are adjusted based upon a deemed investment performance of measurement funds selected by the participant. These measurement funds are for tracking purposes and are used only to track the performance of a mutual fund, market index, savings instrument, or other designated investment or portfolio of investments. The Corporation recorded expense related to the DC SERP of $1.3 million and $1.4 million in 2019 and 2018, respectively. The total amount due to participants under this plan was included in other liabilities on the Corporation's balance sheet and amounted to $24.5 million and $18.6 million at December 31, 2019 and 2018, respectively.

Deferred Compensation

The Corporation sponsors three plans which allow for elective compensation deferrals by directors, trustees, and certain senior-level employees. Each plan allows its participants to designate deemed investments for deferred amounts from certain options which include diversified choices, such as exchange traded funds, mutual funds, and a deemed fund yielding the highest rate paid by the Corporation on deposit accounts each month. Portfolios with various risk profiles are available to participants with the approval of the Compensation Committee. The Corporation purchases and sells investments which track the deemed investment choices, so that it has available funds to meet its payment liabilities. Deferred amounts, adjusted for deemed investment performance, are paid at the time of a participant designated date or event, such as separation from service, death, or disability. The total amounts due to participants under the three plans were included in other liabilities on the Corporation's balance sheet and amounted to $23.8 million and $21.0 million at December 31, 2019 and 2018, respectively.

13. Commitments and Contingencies

Financial Instruments with Off-Balance Sheet Risk

The Corporation is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to originate loans, standby letters of credit, and forward loan sale commitments. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of those instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments.

The Corporation enters into contractual commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Substantially all of these commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of loan funding.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance by a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

For forward loan sale commitments, the contract or notional amount does not represent exposure to credit loss. The Corporation does not sell loans with recourse.

The following table summarizes the above financial instruments at December 31:

	2019	2018
	(In Thousands)	
Commitments to extend credit	**$ 3,606,182**	$ 3,283,069
Standby letters of credit	**60,124**	62,683
Forward commitments to sell loans	**21,357**	12,613

13. Commitments and Contingencies (continued)

Lease Commitments

As of December 31, 2019, the Corporation and its subsidiaries were obligated under non-cancelable leases for minimum rentals in future periods as follows:

		(In Thousands)
Years Ending December 31:		
2020	$	13,958
2021		12,495
2022		10,114
2023		8,677
2024		5,733
Thereafter		8,556
	$	59,533

Other Contingencies

The Corporation has been named a defendant in various legal proceedings arising in the normal course of business. In the opinion of management, based on the advice of legal counsel, the ultimate resolution of these proceedings will not have a material effect on the Corporation's consolidated financial statements.

As a member of the Federal Reserve System, the Bank is required to maintain certain reserves of vault cash and/or deposits with the Federal Reserve Bank of Boston. The amount of this reserve requirement included in cash and cash equivalents was approximately $3.7 million on December 31, 2019.

14. Derivative Financial Instruments

The Corporation early adopted ASU 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities* as of January 1, 2018. As the Corporation had no existing designated accounting hedges as of the implementation date, this standard was adopted prospectively.

The Corporation's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Corporation's known or expected cash receipts principally to manage the Corporation's interest rate risk. In addition, the Corporation enters into interest rate derivatives and foreign exchange contracts to accommodate the business requirements of its customers ("customer-related positions") and risk participation agreements entered into as financial guarantees of performance on customer-related interest rate swap derivatives. Derivative instruments are carried at fair value in the Corporation's financial statements. The accounting for changes in the fair value of a derivative instrument is dependent upon whether or not it qualifies as a hedge for accounting purposes, and further, by the type of hedging relationship.

By using derivatives, the Corporation is exposed to credit risk to the extent that counterparties to the derivative contracts do not perform as required. Should a counterparty fail to perform under the terms of a derivative contract, the Corporation's credit exposure on interest rate swaps is limited to the net positive fair value and accrued interest of all swaps with each counterparty plus any initial margin collateral posted. The Corporation seeks to minimize counterparty credit risk through credit approvals, limits, monitoring procedures, and obtaining collateral, where appropriate. As such, management believes the risk of incurring credit losses on derivative contracts with those counterparties is remote.

Interest Rate Positions

The Corporation has entered into pay floating/receive fixed interest rate swaps to manage its interest rate risk exposure to the variability in interest cash flows on certain floating-rate commercial loans. An interest rate swap is an agreement whereby one party agrees to pay a floating rate of interest on a notional principal amount in exchange for receiving a fixed rate of interest on the same notional amount, for a predetermined period of time, from a second party. The amounts relating to the notional principal amount are not actually exchanged. The Corporation's interest rate swaps effectively convert the floating rate one-month LIBOR interest payments received on the commercial loans to a fixed rate and consequently reduce the Bank's exposure to variability in short-term interest rates. These swaps are accounted for as cash flow hedges and therefore changes in fair value are included in other comprehensive income and reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings.

14. Derivative Financial Instruments (continued)

The following table reflects the Corporation's derivative positions as of December 31, 2019 and 2018 for interest rate swaps which qualify as cash flow hedges for accounting purposes.

Notional Amount	Trade Date	Effective Date	Maturity Date	Pay Variable Index	Current Rate Paid	Receive Fixed Swap Rate	Fair Value (1)
				($ In Thousands)			
				December 31, 2019			
$ 40,000	23-Feb-18	23-Feb-18	15-Feb-21	1 Month LIBOR	1.74%	2.45%	$ (5)
40,000	23-Feb-18	23-Feb-18	15-Jan-21	1 Month LIBOR	1.74%	2.44%	(4)
40,000	26-Mar-18	26-Mar-18	15-Mar-21	1 Month LIBOR	1.74%	2.50%	(5)
40,000	16-Apr-18	16-Apr-18	15-Apr-21	1 Month LIBOR	1.74%	2.55%	(5)
40,000	31-May-18	31-May-18	15-May-21	1 Month LIBOR	1.74%	2.56%	(5)
40,000	21-Jun-18	21-Jun-18	15-Jun-21	1 Month LIBOR	1.74%	2.71%	(5)
60,000	20-Jul-18	20-Jul-18	15-Jul-21	1 Month LIBOR	1.74%	2.70%	(8)
60,000	27-Aug-18	27-Aug-18	15-Aug-21	1 Month LIBOR	1.74%	2.72%	(8)
60,000	10-Sep-18	15-Sep-18	15-Sep-21	1 Month LIBOR	1.74%	2.78%	(9)
80,000	19-Oct-18	19-Oct-18	15-Oct-21	1 Month LIBOR	1.74%	3.00%	(13)
80,000	30-Nov-18	30-Nov-18	15-Nov-21	1 Month LIBOR	1.74%	2.80%	(13)
80,000	20-Dec-18	20-Dec-18	15-Dec-21	1 Month LIBOR	1.74%	2.57%	(14)
100,000	2-Jan-19	15-Jan-19	15-Jan-22	1 Month LIBOR	1.74%	2.44%	(19)
100,000	15-Feb-19	15-Feb-19	15-Feb-22	1 Month LIBOR	1.74%	2.44%	(19)
40,000	19-Feb-19	15-Jan-21	15-Jan-22	1 Month LIBOR	N/A	2.34%	(3)
40,000	19-Feb-19	15-Feb-21	15-Feb-22	1 Month LIBOR	N/A	2.33%	(3)
100,000	19-Mar-19	19-Mar-19	15-Mar-22	1 Month LIBOR	1.74%	2.35%	(20)
40,000	28-Mar-19	15-Mar-21	15-Mar-22	1 Month LIBOR	N/A	1.97%	(3)
120,000	12-Apr-19	15-Apr-19	15-Apr-22	1 Month LIBOR	1.74%	2.27%	(24)
40,000	26-Apr-19	15-Apr-21	15-Apr-22	1 Month LIBOR	N/A	2.05%	(3)
120,000	30-May-19	30-May-19	15-May-22	1 Month LIBOR	1.74%	1.96%	(25)
40,000	30-May-19	15-May-21	15-May-22	1 Month LIBOR	N/A	1.81%	(3)
120,000	11-Jun-19	15-Jun-19	15-Jun-22	1 Month LIBOR	1.74%	1.79%	(26)
40,000	25-Jun-19	15-Jun-21	15-Jun-22	1 Month LIBOR	N/A	1.42%	(4)
120,000	8-Jul-19	15-Jul-19	15-Jul-22	1 Month LIBOR	1.74%	1.69%	(26)
60,000	16-Jul-19	15-Jul-21	15-Jul-22	1 Month LIBOR	N/A	1.65%	(5)
120,000	29-Aug-19	29-Aug-19	15-Aug-22	1 Month LIBOR	1.74%	1.27%	(27)
60,000	29-Aug-19	15-Aug-21	15-Aug-22	1 Month LIBOR	N/A	1.07%	(5)
50,000	25-Sep-19	15-Sep-21	15-Sep-22	Federal Funds Effective Rate (1 day)	N/A	1.15%	(1)
50,000	11-Oct-19	15-Oct-21	15-Oct-22	Federal Funds Effective Rate (1 day)	N/A	1.21%	(2)
50,000	7-Nov-19	15-Nov-21	15-Nov-22	Federal Funds Effective Rate (1 day)	N/A	1.45%	(4)
50,000	6-Dec-19	15-Dec-21	15-Dec-22	Federal Funds Effective Rate (1 day)	N/A	1.35%	(5)
$ 2,120,000							$ (321)
				December 31, 2018			
$ 40,000	23-Feb-18	23-Feb-18	15-Feb-21	1 Month LIBOR	2.46%	2.45%	$ 30
40,000	23-Feb-18	23-Feb-18	15-Jan-21	1 Month LIBOR	2.46%	2.44%	7
40,000	26-Mar-18	26-Mar-18	15-Mar-21	1 Month LIBOR	2.46%	2.50%	21
40,000	16-Apr-18	16-Apr-18	15-Apr-21	1 Month LIBOR	2.46%	2.55%	23
40,000	31-May-18	31-May-18	15-May-21	1 Month LIBOR	2.46%	2.56%	25
40,000	21-Jun-18	21-Jun-18	15-Jun-21	1 Month LIBOR	2.46%	2.71%	26
60,000	20-Jul-18	20-Jul-18	15-Jul-21	1 Month LIBOR	2.46%	2.70%	42
60,000	27-Aug-18	27-Aug-18	15-Aug-21	1 Month LIBOR	2.46%	2.72%	45
60,000	10-Sep-18	15-Sep-18	15-Sep-21	1 Month LIBOR	2.46%	2.78%	47
80,000	19-Oct-18	19-Oct-18	15-Oct-21	1 Month LIBOR	2.46%	3.00%	67
80,000	30-Nov-18	30-Nov-18	15-Nov-21	1 Month LIBOR	2.46%	2.80%	70
80,000	20-Dec-18	20-Dec-18	15-Dec-21	1 Month LIBOR	2.46%	2.57%	72
$ 660,000							$ 475

(1) Fair value included net accrued interest receivable of $404 and $69, respectively, at December 31, 2019 and 2018.

14. Derivative Financial Instruments (continued)

Central banks around the world, including the Federal Reserve, have commissioned working groups of market participants and official sector representatives with the goal of finding suitable replacements for the London Interbank Offered Rate ("LIBOR") based on observable market transactions because of the probable phase-out of LIBOR. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the course of the next few years. Although the full impact of a transition, including the potential or actual discontinuance of LIBOR publication, remains unclear, this change may have an adverse impact on the value of, return on and trading markets for a broad array of financial products, including any LIBOR-based securities, loans and derivatives that are included in the Corporation's financial assets and liabilities. A transition away from LIBOR may also require extensive changes to the contracts that govern these LIBOR-based products, as well as the Corporation's systems and processes.

The maximum amount of time over which the Corporation is currently hedging its exposure to the variability in future cash flows of forecasted transactions related to the receipt of variable interest on existing financial instruments is 3 years.

For derivative instruments that are designated and qualify as cash flow hedging instruments, the effective portion of the gains or losses is reported as a component of other comprehensive income and is subsequently reclassified into earnings in the period that the hedged transaction affects earnings. The Corporation expects approximately $10.7 million to be reclassified into interest income from other comprehensive income related to the Corporation's cash flow hedges in the next twelve months. This reclassification is due to anticipated payments that will be received on the swaps based upon the forward curve as of December 31, 2019.

At December 31, 2019 and 2018, the Corporation's exposure to CME and the fair value of interest rate swap derivatives which qualify as cash flow hedges that contain credit-risk related contingent features that are in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $0.3 million and $0, respectively. In addition, at December 31, 2019, the Corporation had posted initial-margin collateral in the form of a U.S. Treasury Note amounting to $22.8 million to CME for these derivatives. At December 31, 2018, the Corporation posted initial-margin cash collateral of $5.9 million to CME for these derivatives. The cash and U.S. Treasury Note were considered restricted assets and were included in cash and due from banks and in available for sale securities, respectively.

14. Derivative Financial Instruments (continued)

Customer-Related Positions

Interest rate swaps offered to commercial customers do not qualify as hedges for accounting purposes. The Corporation believes that its exposure to commercial customer derivatives is limited because these contracts are simultaneously matched at inception with an offsetting dealer transaction. The program allows the Corporation to retain variable rate commercial loans while allowing the commercial customer to synthetically fix the loan rate by entering into a variable-to-fixed rate interest rate swap. Exposure with respect to these derivatives is largely limited to nonperformance by either the customer or the dealer.

Risk participation agreements are entered into as financial guarantees of performance on interest rate swap derivatives. The purchased (asset) or sold (liability) guarantee allows the Corporation to participate-out (fee paid) or participate-in (fee received) the risk associated with certain derivative positions executed with the borrower by the lead bank in a customer-related interest rate swap derivative.

Foreign exchange contracts consist of those offered to commercial customers and those entered into to hedge the Corporation's foreign currency risk associated with a foreign-currency loan, both of which do not qualify as hedges for accounting purposes. These commercial customer derivatives are offset with matching derivatives with correspondent-bank counterparties in order to minimize foreign exchange rate risk to the Corporation. Exposure with respect to these derivatives is largely limited to nonperformance by either the customer or the other counterparty. The Corporation does not require that the correspondent-bank counterparty, and the correspondent-bank counterparty does not require that the Corporation, post collateral but each has established foreign-currency transaction limits to manage the exposure risk. The Corporation requires its customers to post collateral to minimize the risk exposure.

14. Derivative Financial Instruments (continued)

The following table presents the Corporation's customer-related derivative positions for the periods indicated below for those derivatives not designated as hedging.

	Number of Positions		Total Notional
	(Dollars in Thousands)		
	December 31, 2019		
Interest rate swaps	**603**	**$**	**3,749,474**
Risk participation agreements	**67**		**299,576**
Foreign exchange contracts:			
Matched commercial customer book	**62**		**29,990**
Foreign currency loan	**23**		**7,310**
	December 31, 2018		
Interest rate swaps	544	$	3,154,181
Risk participation agreements	34		163,903
Foreign exchange contracts:			
Matched commercial customer book	72		55,110
Foreign currency loan	-		-

The level of interest rate swaps, risk participation agreements and foreign currency exchange contracts at each year-end period noted above was commensurate with the activity throughout those years.

14. Derivatives Financial Instruments (continued)

The table below presents the fair value of the Corporation's derivative financial instruments, as well as their classification on the balance sheet for the periods indicated.

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	**Fair Value at December 31, 2019**	**Fair Value at December 31, 2018**	**Balance Sheet Location**	**Fair Value at December 31, 2019**	**Fair Value at December 31, 2018**
	(In Thousands)					
Derivatives designated as hedging instruments:						
Interest rate swaps	Other assets	**$ -**	$ 475	Other liabilities	**$ 321**	$ -
Derivatives not designated as hedging instruments:						
Customer-related positions:						
Interest rate swaps	Other assets	**$ 64,463**	$ 33,696	Other liabilities	**$ 18,057**	$ 26,256
Risk participation agreements	Other assets	**482**	226	Other liabilities	**606**	267
Foreign currency exchange contracts - matched customer book	Other assets	**469**	547	Other liabilities	**428**	459
Foreign currency exchange contracts - foreign currency loan	Other assets	**-**	-	Other liabilities	**203**	-
		$ 65,414	$ 34,469		**$ 19,294**	$ 26,982
Total		**$ 65,414**	$ 34,944		**$ 19,615**	$ 26,982

14. Derivatives Financial Instruments (continued)

The table below presents the net effect of the Corporation's derivative financial instruments on the consolidated income statements as well as the effect of the Corporation's derivative financial instruments included in OCI for the years ended December 31, 2019 and 2018.

	For the Year Ended			
		2019		**2018**
		(In Thousands)		
Derivatives designated as hedges:				
Gain (loss) in OCI on derivatives	**$**	**20,275**	$	5,354
Gain (loss) reclassified from OCI into interest income (effective portion)	**$**	**2,698**	$	1,198
Gain (loss) recognized in income on derivatives (ineffective portion and amount excluded from effectiveness test)				
Interest income	**$**	**-**	$	-
Other income		**-**		-
Total	**$**	**-**	$	-
Derivatives not designated as hedges:				
Customer-related positions:				
Gain (loss) recognized in interest rate swap income	**$**	**(2,833)**	$	(550)
Gain (loss) recognized in interest rate swap income for risk participation agreements		**(83)**		(35)
Gain (loss) recognized in other income for foreign currency exchange contracts:				
Matched commercial customer book		**(47)**		36
Foreign currency loan		**(203)**		-
Total gain (loss) for derivatives not designated as hedges	**$**	**(3,166)**	$	(549)

The Corporation has agreements with its customer-related interest rate swap derivative counterparties that contain a provision whereby if the Corporation defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Corporation could also be declared in default on its derivative obligations.

The Corporation also has agreements with certain of its customer-related interest rate swap derivative correspondent-bank counterparties that contain a provision whereby if the Corporation fails to maintain its status as a well-capitalized institution, then the counterparty could terminate the derivative positions and the Corporation would be required to settle its obligations under the agreements.

14. Derivatives Financial Instruments (continued)

The Corporation's exposure related to its customer-related interest rate swap derivative consists of exposure on cleared derivative transactions and exposure on non-cleared derivative transactions.

Cleared derivative transactions are with CME and exposure is settled to market daily, with additional credit exposure related to initial-margin collateral pledged to CME at trade execution. At December 31, 2019 and 2018, the Corporation's exposure to CME for settled variation margin in excess of the customer-related interest rate swap termination values was $1.5 million and $0, respectively. In addition, at December 31, 2019, the Corporation had posted initial-margin collateral in the form of a U.S. Treasury Note amounting to $27.6 million to CME for these derivatives. At December 31, 2018, the Corporation posted initial-margin cash collateral of $11.6 million to CME for these derivatives. The cash and U.S. Treasury Note were considered restricted assets and were included in cash and due from banks and in available for sale securities, respectively.

As of December 31, 2019 and 2018, the fair value of non-cleared customer-related interest rate swap derivatives that contain credit-risk related contingent features that are in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $14.6 million and $0, respectively. The Corporation has minimum collateral posting thresholds with its non-cleared customer-related interest rate swap derivative correspondent-bank counterparties to the extent that the Corporation has a liability position with the correspondent-bank counterparties. At December 31, 2019, the Corporation had posted collateral in the form of cash amounting to $22.2 million which was considered to be a restricted asset and was included in other short-term investments. Since the Corporation was in an asset position with all counterparties at December 31, 2018, it had posted collateral of $0 which would have been included in other short-term investments and would have been considered to be a restricted asset to the extent it had posted collateral. If the Corporation had breached any of these provisions at December 31, 2019, it would have been required to settle its obligations under the agreements at the termination value. In addition, the Corporation had cross-default provisions with its commercial customer loan agreements which provide cross-collateralization with the customer loan collateral.

15. Balance Sheet Offsetting

Certain financial instruments, including derivatives, may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements or similar agreements. The Corporation's derivative transactions with upstream financial institution counterparties are generally executed under International Swaps and Derivative Association master agreements which include "right of set-off" provisions. In such cases there is generally a legally enforceable right to offset recognized amounts. However, the Corporation does not offset fair value amounts recognized for derivative instruments. The Corporation does net the amount recognized for the right to reclaim cash collateral against the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement. Collateral legally required to be maintained at dealer banks by the Corporation is monitored and adjusted as necessary. Per a review completed by management of these instruments at December 31, 2019, it was determined that no additional collateral would have to be posted to immediately settle these instruments.

15. Balance Sheet Offsetting (continued)

The following table presents the Corporation's asset positions that were eligible for offset and the potential effect of netting arrangements on its financial position, as of the periods indicated:

Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position: Financial Instruments	Gross Amounts Not Offset in the Statement of Financial Position: Cash Collateral Received	Net Amount
	(In Thousands)					
	December 31, 2019					
Interest rate swaps	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Customer-related positions:						
Interest rate swaps	**64,463**	**-**	**64,463**	**1,434**	**-**	**63,029**
Risk participation agreements	**482**	**-**	**482**	**-**	**-**	**482**
Foreign currency exchange contracts - matched customer book	**469**	**-**	**469**	**7**	**462**	**-**
Foreign currency exchange contracts - foreign currency loan	**-**	**-**	**-**	**-**	**-**	**-**
	$ 65,414	**$ -**	**$ 65,414**	**$ 1,441**	**$ 462**	**$ 63,511**
	December 31, 2018					
Interest rate swaps	$ 475	$ -	$ 475	$ -	$ -	$ 475
Customer-related positions:						
Interest rate swaps	33,696	-	$ 33,696	2,849	13,350	17,497
Risk participation agreements	226		226	104	-	122
Foreign currency exchange contracts	547	-	547	236	311	-
	$ 34,944	$ -	$ 34,944	$ 3,189	$ 13,661	$ 18,094

15. Balance Sheet Offsetting (continued)

The following table presents the Corporation's liability positions that were eligible for offset and the potential effect of netting arrangements on its financial position, as of the periods indicated:

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position: Financial Instruments	Gross Amounts Not Offset in the Statement of Financial Position: Cash Collateral Pledged	Net Amount
	(In Thousands)					
	December 31, 2019					
Interest rate swaps	**$ 321**	**$ -**	**$ 321**	**$ 321**	**$ -**	**$ -**
Customer-related positions:						
Interest rate swaps	**18,057**	**-**	**18,057**	**1,434**	**16,623**	**-**
Risk participation agreements	**606**	**-**	**606**	**-**	**-**	**606**
Foreign currency exchange contracts - matched customer book	**428**	**-**	**428**	**7**	**-**	**421**
Foreign currency exchange contracts - foreign currency loan	**203**	**-**	**203**	**-**	**-**	**203**
	$ 19,615	**$ -**	**$ 19,615**	**$ 1,762**	**$ 16,623**	**$ 1,230**
	December 31, 2018					
Customer-related positions:						
Interest rate swaps	$ 26,256	$ -	$ 26,256	$ 2,849	$ 1,786	$ 21,621
Risk participation agreements	267	-	267	104	-	163
Foreign currency exchange contracts	459	-	459	236	-	223
	$ 26,982	$ -	$ 26,982	$ 3,189	$ 1,786	$ 22,007

16. Fair Value of Assets and Liabilities

The Corporation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Corporation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Corporation's own assumptions are set to reflect those that the Corporation believes market participants would use in pricing the asset or liability at the measurement date. The Corporation uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Corporation's entire holdings of a particular financial instrument. Because no active market exists for a portion of the Corporation's financial instruments, fair value estimates are based on judgements regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The following methods and assumptions were used by the Corporation in estimating fair value disclosures:

16. Fair Value of Assets and Liabilities (continued)

Cash and Cash Equivalents and Accrued Interest

For these financial instruments, which have original maturities of 90 days or less, their carrying amounts reported in the consolidated balance sheets approximate fair value.

Trading Securities

Trading securities consisted of fixed income municipal securities and were recorded at fair value. All of the fixed income securities were categorized in Level 2 as the valuations were estimated by a third-party pricing vendor using a valuation matrix with inputs including bond interest rate tables, recent transactions, and yield relationships.

Securities Available for Sale

Securities available for sale consisted of U.S. Treasury securities, U.S. government-sponsored residential mortgage-backed securities, state and municipal bonds, and a qualified zone academy bond and were recorded at fair value.

The fair value of U.S. Treasury securities was obtained from a third-party pricing vendor who estimated fair value based off of quoted prices in active markets and therefore these securities were classified as Level 1.

The fair value of other U.S. government-sponsored residential mortgage-backed securities was estimated by a third-party pricing vendor using either a matrix or benchmarks. The inputs used include benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. These securities were categorized as Level 2.

The municipal bonds were classified as Level 2 for the same reasons described for the trading municipal securities.

The valuation technique for the qualified zone academy bond was a discounted cash flow methodology using market discount rates. The assumptions used included at least one significant model assumption or input that was unobservable, and therefore, this security was classified as Level 3.

16. Fair Value of Assets and Liabilities (continued)

Fair value was based on the value of one unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument, possible tax ramifications, or estimated transaction costs. The estimated fair value of the Corporation's securities available for sale, by type, is disclosed in Note 3.

Loans Held for Sale

For loans held for sale, whose carrying amounts approximate fair value, the fair value was estimated by the anticipated market price based upon pricing indications provided by investor banks.

Loans

The fair value of commercial, commercial real estate, construction, and certain other consumer loans was estimated by discounting the contractual cash flows using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

For residential real estate loans, auto loans, and consumer home equity lines and loans, fair value was estimated by discounting contractual cash flows adjusted for prepayment estimates using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Loans that are deemed to be impaired were recorded at the fair value of the underlying collateral, if the loan is collateral-dependent, or at a carrying value based upon expected cash flows discounted using the loan's effective interest rate.

FHLB Stock

The fair value of FHLB stock approximates the carrying amount based on the redemption provisions of the FHLB.

16. Fair Value of Assets and Liabilities (continued)

Rabbi Trust Investments

Rabbi trust investments consisted primarily of cash and cash equivalents, U.S. Government agency obligations, equity securities, mutual funds and other exchange-traded funds, and were recorded at fair value and included in other assets. The purpose of these rabbi trust investments is to fund certain executive non-qualified retirement benefits and deferred compensation.

For cash and cash equivalents, which have original maturities of 90 days or less, their carrying amounts reported in the consolidated balance sheets approximate fair value and were categorized as Level 1. The fair value of other U.S. government agency obligations was estimated using either a matrix or benchmarks. The inputs used include benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. These securities were categorized as Level 2. The equity securities and other exchange-traded funds were valued based on quoted prices from the market. The equities, mutual funds and exchange-traded funds traded in an active market were categorized as Level 1. Mutual funds at net asset value amounted to $16.2 million and $15.6 million at December 31, 2019 and 2018, respectively. There were no redemption restrictions on these mutual funds at either year end.

Bank-Owned Life Insurance

The fair value of bank-owned life insurance was based upon quotations received from bank-owned life insurance dealers.

Deposits

The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, savings and interest checking accounts, and money market accounts, was equal to their carrying amount. The fair value of time deposits was based on the discounted value of contractual cash flows using current market interest rates.

The fair value estimates of deposits do not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the wholesale market (core deposit intangibles).

16. Fair Value of Assets and Liabilities (continued)

Other Borrowed Funds

For other borrowed funds that mature in 90 days or less, the carrying amount reported in the consolidated balance sheets approximates fair value. For borrowed funds that mature in more than 90 days, the fair value was based on the discounted value of the contractual cash flows applying interest rates currently being offered in the market.

FHLB Advances

The fair value of FHLB advances was based on the discounted value of contractual cash flows. The discount rates used are representative of approximate rates currently offered on instruments with similar remaining maturities.

Escrow Deposits of Borrowers

The fair value of escrow deposits of borrowers, which have no stated maturity, approximates the carrying amount.

Interest Rate Swaps

The fair value of interest rate swaps was determined using discounted cash flow analysis on the expected cash flows of the interest rate swaps. This analysis reflects the contractual terms of the interest rate swaps, including the period of maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. In addition, for customer-related interest rate swaps, the analysis reflects a credit valuation adjustment to reflect the Corporation's own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. The majority of inputs used to value its interest rate swaps fall within Level 2 of the fair value hierarchy, but the credit valuation adjustments associated with the interest rate swaps utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Corporation and its counterparties. However, as of December 31, 2019, the impact of the Level 3 inputs on the overall valuation of the interest rate swaps was deemed not significant to the overall valuation. As a result, the interest rate swaps were categorized as Level 2 within the fair value hierarchy.

16. Fair Value of Assets and Liabilities (continued)

Risk Participations

The fair value of risk participations was determined based upon the total expected exposure of the derivative which considers the present value of cash flows discounted using market-based inputs and was categorized as Level 2 within the fair value hierarchy. The fair value also included a credit valuation adjustment which evaluates the credit risk of its counterparties by considering factors such as the likelihood of default by the counterparties, its net exposures, the remaining contractual life, as well as the amount of collateral securing the position. The change in value of derivative assets and liabilities attributable to credit risk was not significant during the reported periods.

Foreign Currency Forward Contracts

The fair values of foreign currency forward contracts were based upon the remaining expiration period of the contracts and bid quotations received from foreign exchange contract dealers, and were categorized as Level 2 within the fair value hierarchy.

16. Fair Value of Assets and Liabilities (continued)

The carrying amounts and estimated fair values of the Corporation's financial instruments at December 31 follow:

	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Assets				
Cash and cash equivalents	**$ 362,602**	**$ 362,602**	$ 259,708	$ 259,708
Trading securities	**961**	**961**	52,899	52,899
Securities available for sale	**1,508,236**	**1,508,236**	1,455,898	1,455,898
Loans held for sale	**26**	**26**	22	22
Loans, net of allowance for loan losses	**8,889,184**	**9,116,018**	8,774,913	8,914,613
Accrued interest receivable	**26,835**	**26,835**	28,407	28,407
FHLB stock	**9,027**	**9,027**	17,959	17,959
Rabbi trust investments	**78,012**	**78,012**	64,819	64,819
Bank-owned life insurance	**77,546**	**77,546**	75,434	75,434
Interest rate swap contracts				
Cash flow hedges - interest rate positions	**-**	**-**	475	475
Customer-related positions	**64,463**	**64,463**	33,696	33,696
Risk participation agreements	**482**	**482**	226	226
Foreign currency forward contracts				
Matched customer book	**469**	**469**	547	547
Liabilities				
Deposits	**$ 9,551,392**	**$ 9,548,889**	$ 9,399,493	$ 9,394,359
Other borrowed funds	**201,082**	**201,082**	182,126	182,126
FHLB advances	**18,964**	**18,188**	137,286	136,738
Escrow deposits of borrowers	**15,349**	**15,349**	14,875	14,875
Accrued interest payable	**1,712**	**1,712**	2,176	2,176
Interest rate swap contracts				
Cash flow hedges - interest rate positions	**321**	**321**	-	-
Customer-related positions	**18,057**	**18,057**	26,256	26,256
Risk participation agreements	**606**	**606**	267	267
Foreign currency forward contracts				
Matched customer book	**428**	**428**	459	459
Foreign currency loan	**203**	**203**	-	-

16. Fair Value of Assets and Liabilities (continued)

Assets and liabilities measured at fair value on a recurring basis were as follows:

		Fair Value Measurements at Reporting Date Using		
Description	**Balance as of December 31, 2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(In Thousands)		
Assets				
Trading securities				
Municipal bonds	$ 961	$ -	$ 961	$ -
Securities available for sale				
U.S. Treasury securities	50,420	50,420	-	
Government-sponsored residential mortgage-backed securities	1,167,968	-	1,167,968	-
State and municipal bonds and obligations	283,538	-	283,538	-
Other bonds	6,310	-	-	6,310
Rabbi trust investments	78,012	63,945	14,067	-
Interest rate swap contracts				
Customer-related positions	64,463	-	64,463	-
Risk participation agreements	482	-	482	-
Foreign currency forward contracts		-		
Matched customer book	469		469	-
Total	$ 1,652,623	$ 114,365	$ 1,531,948	$ 6,310
Liabilities				
Interest rate swap contracts				
Cash flow hedges - interest rate positions	$ 321	$ -	$ 321	$ -
Customer-related positions	18,057	-	18,057	-
Risk participation agreements	606	-	606	-
Foreign currency forward contracts				
Matched customer book	428	-	428	-
Foreign currency loan	203	-	203	-
Total	$ 19,615	$ -	$ 19,615	$ -

16. Fair Value of Assets and Liabilities (continued)

Description	Balance as of December 31, 2018	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In Thousands)		
Assets				
Trading securities				
Municipal bonds	$ 52,899	$ -	$ 52,899	$ -
Securities available for sale				
Government-sponsored residential mortgage-backed securities	1,136,137	-	1,136,137	-
State and municipal bonds and obligations	313,716	-	313,716	-
Other bonds	6,045	-	-	6,045
Rabbi trust investments	64,819	54,754	10,065	-
Interest rate swap contracts				
Cash flow hedges - interest rate positions	475		475	
Customer-related positions	33,696	-	33,696	-
Risk participations	226	-	226	-
Foreign currency forward contracts	547	-	547	-
Total	$ 1,608,560	$ 54,754	$ 1,547,761	$ 6,045
Liabilities				
Interest rate swap contracts				
Cash flow hedges - interest rate positions	$ 26,256	$ -	$ 26,256	$ -
Risk participations	267	-	267	-
Foreign currency forward contracts	459	-	459	-
Total	$ 26,982	$ -	$ 26,982	$ -

There were no transfers between Level 1 and Level 2 during 2019 or 2018.

16. Fair Value of Assets and Liabilities (continued)

For the fair value measurements which are classified as Level 3 within the fair value hierarchy, the Corporation's Treasury and Finance groups determine the valuation policies and procedures. For the valuation of the qualified zone academy bond, the Corporation uses third-party valuation information. Management determined that no changes to the quantitative unobservable inputs were necessary. Management employs various techniques to analyze the valuation it receives from third parties, such as analyzing changes in market yields. Management reviews changes in fair value from period to period to ensure that values received from the third parties are consistent with their expectation of the market.

The table below presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2019 and 2018:

	Securities Available for Sale
	(In Thousands)
Balance at January 1, 2018	$ 5,936
Gains and losses (realized/unrealized):	
Included in earnings	109
Balance at December 31, 2018	6,045
Gains and losses (realized/unrealized):	
Included in earnings	**109**
Included in other comprehensive income	**156**
Balance at December 31, 2019	$ **6,310**

16. Fair Value of Assets and Liabilities (continued)

The Corporation may also be required, from time to time, to measure certain other assets on a nonrecurring basis in accordance with generally accepted account principles. These adjustments to fair value usually result from write-downs of individually impaired assets. The following table summarizes the fair value hierarchy used to determine each adjustment and the carrying value of the related individual assets of December 31, 2019 and 2018. Individual assets were measured during the reporting periods and measurement dates may not coincide with the reporting dates. The gain/(loss) represents the amount of write-down recorded during 2019 and 2018 on the assets held at December 31, 2019 and 2018.

		Fair Value Measurements at Reporting Date Using			
Description	**Balance as of December 31, 2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Gains (Losses)**
		(In Thousands)			
Assets					
Collateral-dependent impaired loans whose fair value is based upon appraisals	**$ 4,261**	**$ -**	**$ -**	**$ 4,261**	**$ (1,089)**

16. Fair Value of Assets and Liabilities (continued)

		Fair Value Measurements at Reporting Date Using			
Description	Balance as of December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
			(In Thousands)		
Assets					
Other real estate owned	$ 35	$ -	$ -	$ 35	$ -
Collateral-dependent impaired loans whose fair value is based upon appraisals	12,039	-	-	12,039	(1,311)
Total	$ 12,074	$ -	$ -	$ 12,074	$ (1,311)

For the valuation of the other real estate owned and collateral-dependent impaired loans, the Corporation relies primarily on third-party valuation information from certified appraisers and values are generally based upon recent appraisals of the underlying collateral, brokers' opinions based upon recent sales of comparable properties, estimated equipment auction or liquidation values, income capitalization, or a combination of income capitalization and comparable sales. Depending on the type of underlying collateral, valuations may be adjusted by management for qualitative factors such as economic factors and estimated liquidation expenses. The range of these possible adjustments may vary.

Impaired loans in which the reserve was established based upon expected cash flows discounted at the loan's effective interest rate are not deemed to be measured at fair value.

17. Revenue from Contracts with Customers

The Corporation adopted the new revenue recognition standard under ASC 606 as of January 1, 2019 and used the modified retrospective method upon adoption. The Corporation determined that there were no material changes to be made to revenue recognition upon adoption and that there were no practical expedients to apply to its contracts.

A portion of the Corporation's noninterest income is derived from contracts with customers, and as such, the revenue recognized depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Corporation considers the terms of the contract and all relevant facts and circumstances when applying this guidance. To ensure its alignment with this core principle, the Corporation measures revenue and the timing of recognition by applying the following five steps:

1. Identify the contract(s) with the customers
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Corporation has disaggregated its revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The following table presents the revenue streams that the Corporation has disaggregated for the years ended December 31:

17. Revenue from Contracts with Customers (continued)

	2019	2018
	(In Thousands)	
Insurance commissions	**$ 90,587**	$ 91,885
Service charges on deposit accounts	**27,043**	26,897
Trust and investment advisory fees	**19,653**	19,128
Debit card processing fees	**10,452**	16,162
Other non-interest income	**8,483**	9,981
Total noninterest income in-scope of ASC 606	**156,218**	164,053
Total noninterest income out-of-scope of ASC 606	**26,081**	16,542
Total noninterest income	**$ 182,299**	$ 180,595

With the exception of insurance commissions, there were no significant judgments made in determining or allocating the transaction price in the revenue streams identified above, as the consideration and service requirements are generally explicitly identified in the associated contracts. Additional information related to each of the revenue streams, including significant judgments made in determining and allocating the transaction price for insurance commissions, is further noted below.

Insurance Commissions

The Corporation acts as an agent in offering property, casualty, and life and health insurance to both commercial and consumer customers though Eastern Insurance Group LLC. The Corporation earns a fixed commission on the sales of these products and services and may also earn bonus commissions based upon meeting certain volume thresholds. In general, the Corporation recognizes commission revenues when earned based upon the effective date of the policy, and for certain insurance products, may also earn and recognize annual residual commissions commensurate with annual premiums being paid. For certain categories of insurance commissions, the Corporation had to estimate standalone selling prices of promised services within the applicable contracts in order to allocate the transaction price to the related performance obligations. The Corporation used the cost plus margin and residual approaches to estimate these amounts.

17. Revenue from Contracts with Customers (continued)

The Corporation also earns profit sharing, or contingency, revenues from the insurers with whom the Corporation places business. These profit sharing revenues are performance bonuses from the insurers based upon certain performance metrics such as floors on written premiums, loss rates, and growth rates. Because the Corporation's expectation of the ultimate profit sharing revenue amounts to be earned can vary from period to period, the Corporation does not recognize this revenue until it has concluded that, based on all the facts and information available, that it is probable that a significant revenue reversal will not occur in future periods.

Insurance commissions earned but not yet received amounted to $3.9 million, $4.6 million, and $2.8 million at December 31, 2019, 2018, and 2017, respectively, and were included in other assets.

Deposit Service Charges

The Corporation offers various deposit account products to its customers governed by specific deposit agreements applicable to either personal customers or business customers. These agreements identify the general conditions and obligations of both parties and include standard information regarding deposit account-related fees.

Deposit account services include providing access to deposit accounts as well as access to the various deposit transactional services of the Corporation. These transactional services are primarily those that are identified in the standard fee schedule, and include, but are not limited to, services such as overdraft protection, wire transfer, and check collection. Revenue is recognized in conjunction with the various services being provided. For example, the Corporation may assess monthly fixed service fees associated with the customer having access to the deposit account, which can vary depending on the account type and daily account balance. In addition, the Corporation may also assess separate fixed fees associated with and at the time specific transactions are entered in to by the customer. As such, the Corporation considers its performance obligations to be met concurrently with providing the account access or completing the requested deposit transaction.

17. Revenue from Contracts with Customers (continued)

Cash Management

Cash management services are a subset of the deposit service charges revenue stream. These services include ACH transaction processing, positive pay, lockbox, and remote deposit services. These services are also governed by separate agreements entered in to by the customer. The fee arrangement for these services is structured to assess fees on a per transaction fee arrangement which may be offset by earnings credits. An earnings credit is a discount that a customer receives based upon the investable balance in the applicable covered deposit account(s) for a given month. Earnings credits are only good for the given month. That is, if cash management fees for a given month are less than the month's earnings credit, the remainder of the credit does not carry over to the following month. Cash management fees are recognized as revenue in the month that the services are provided. Cash Management fees earned but not yet received amounted to $0.8 million, $0.7 million, and $0.7 million at December 31, 2019, 2018, and 2017, respectively, and were included in other assets.

Debit Card Processing Fees

The Corporation provides debit cards to its customers which are authorized and settled through various card payment networks, and in exchange, the Corporation earns revenue as determined by each payment network's interchange program. Regardless of the network that is utilized to authorize and settle the payment, the merchant that provides the product or service to the debit card holder is ultimately responsible for the interchange payment to the Corporation. Debit card processing fees are recognized concurrently with the settlement of card transactions within each network. Debit card processing fees earned but not yet received amounted to $0.3 million, $0.3 million, and $0.4 million at December 31, 2019, 2018, and 2017 and were included in other assets.

Trust and Investment Advisory Fees

The Corporation offers investment management and trust services to individuals, institutions, small businesses and charitable institutions. Each investment management product is governed by its own contract along with a separate identifiable fee schedule unique to that product. The Corporation also offers additional services, such as estate settlement, financial planning, tax services, and other special services quoted at the customer's request.

17. Revenue from Contracts with Customers (continued)

The asset management and/or custody fees are primarily based upon a percentage of the monthly valuation of the principal assets in the customer's account. Customers are also charged a base fee which is prorated over a twelve-month period. Fees for additional or special services are generally fixed in nature and are charged as services are rendered. All revenue is recognized in correlation to the monthly management fee determinations or as transactional services are provided.

Other Noninterest Income

The Corporation earns various types of other noninterest income that fall within the scope of the new revenue recognition rules and have been aggregated into one general revenue stream in the table noted above. The amount includes, but is not limited to, the following types of revenue with customers:

Safe Deposit Rent

The Corporation rents out the use of safe deposit boxes to its customers, which can be accessed when the Bank is open for business. The safe deposit box rental fee is recognized as performance obligations are satisfied.

ATM Surcharge Fees

The Corporation deploys automated teller machines (ATMs) as part of its overall branch network. Certain transactions performed at the ATMs require users to acknowledge and pay a fee for the requested service. ATM fees assessed to Eastern Bank deposit customers are disclosed in the deposit account agreement fee schedules and are included within the deposit service charges revenue stream. ATM fees assessed to non-Eastern Bank deposit customers are solely determined during the transaction at the machine and are included in the ATM surcharge fees revenue stream. The ATM fee is a fixed dollar per transaction amount, and as such, is recognized concurrently with the overall daily processing and settlement of the ATM activity.

Customer Checkbook Fees

The Corporation places checkbook orders for its customers using a third-party checkbook provider. The third party fulfills the checkbook order directly to the Corporation's deposit customers and therefore the Corporation is an agent in the transaction. As such, the Corporation records revenue as the net amount it retains in the transaction. Checkbook fee revenue is recognized as checkbook orders are filled by the third party.

17. Revenue from Contracts with Customers (continued)

Insured Cash Sweep Fee Income

The Corporation is a member of the Promontory Interfinancial Network, LLC (Promontory, the Network) through which it offers the insured cash sweep (ICS) product to its commercial customers. Through this service, customers set a target balance in their selected account(s) and have the excess balance(s) swept to various other financial institutions within the Promontory Network in amounts that do not exceed the current FDIC standard maximum deposit insurance amount of $250,000. If desired, the Corporation can receive matching funds placed by other participating institutions within the Network. When the Corporation does not elect to receive matching funds, fee income is earned from the Network and recognized commensurate with when deposits are placed.

18. Other Comprehensive Income

The Corporation's comprehensive income, presented net of taxes, is set forth below for the years ended December 31, 2019 and 2018:

	Year Ended December 31, 2019		
	Pre Tax Amount	Tax (Expense) Benefit	After Tax Amount
		(In Thousands)	
Unrealized gains (losses) on securities available for sale:			
Change in fair value of securities available for sale	**$ 54,881**	**$ (12,166)**	**$ 42,715**
Less: reclassification adjustment for gains included in net income	**2,016**	**(459)**	**1,557**
Net change in fair value of securities available for sale	**52,865**	**(11,707)**	**41,158**
Unrealized gains (losses) on cash flow hedges:			
Change in fair value of cash flow hedges	**20,275**	**(5,699)**	**14,576**
Less: net cash flow hedge losses reclassified into interest income	**2,698**	**(758)**	**1,940**
Net change in fair value of cash flow hedges	**17,577**	**(4,941)**	**12,636**
Defined benefit pension plans:			
(Amortization) of actuarial net loss	**(7,242)**	**2,036**	**(5,206)**
Change in actuarial net loss	**37,722**	**(10,603)**	**27,119**
(Amortization) of prior service cost	**(44)**	**11**	**(33)**
Net change in actuarial net loss	**30,436**	**(8,556)**	**21,880**
Total other comprehensive income	**$ 40,006**	**$ (8,092)**	**$ 31,914**

	Year Ended December 31, 2018		
	Pre Tax Amount	Tax (Expense) Benefit	After Tax Amount
		(In Thousands)	
Unrealized gains (losses) on securities available for sale:			
Change in fair value of securities available for sale	$ (39,144)	$ 8,659	$ (30,485)
Less: reclassification adjustment for gains included in net income	50	(10)	40
Net change in fair value of securities available for sale	(39,194)	8,669	(30,525)
Unrealized gains (losses) on cash flow hedges:			
Change in fair value of cash flow hedges	5,354	(1,505)	3,849
Less: net cash flow hedge losses reclassified into interest income	1,198	(337)	861
Net change in fair value of cash flow hedges	4,156	(1,168)	2,988
Defined benefit pension plans:			
(Amortization) of actuarial net loss	(7,621)	2,142	(5,479)
Change in actuarial net loss	(2,680)	754	(1,926)
(Amortization) of prior service cost	(44)	12	(32)
Net change in actuarial net loss	(10,345)	2,908	(7,437)
Total other comprehensive income	$ (24,693)	$ 4,593	$ (20,100)

18. Other Comprehensive Income (continued)

Effective in 2018 and as a result of ASU 2018-02, *Reporting Comprehensive Income*, the Corporation elected to reclassify certain tax effects from accumulated other comprehensive income to retained earnings related to items that were stranded in comprehensive income as a result of the Tax Cut and Jobs Act. This served to increase retained earnings and decrease accumulated other comprehensive income by $7.2 million.

The following table illustrates the changes in the balances of each component of accumulated other comprehensive income, net of tax:

	Unrealized Gains and (Losses) on Available-for-Sale Securities	Unrealized Gains and (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
	(In Thousands)			
Beginning balance: January 1, 2019	$ (19,360)	$ 2,988	$ 59,389	$ (75,761)
Other comprehensive income (loss) before reclassifications	42,715	14,576	27,119	30,172
Less: Amounts reclassified from accumulated other comprehensive income	1,557	1,940	5,239	(1,742)
Net current-period other comprehensive income	41,158	12,636	21,880	31,914
Ending balance: December 31, 2019	$ 21,798	$ 15,624	$ 81,269	$ (43,847)

18. Other Comprehensive Income (continued)

The following table illustrates the significant amounts reclassified out of each component of accumulated other comprehensive income, net of tax, during the year ended December 31, 2019:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income is Presented
	(In Thousands)	
Unrealized gains and losses on available-for-sale securities	$ 2,016	Gain/(loss) on sale of securities
	2,016	Total before tax
	(459)	Tax (expense) or benefit
	$ 1,557	Net of tax
Unrealized gains and losses on cash flow hedges	$ 2,698	Interest income
	2,698	Total before tax
	(758)	Tax (expense) or benefit
	$ 1,940	Net of tax
Amortization of defined benefit pension items	$ 7,242	Net periodic pension cost - see
Prior service cost	44	Employee Benefits footnote
	7,286	Total before tax
	(2,047)	Tax expense or (benefit)
	$ 5,239	Net of tax
Total reclassifications for the period	$ (1,742)	

Eastern Bank Corporation

Chair and Chief Executive Officer
Robert F. Rivers

President
Jan A. Miller

Secretary
Kathleen C. Henry

Vice Chair
Quincy L. Miller

Chief Financial Officer and Treasurer
James B. Fitzgerald

Assistant Secretaries and Assistant Clerks
Mary E. Conway
Norah A. Sullivan
Susan L. Martin

Board of Trustees – Eastern Bank Corporation

Board of Directors – Eastern Bank

Eastern Bank Corporation as of February 1, 2020

Eastern Bank Corporation

Eastern Bank Corporation as of February 1, 2020

Eastern Bank Corporation

Corporators

The Corporation consists of the Board of Trustees, the Board of Advisors and the following Corporators:

Paul G. Alexander
Jessica Andors
Steven L. Antonakes
Lincoln D. Andrews
Evelyn Barahona
Michael J. Barry
Leonard M. Bello
Scott M. Blagden
Josefina Bonilla
Edward M. Breed
Tina P. Brzezenski
Richard R. Burns, Jr.
Susan J. Byrne
Thomas P. Callaghan
Nurys Z. Camargo
Dennis R. Cataldo
Harry Clark
Thomas A. Cole
Magnolia Contreras
Gregg Croteau
Yasmin Cruz
Brian T. Dacey
Susan Lee DaSilva
Marilyn B. Durkin
Herby Duverné
Betty Francisco
Louis R. Gallo
Raymond J. Gosselin
William J. Guinee
Barbara J. Heinemann
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Michael E. Kiernan
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Eva Millona
Myechia Minter-Jordan, M.D.
Beth A. Monaghan
Juan Carlos Morales
Kenneth R. Newbegin
Stephen Rima
Eneida M. Román
Betsy G. Rooks
Leslie Saltzberg
David J. Sampson
Michael Shaw
Jeffrey N. Shribman
Charles W. Soucy
Nancy H. Stager
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Kasey Suffredini
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Stephen C. Upton
Donald P. Uvanitte
Warren V. Valente
Alberto Vasallo III
Michael J. Welch
Donald M. Westermann
Stephen M. Wishoski
David Zorn

Eastern Bank Corporation as of February 1, 2020

EASTERN BANK MANAGEMENT

Chair and Chief Executive Officer
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Quincy L. Miller

Vice Chair
Chief Commercial Banking Officer
Jan A. Miller

Vice Chair
Chief Administrative Officer & Chief Financial Officer
James B. Fitzgerald

OFFICE OF THE PRESIDENT

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Rana H. Murphy
Elizabeth J. O'Hara
Scott D. Stephenson

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Jared H. Ward

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Youssef Abdouh
Catherine S. Adams

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James Healey
James L. Murphy
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Senior Vice Presidents
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John Prendergast

*Denotes Business Leader

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David R. Sawyer
Susan K. Syversen
Maureen M. Trefry

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Michael A. Tyler

Senior Vice President & Managing Director
Rose M. Brooks

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Bruce M. Shapiro

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Paul Coleman, Jr.
Charles R. Diamond
Colleen Doherty
Timothy J. Harrington, Jr.
Michael S. Kapnis
Joan A. Marasco
Anthony J. Murphy
Michael B. Uretsky

Accounting

Senior Vice President & Chief Financial Officer
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*Denotes Business Leader

CORPORATE SERVICES

CORPORATE CREDIT
Executive Vice President &
Chief Credit Officer
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Michael Avin
John P. Farmer
Edward Jennings
Pete J. Kaznoski
Thomas G. Kinchla
Diana Lamkin
Katerina Papp
Amy M. Tsokanis
Katherine C. Wheeler

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Senior Vice Presidents
Wendy L. de Villiers
Stacey A. Jackson
Caroline F. Malone
Dawn Mugford
Joshua Neffinger
Karl C. Renney

HUMAN RESOURCES
Executive Vice President &
Chief Human Resources Officer
*Nancy Huntington Stager

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Jennifer G. Porter

Eastern Bank Charitable Foundation
President and Chief Executive Officer
*Nancy Huntington Stager

Foundation for Business Equity
President
*Nancy Huntington Stager

Executive Director
Glynn T. Lloyd

LEGAL
Executive Vice President &
General Counsel
Kathleen C. Henry

Senior Vice President &
Deputy General Counsel
Tracy C. Plants

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Executive Vice President &
Chief Marketing &
Communications Officer
*Paul G. Alexander

Senior Vice President
Tracy J. Stokes

TECHNOLOGY & OPERATIONS
Executive Vice President &
Chief Information Officer
*Donald M. Westermann

Senior Vice Presidents
Julie A. Colarusso
Ashley A. N. Eknaian
Carlo Guerriero
Mark T. Leonard

Operations
Senior Vice Presidents
*Martha A. Dean
Karen Carbone
Virginia Daniels
Annmarie Hewitt

Finance
Senior Vice President &
Treasurer
Jillian A. Belliveau

Senior Vice President &
Controller
David A. Ahlquist

Senior Vice President
Mark P. Coryea

Audit
Senior Vice President &
Chief Internal Auditor
Cheryle J. Leonard

General Services
Senior Vice President
Thomas E. Dunn

Eastern Bank Management as of March 2020

*Denotes Business Leader

Eastern Bank Offices

Andover
60 Main Street

Bedford, NH
1 Atwood Lane

Beverly
33 Enon Street
81 Bridge Street

Boston
246 Border Street
155 Dartmouth Street
63 Franklin Street
265 Franklin Street
470 West Broadway
1413 Tremont Street

Braintree
51 Commercial Street

Bridgewater
110 Main Street

Brockton
1265 Belmont Street
276 Quincy Street

Brookline
301 Harvard Street

Burlington
43 Middlesex Turnpike

Cambridge
One Brattle Square
287 Third Street
647 Massachusetts Avenue

Chelmsford
291 Chelmsford Street

Chelsea
90 Everett Avenue

Concord, NH
11 South Main Street

Cotuit
1560 Old Post Road

Danvers
4 Federal Street

Dedham
240 Providence Highway

Dorchester
1906 Dorchester Avenue

Dover, NH
538 Central Avenue

Dracut
45 Broadway Road

Duxbury
19 Depot Street
33 Enterprise Drive

East Wareham
3003 Cranberry Highway

Everett
738 Broadway

Falmouth
815 Main Street

Hingham
274 Main Street

Hyannis
375 Iyannough Road

Jamaica Plain
687 Centre Street

Kingston
108 Main Street

Lakeville
45 Main Street

Lawrence
486 Essex Street

Lexington
1833 Massachusetts Avenue

Lowell
50 Central Street

Lynn
112 Market Street
195 Market Street
156 Boston Street

Lynnfield
45 Salem Street

Malden
130 Pleasant Street

Manchester, NH
41 Hooksett Road

Marblehead
118 Washington Street

Marion
340 Front Street

Marshfield
1932 Ocean Street

Mashpee
6 Shellback Way

Mattapoisett
29 County Road

Medford
53 Locust Street

Melrose
441 Main Street

Nashua, NH
11 Trafalgar Square, Suite 105

Natick
2 South Avenue

Newburyport
17 Storey Avenue

Newton
1255 Centre Street
188 Needham Street
2060 Commonwealth Avenue

Norwell
80 Washington Street

Peabody
Essex Center Drive (Shaw's)
100 Brooksby Village Drive
300 Brooksby Village Drive
37 Foster Street

Plymouth
36 Main Street

Portsmouth, NH
163 Deer Street

Quincy
63 Franklin Street
34 Chapman Street

Randolph
35 Memorial Parkway

Reading
123 Haven Street

Revere
339 Squire Road

Salem
139 Washington Street
19 Congress Street
6 Traders Way

Sandwich
65C Route 6A

Saugus
605 Broadway
466 Lincoln Avenue

Sharon
7 South Main Street

Somerville
250 Elm Street

Stoneham
163 Main Street

Stoughton
397 Washington Street

Swampscott
405 Paradise Road

Taunton
742 County Street

Wakefield
445 Main Street

Wareham
226 Main Street

Watertown
One Church Street

West Plymouth
71 Carver Road

Westford
203 Littleton Road

Westerly, RI
101 Franklin Street

Weymouth
1150 Washington Street

Wilmington
370 Main Street

Corporate Office

Corporate Headquarters
265 Franklin Street, Boston
617.897.1008

Eastern Insurance Group Offices

Acton
133 Great Road

Amesbury
34 Market Street

Andover
60 Main Street

Brockton
1265 Belmont Street

Danvers
21 Maple Street

Duxbury
33 Enterprise Street

Gloucester
4 Railroad Avenue

Hyannis
375 Iyannough Road

Keene, NH
372 West Street

Lakeville
45 Main Street

Leominster
285 Central Street

Marshfield
933 Webster Street

Natick
233 West Central Street

Newburyport
65 Parker Street

Newton
1149 Washington Street

Northborough
155 Otis Street

North Dartmouth
439 State Road

Norwell
77 Accord Park Drive

Providence, RI
42 Weybosset Street

Quincy
382 Quincy Avenue

Sturbridge
139 Main Street

Wakefield
100 Quannapowitt Pkwy

West Plymouth
71 Carver Road

Westwood
190 Washington Street

Wrentham
78 South Street

Corporate Office
Corporate Headquarters
233 West Central St., Natick
800.333.7234

Eastern Insurance Group Offices as of February 1, 2020

Eastern Bank Corporation
265 Franklin Street
Boston, MA 02110
1.800.EASTERN
www.easternbank.com

Eastern Bank Corporation
Boston, MA

Eastern Bank*
100% Ownership
Boston, MA
LEI X8V2II80XTQHRH7NCB19

Eastern Insurance Group LLC
100% Ownership
Natick, MA
No Managing Member

Broadway Securities Corporation
100% Ownership
Boston, MA

Market Street Securities Corporation
100% Ownership
Boston, MA

Real Property Services, Inc.
100% Ownership
Middleborough, MA

Shared Value Investments LLC
100% Ownership
Boston, MA
Eastern Bank/Pam Feingold – Managing Member

BCC Solar III Investment Fund, LLC
100% Ownership
Boston, MA
Managing Member**

BCC NMTC CDE XXII, LLC
99.99% Ownership
Boston, MA
Investor, Non Managing Member

* Eastern Labs, LLC, 100% ownership by Eastern Bank, has no Managing Member. It has never been funded and after conversations with the Federal Reserve Bank of Boston, we have not included it on the organizational chart.

** Manager is BCC Sea Investment Fund Manager, LLC, which is managed by Boston Community Capital, Inc.

All companies are incorporated in the state of Massachusetts.
LEI not applicable unless otherwise noted
Revised 10/28/19

Results: A list of branches for your depository institution: EASTERN BANK (ID_RSSD: 128904).
This depository institution is held by EASTERN BANK CORPORATION (1427239) of BOSTON, MA.
The data are as of 12/31/2019. Data reflects information that was received and processed through 01/07/2020.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	128904	EASTERN BANK	265 FRANKLIN STREET	BOSTON	MA	02110	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Limited Service	4183835	ANDOVER BRANCH	60 MAIN STREET	ANDOVER	MA	01810	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3281855	COMMONWEALTH AVENUE BRANCH	2060 COMMONWEALTH AVENUE	AUBURNDALE	MA	02466	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	199708	81 BRIDGE STREET BRANCH	81 BRIDGE STREET	BEVERLY	MA	01915	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	559209	BEVERLY BRANCH	33 ENON STREET	BEVERLY	MA	01915	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2612340	BACK BAY STATION BRANCH	155 DARTMOUTH STREET	BOSTON	MA	02116	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	689302	FRANKLIN STREET BRANCH	63 FRANKLIN STREET	BOSTON	MA	02110	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	5222076	ROXBURY BRANCH	1413 TREMONT STREET	BOSTON	MA	02120	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	27904	BRAINTREE BRANCH	51 COMMERCIAL STREET	BRAINTREE	MA	02184	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2847067	BRIDGEWATER BRANCH	110 MAIN STREET	BRIDGEWATER	MA	02324	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1223879	BELMONT STREET MAIN BRANCH	1265 BELMONT STREET	BROCKTON	MA	02301	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	703404	QUINCY STREET BRANCH	276 QUINCY STREET	BROCKTON	MA	02302	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3386291	COOLIDGE CORNER BRANCH	301 HARVARD STREET	BROOKLINE	MA	02446	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2595612	MIDDLESEX MALL BRANCH	43 MIDDLESEX TURNPIKE, SUITE 10	BURLINGTON	MA	01803	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3697380	HARVARD SQUARE BRANCH	ONE BRATTLE STREET	CAMBRIDGE	MA	02138	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	695200	KENDALL SQUARE BRANCH	287 THIRD STREET	CAMBRIDGE	MA	02142	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3391174	MASS AVE BRANCH	647 MASSACHUSETTS AVENUE	CAMBRIDGE	MA	02139	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1906239	CHELMSFORD BRANCH	291 CHELMSFORD STREET	CHELMSFORD	MA	01824	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3820740	CHELSEA BRANCH	90 EVERETT AVENUE	CHELSEA	MA	02150	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2247443	DANVERS BRANCH	4 FEDERAL STREET	DANVERS	MA	01923	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3223631	DEDHAM MALL BRANCH	240 PROVIDENCE HIGHWAY	DEDHAM	MA	02026	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	4398956	ASHMONT STATION BRANCH	1906 DORCHESTER AVENUE	DORCHESTER	MA	02124	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	984306	DRACUT BRANCH	45 BROADWAY RD	DRACUT	MA	01826	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	941608	DEPOT STREET BRANCH	19 DEPOT ST	DUXBURY	MA	02332	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3183360	SHAW'S SUPERMARKET BORDER STREET	246 BORDER STREET	EAST BOSTON	MA	02128	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2615891	EAST WAREHAM BRANCH	3003 CRANBERRY HIGHWAY	EAST WAREHAM	MA	02538	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	171478	EVERETT BRANCH	738 BROADWAY	EVERETT	MA	02149	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	5112261	FALMOUTH 815 BRANCH	815 MAIN STREET	FALMOUTH	MA	02540	BARNSTABLE	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2320195	HINGHAM BRANCH	274 MAIN STREET	HINGHAM	MA	02043	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3956304	HYANNIS BRANCH	375 IYANNOUGH ROAD	HYANNIS	MA	02601	BARNSTABLE	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2841711	CENTRE STREET BRANCH	687 CENTRE STREET	JAMAICA PLAIN	MA	02130	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	756905	KINGSTON BRANCH	108 MAIN STREET	KINGSTON	MA	02364	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3379257	LAKEVILLE BRANCH	45 MAIN STREET	LAKEVILLE	MA	02347	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	4352499	LAWRENCE BRANCH	486 ESSEX STREET	LAWRENCE	MA	01840	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3343173	DEPOT SQUARE BRANCH	1833 MASSACHUSETTS AVENUE	LEXINGTON	MA	02420	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1927328	LOWELL/CENTRAL SAVINGS BRANCH	50 CENTRAL STREET	LOWELL	MA	01852	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	666602	BOSTON STREET BRANCH	156 BOSTON STREET	LYNN	MA	01904	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	933902	FIRST COLONIAL MAIN BRANCH	112 MARKET STREET	LYNN	MA	01901	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	852900	LYNNFIELD BRANCH	45 SALEM STREET	LYNNFIELD	MA	01940	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1972485	PLEASANT STREET BRANCH	130 PLEASANT STREET	MALDEN	MA	02148	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service	2595621	CROSBY MARKETPLACE BRANCH	118 WASHINGTON STREET	MARBLEHEAD	MA	01945	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	940003	MARION BRANCH	340 FRONT ST	MARION	MA	02738	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2684329	MARSHFIELD BRANCH	1932 OCEAN STREET	MARSHFIELD	MA	02050	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	474003	WINDMILL SQUARE BRANCH	1560 OLD POST ROAD	MARSTONS MILLS	MA	02648	BARNSTABLE	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1411957	MASHPEE BRANCH	6 SHELLBACK WAY	MASHPEE	MA	02649	BARNSTABLE	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	939801	UPLAND WAY BRANCH	29 COUNTY RD	MATTAPOISETT	MA	02739	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	932008	MEDFORD BRANCH	53 LOCUST STREET	MEDFORD	MA	02155	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	558707	MELROSE BRANCH	441 MAIN STREET	MELROSE	MA	02176	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3393114	NATICK BRANCH	2 SOUTH AVENUE	NATICK	MA	01760	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	277008	STOREY AVENUE BRANCH	17 STOREY AVENUE	NEWBURYPORT	MA	01950	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2539184	NEWTON BRANCH	188 NEEDHAM STREET	NEWTON	MA	02464	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3391165	NEWTON CENTRE BRANCH	1255 CENTRE STREET	NEWTON CENTER	MA	02459	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	708100	NORWELL OFFICE	80 WASHINGTON STREET	NORWELL	MA	02061	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2948759	BROOKSBY VILLAGE BRANCH	100 BROOKSBY VILLAGE DRIVE	PEABODY	MA	01960	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3921003	BROOKSBY VILLAGE II BRANCH	300 BROOKSBY VILLAGE DRIVE	PEABODY	MA	01960	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1966064	PEABODY BRANCH	37 FOSTER STREET	PEABODY	MA	01960	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2471127	SHAW'S NORTH-SHORE SHOPPING CENT	114 ESSEX CENTER DRIVE	PEABODY	MA	01960	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	882000	PLYMOUTH BRANCH	36 MAIN ST	PLYMOUTH	MA	02360	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2536389	QUINCY BRANCH	63 FRANKLIN STREET	QUINCY	MA	02169	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	89005	WOLLASTON BRANCH	34 CHAPMAN STREET	QUINCY	MA	02170	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	315704	RANDOLPH BRANCH	35 MEMORIAL PARKWAY	RANDOLPH	MA	02368	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	685407	MASSBANK MAIN OFFICE	123 HAVEN STR	READING	MA	01867	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	5142017	REVERE BRANCH	339 SQUIRE STREET	REVERE	MA	02151	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	433804	DERBY STREET BRANCH	19 CONGRESS STREET	SALEM	MA	01970	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	665007	HAWTHORNE SHOPPING CENTER BRANC	SIX TRADER'S WAY	SALEM	MA	01970	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	436403	SALEM MAIN BRANCH	139 WASHINGTON STREET	SALEM	MA	01970	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	757407	SANDWICH CENTER BRANCH	65C ROUTE 6A	SANDWICH	MA	02563	BARNSTABLE	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	133300	LYNNFELLS BRANCH	605 BROADWAY	SAUGUS	MA	01906	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	498607	SAUGUS MAIN BRANCH	466 LINCOLN AVE	SAUGUS	MA	01906	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	332970	SHARON MAIN OFFICE	7 SOUTH MAIN STREET	SHARON	MA	02067	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3391183	SOMERVILLE BRANCH	250 ELM STREET	SOMERVILLE	MA	02144	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2616263	SOUTH BOSTON BRANCH	470 WEST BROADWAY	SOUTH BOSTON	MA	02127	SUFFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	815802	STONEHAM BRANCH	163 MAIN STREET	STONEHAM	MA	02180	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2379250	STOUGHTON BRANCH	397 WASHINGTON STREET	STOUGHTON	MA	02072	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	934404	PARADISE ROAD BRANCH	405 PARADISE ROAD	SWAMPSCOTT	MA	01907	ESSEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3217845	COUNTY STREET BRANCH	742 COUNTY STREET	TAUNTON	MA	02780	BRISTOL	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	662408	WAKEFIELD BRANCH	445 MAIN STREET	WAKEFIELD	MA	01880	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	479802	PLYMOUTH SAVINGS MAIN OFFICE	226 MAIN STREET	WAREHAM	MA	02571	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2950332	WATERTOWN SQUARE BRANCH	ONE CHURCH STREET	WATERTOWN	MA	02472	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1412918	PLYMOUTH BRANCH	71 CARVER ROAD	WEST PLYMOUTH	MA	02360	PLYMOUTH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	921600	WESTFORD BRANCH	203 LITTLETON RD	WESTFORD	MA	01886	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	1472707	WEYMOUTH BRANCH	1150 WASHINGTON STREET	WEYMOUTH	MA	02189	NORFOLK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	367703	WILMINGTON BRANCH	370 MAIN ST	WILMINGTON	MA	01887	MIDDLESEX	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	2816474	CENTRIX MAIN OFFICE	1 ATWOOD LANE	BEDFORD	NH	03110	HILLSBOROUGH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	4456865	CONCORD BRANCH	11 SOUTH MAIN STREET	CONCORD	NH	03301	MERRIMACK	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3956050	CENTRAL AVENUE BRANCH	538 CENTRAL AVENUE	DOVER	NH	03820	STRAFFORD	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3153402	HOOKSETT ROAD BRANCH	41 HOOKSETT ROAD	MANCHESTER	NH	03104	HILLSBOROUGH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	4576204	TRAFALGAR SQUARE BRANCH	11 TRAFALGAR SQUARE, SUITE 105	NASHUA	NH	03063-19	HILLSBOROUGH	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	
OK		Full Service	3383656	PORTSMOUTH BRANCH	163 DEER STREET	PORTSMOUTH	NH	03801	ROCKINGHAM	UNITED STATES	Not Required	Not Required	EASTERN BANK	128904	

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Fiscal Year Ending December 31, 2019

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c), and (4)(a)(b)©

(1)Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & position with Subsidiaries (include names of subsidiaries)	(3)© Title & Position with Other Businesses (include names of other businesses)	(4)© List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Richard C. Bane	Health Care Executive	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	President/Owner - Bane Care Management LLC (and affiliates)	Bane Care Management (and affiliates), 60%
Boston, MA				Partner - Boston Healthcare Ventures LLC	Boston Healthcare Ventures, LLC, 16%
				Director - Tailored Risk Assurance Company	N/A
				Board Member - Mass Senior Care Association	N/A
Luis Borgen	Chief Financial Officer, Athenahealth	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	Chief Financial Officer - Athenahealth	N/A
Bolton, MA					
Joseph Chung	Managing Director, Redstar Ventures	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	Partner, Redstar Investments I, LLC	Redstar Investments I, LLC, 50% Redstar Ventures, LLC 35%
Cambridge, MA				Director - RSV Opco 5	N/A
				Director - Money Experience, Inc.	N/A
Paul M. Connolly	Retired	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	Director - John Hancock Insurance Companies	N/A
Milton, MA				Director - College Bound Dorchester	N/A
				Member, Advisory Board - UMass Boston College of Management	N/A
				Proprietor - Boston Athenaeum	N/A
James B. Fitzgerald	N/A	Chief Financial Officer & Treasurer	Vice Chairman, Chief Financial Officer & Chief Administrative Officer of Eastern Bank	Director - Foundation for Business Equity	N/A
Boston, MA				Trustee - Thompson Island	N/A
				Director - SBERA	N/A
				Trustee - Mass Taxpayers Foundation	N/A
Bari Harlam	Chief Marketing Officer	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	Chief Marketing Officer - Hudson's Bay Company	N/A
Cranston, RI				Director - Le Tote	N/A

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Diane Hessan	Chief Executive Officer	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	CEO - Salient Ventures LLC	N/A
Boston, MA				Director - Brightcove	N/A
				Director - CoachUp	N/A
				Director - Tufts University	N/A
				Director - Mass Challenge	N/A
				Trustee - Beth Israel Deaconess	N/A
				Overseer - Boston Philharmonic	N/A
				Editorial Board - Boston Globe	N/A
				Director - Panera Bread	N/A
				Director - Schlesinger Group	N/A
Richard E Holbrook	Retired Chairman and CEO	Chairman Emeritus, Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	Member, Executive Committee - North Shore Medical Center	N/A
Medfield, MA				Member, Finance Committee - North Shore Medical Center	N/A
				Member, Compensation Committee - North Shore Medical Center	N/A
				Board Member - Partners Healthcare System	N/A
				Chairman - Partners Audit and Compliance Committee	N/A
				Member, Nominating Committee - Partners HealthCare	N/A
				Member, Compensation Committee - Partners HealthCare	N/A
				Vice Chair Finance Committee - Partners HealthCare	N/A
				Board Member - Allways Health Partners	N/A
				Chairman, Audit Committee - Allways Health Partners	N/A
				Member, Finance Committee - Allways Health Partners	N/A
				Member, Compensation Committee - Allways Health Partners	N/A
				Treasurer - United Church of Christ Medfield	N/A
				Member, Audit Committee - Risk Management Foundation (CRICO)	N/A

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(1)Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & position with Subsidiaries (include names of subsidiaries)	(3)© Title & Position with Other Businesses (include names of other businesses)	(4)© List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Deborah C. Jackson	President, Cambridge College	Corporator, Trustee, Executive Committee Member, Lead Director	Director of Eastern Bank	Director - John Hancock Investments	N/A
Milton, MA				President - Cambridge College	N/A
				Director - National Association of Corporate Directors, New England	N/A
				Director - Massachusetts Women's Forum	N/A
Peter K. Markell	Executive Vice President Administration and Finance, CFO & Treasurer	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	Executive Vice President Administration and Finance, CFO & Treasurer - Partners Healthcare System	N/A
Milton, MA				Chair of Board - Boston College	N/A
				Director - Risk Management Foundation	N/A
				Director - McLean Hospital	N/A
Jan Miller	N/A	President	Vice Chairman and Chief Commercial Banking Officer of Eastern Bank	Director - Massachusetts Housing Investment Corporation	N/A
Boston, MA					
Quincy Miller	N/A	Vice Chair	President of Eastern Bank	Director - Blue Cross Blue Shield of MA	N/A
Milton, MA				Director - Consumer Bankers Association	N/A
				Director - Bottom Line	N/A
				Director - Alliance For Business Leadership	N/A
				Director - Boys and Girls Club of Boston	N/A
				Director - Foundation for Business Equity	N/A
				Board of Overseers - Greater Boston YMCA	N/A
Robert F. Rivers	N/A	Corporator, Trustee, Chairman, & Chief Executive Officer	Director, Chairman & Chief Executive Officer of Eastern Bank	Chair - The Dimock Center	N/A
Needham, MA				Chair - Mass Business Roundtable	N/A
				Trustee - Stonehill College	N/A
				Director - Greater Boston Chamber of Commerce	N/A
				Director - The Lowell Plan	N/A
Greg Shell	Managing Director, Bain Capital	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	Managing Director, Bain Capital	N/A
Boston, MA				Director - Fiduciary Trust	N/A
				Director - Boys and Girls Club	N/A
				Member of President's Council - Mass General Hospital	N/A
				Director - Harvard Pilgrim Health Care	N/A
Paul D. Spiess	Retired	Corporator, Trustee, Executive Committee Member	Director of Eastern Bank	President - Parkhurst Place Inc.	N/A
Amherst, NH				President and Director - Souhegan Valley Interfaith Housing Corp.	N/A
				Trustee - Spiess Family Farm Trust	Spiess Family Farm Trust, 25%