



# Investor Presentation

January 25, 2022

CAMBRIDGE BANCORP

NASDAQ: CATC  
Parent of Cambridge Trust Company

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This presentation includes non-GAAP measures and should be reviewed with the Company's Q4 2021 Earnings Release and SEC filings.

# Company Profile

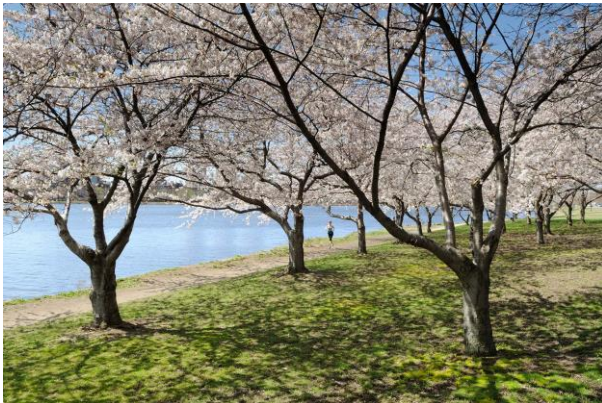
As of December 31, 2021

- Banking subsidiary: Cambridge Trust Company (1890)
- Private Bank & Wealth Management Firm
- Headquarters: Harvard Square, Cambridge, MA
- Client Wealth Assets: \$4.9 billion
- Banking Assets: \$4.9 billion
  - Gross Loans: \$3.3 billion
  - Total Deposits: \$4.3 billion
- Noninterest income: 26% of revenue
- NASDAQ: CATC
- Market Cap: \$652 million

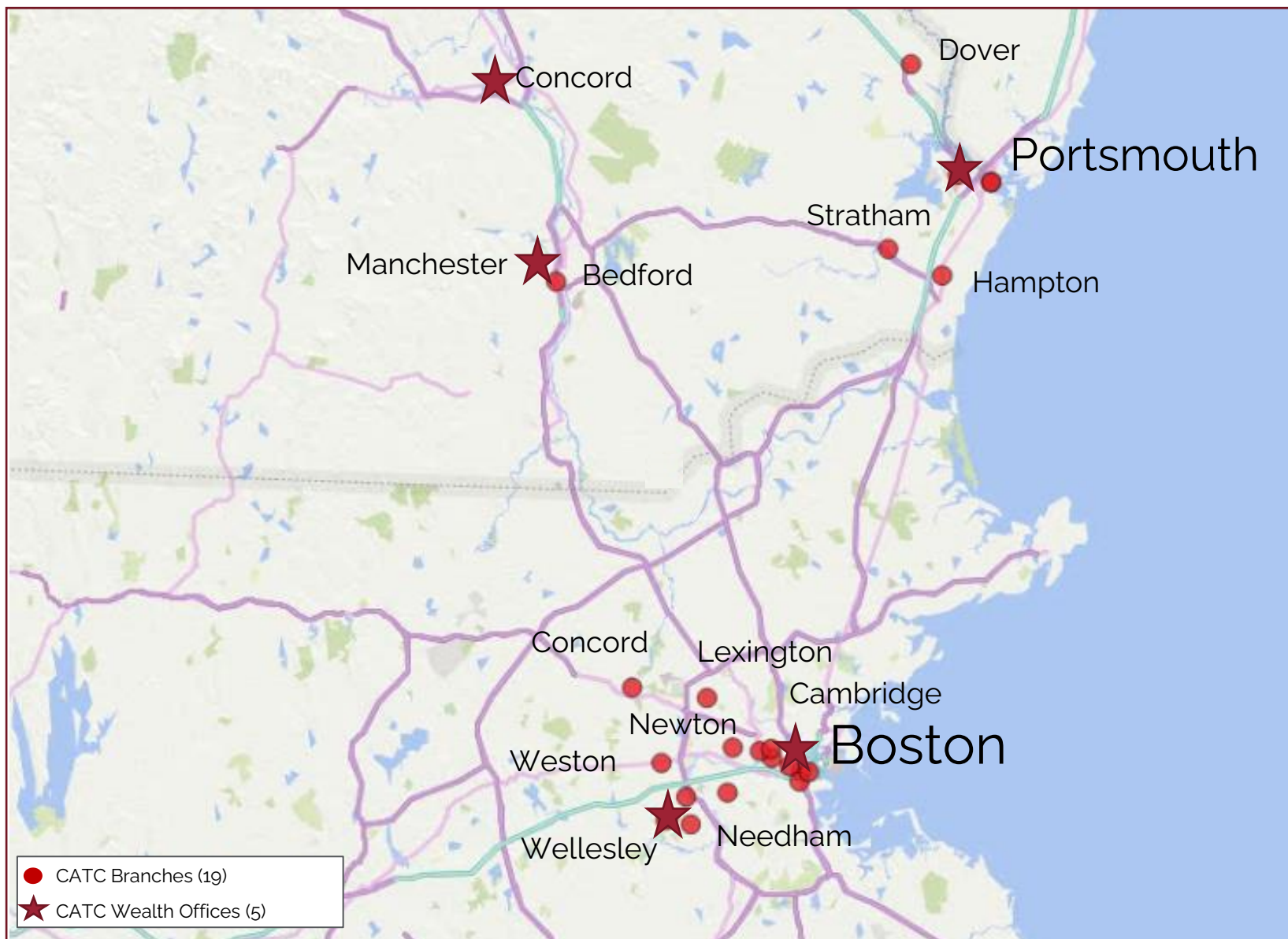


# Why Cambridge Bancorp?

- Market of operations offer significant long term growth prospects
- Private Banking business model with diversified fee revenue through wealth management focus
- Strong financial performance with excellent asset quality track record
- Low cost core deposit base
- Financially and strategically attractive acquisitions



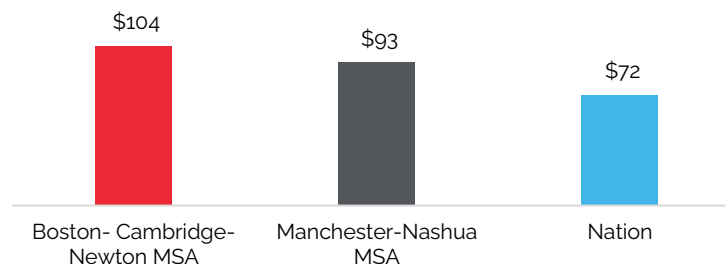
# Geographic Footprint



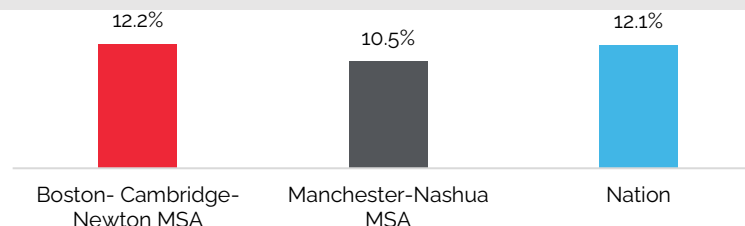
# Market Characteristics

- Wealth Management capability is well-suited to the highly affluent Boston and southern New Hampshire markets
- Greater Boston economy is diversified; the region is a global hub for innovation, healthcare, life sciences, and education<sup>2</sup>
- Greater Boston lab market remains robust, with vacancy rates dropping throughout 2021<sup>2</sup>
- Cambridge Trust's private banking model caters to entrepreneurial local communities

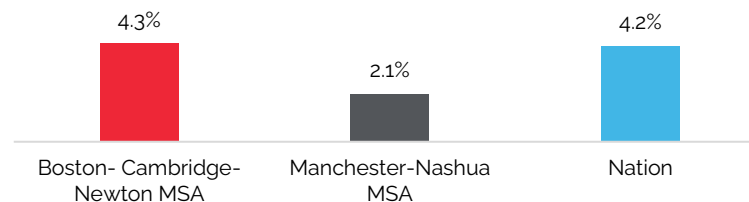
## Median Household Income (\$000s)<sup>1</sup>



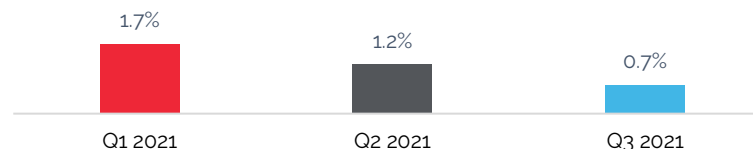
## Proj. Household Income Change ('22 – '27)<sup>1</sup>



## Unemployment Rates<sup>1</sup>

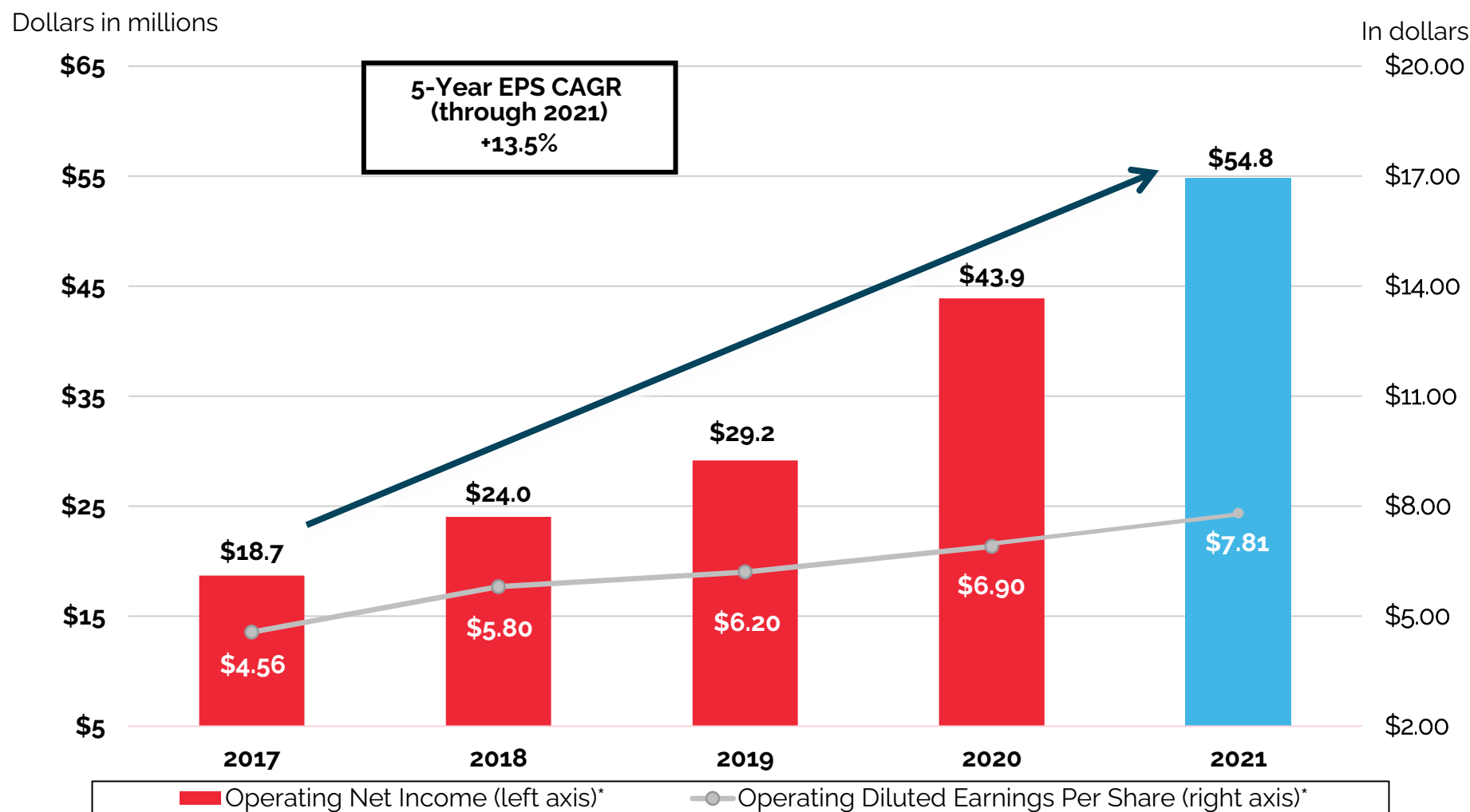


## Cambridge Lab Space Vacancy<sup>2</sup>



# Strong Financial Performance

## Operating Net Income and Operating Diluted Earnings Per Share



# 2021 Performance Highlights

Operating EPS  
**\$7.81**

Operating ROAA  
**1.26%**

Operating ROTCE  
**15.10%**

**\$72.9M**

Operating PTPP  
Income

**\$89.8M**

Positive  
Net Wealth  
AUM Flows

**57.67%**

Operating Efficiency  
Ratio

**26%**

Fee Income as a  
Percentage of  
Revenue

**32.4%**

Core Deposit  
Growth<sup>1</sup>

**9.9%**

Tangible Book  
Value per Share  
Growth

**8.8%**

Core Loan  
Growth<sup>2</sup>

**0.00%**

Net Recoveries /  
Total Loans  
(Annualized)

# Q4 2021 Performance Highlights

Operating EPS  
**\$1.92**

Operating ROAA  
**1.15%**

Operating ROTCE  
**14.27%**

**\$18.1M**  
Operating PTPP  
Income

**2.70%**  
Adjusted Net  
Interest Margin<sup>1</sup>

**58.15%**  
Operating Efficiency  
Ratio

**7.96%**  
TCE Ratio ex. PPP

**1.05%**  
ACL Ratio<sup>2</sup>

**\$55.01**  
Tangible Book  
Value per Share

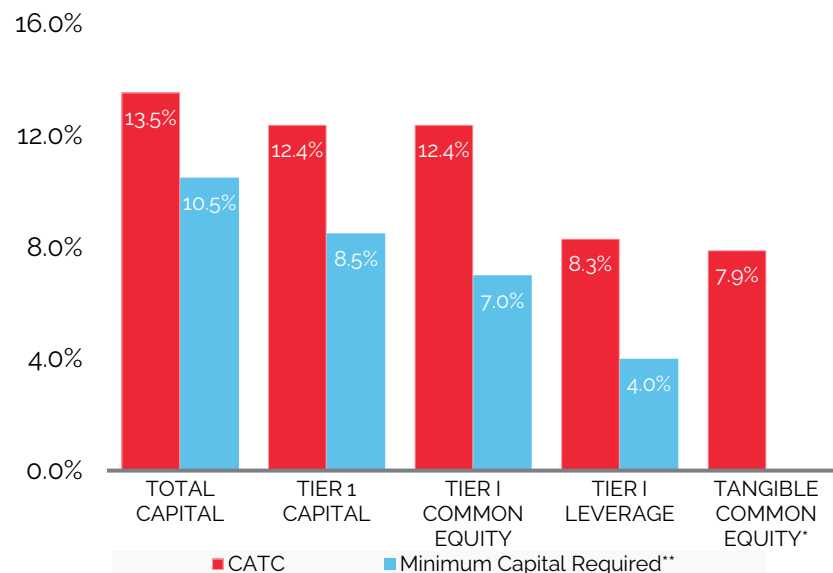
**0.11%**  
NPAs to Total Assets

**0.00%**  
Net Recoveries /  
Total Loans  
(Annualized)

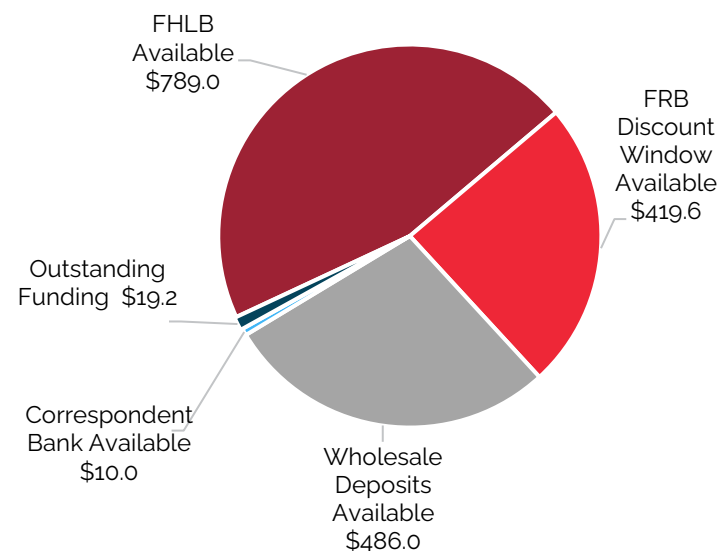
# Strong Capital Position & Liquidity

As of December 31, 2021

## Capital Position\*

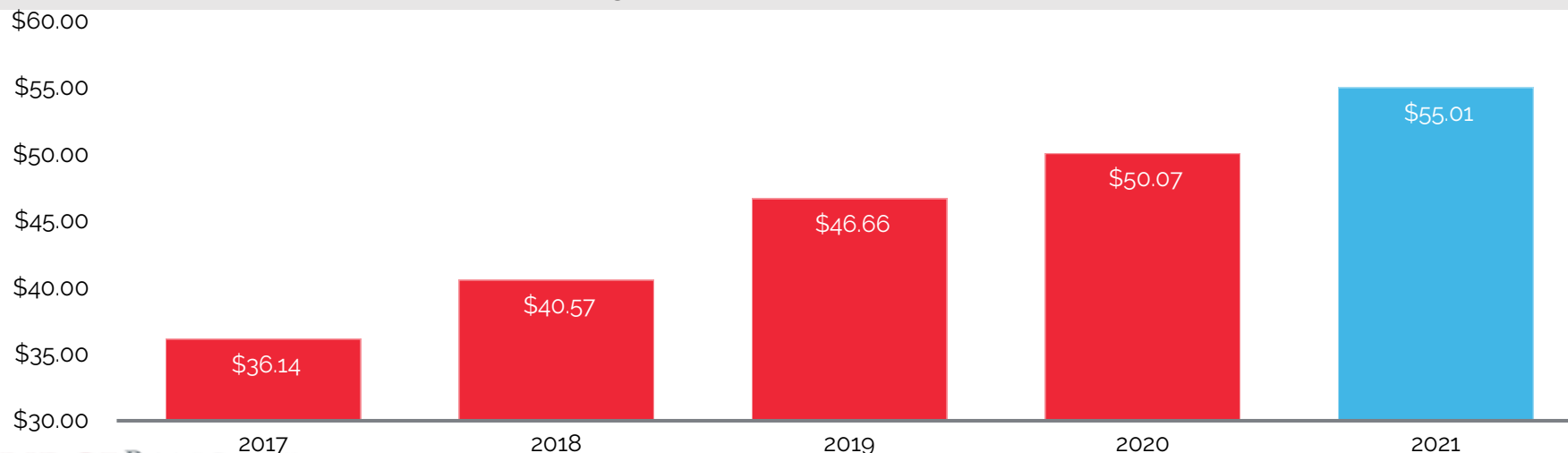


## Liquidity (\$M)



Total access to funds of \$1.7B

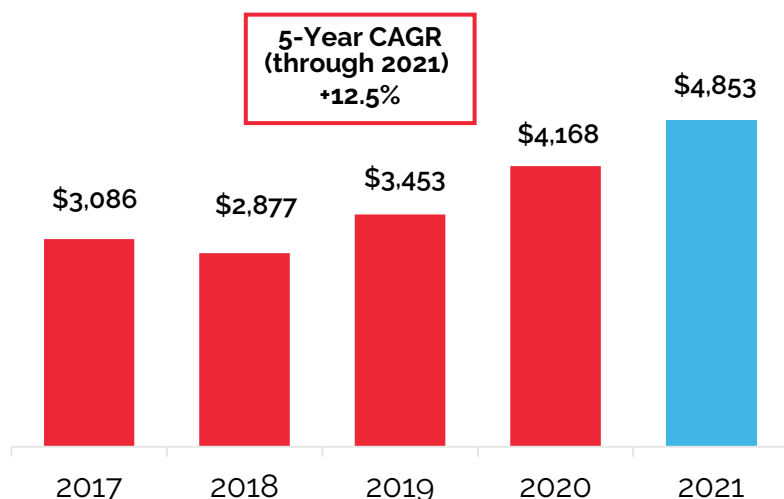
## Tangible Book Value per Share



# Wealth Management & Noninterest Income

Listed as the 18<sup>th</sup> Largest Independent Investment Advisor in Massachusetts by the Boston Business Journal in 2021

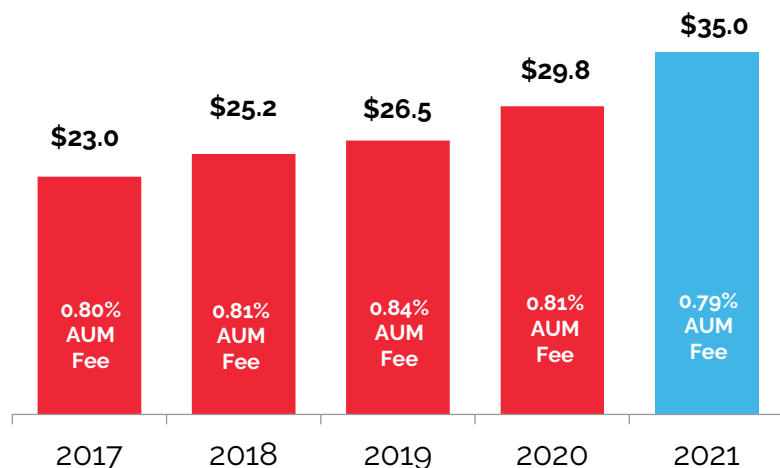
## Client Wealth Assets (\$M)



## Net Client Flows (\$M)

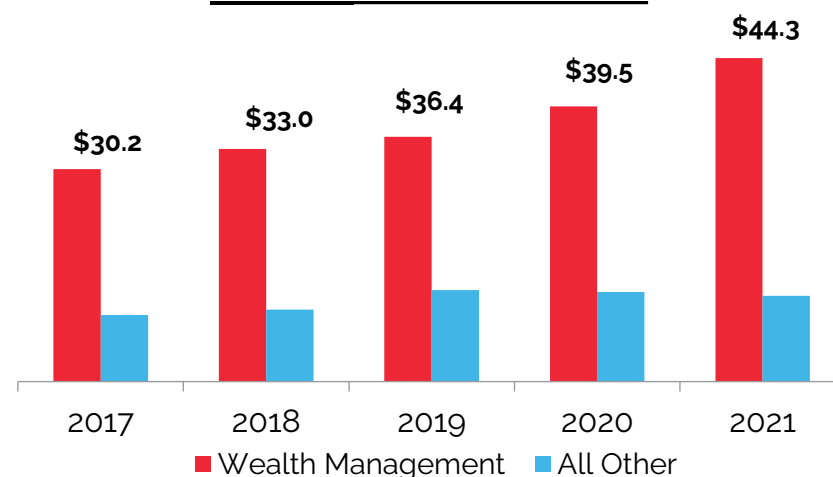
	2017	2018	2019	2020	2021
Starting AUM	\$2,573	\$2,971	\$2,760	\$3,287	\$3,994
Acquired AUM*				339	
Net Flows	74	(176)	(5)	(69)	90
Net Market Impact	324	(35)	532	437	572
<b>Ending AUM</b>	<b>\$2,971</b>	<b>\$2,760</b>	<b>\$3,287</b>	<b>\$3,994</b>	<b>\$4,656</b>
Custody Assets	115	117	165	174	197
<b>Total WM Assets</b>	<b>\$3,086</b>	<b>\$2,877</b>	<b>\$3,453</b>	<b>\$4,168</b>	<b>\$4,853</b>

## Wealth Management Revenue (\$M)



## Noninterest Income (\$M)

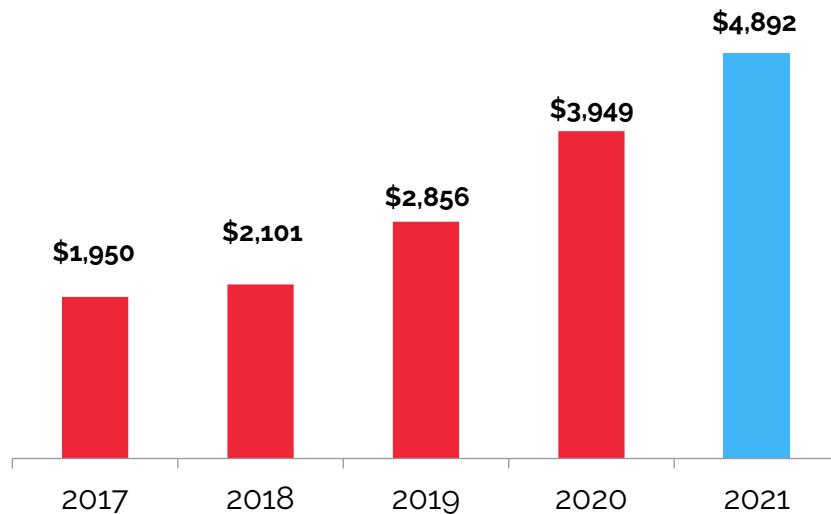
NII was 26% of Revenue in 2021



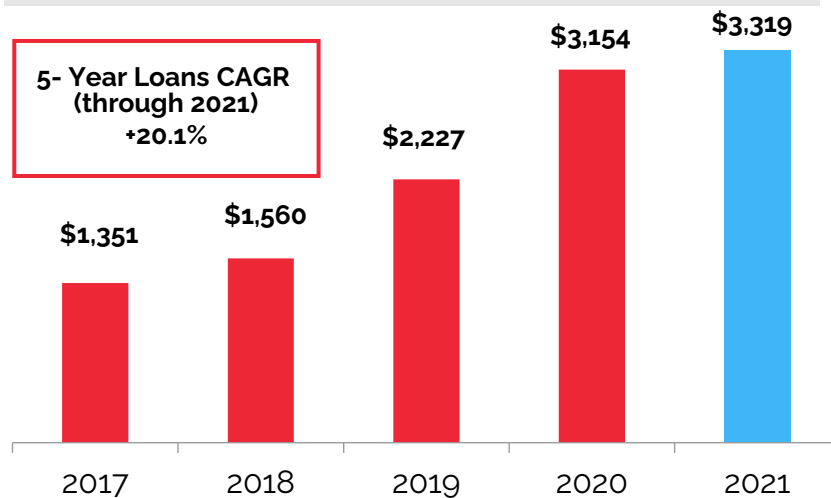
# Total Assets and Loans

As of December 31, 2021

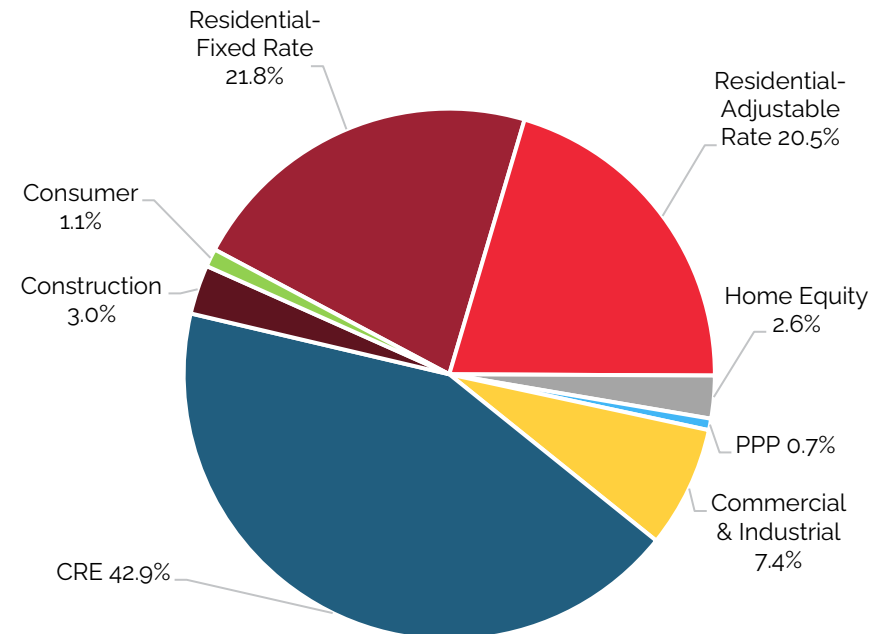
## Total Assets (\$M)



## Total Loans (\$M)



## Loan Portfolio



**\$3.3B outstanding as of December 31, 2021**

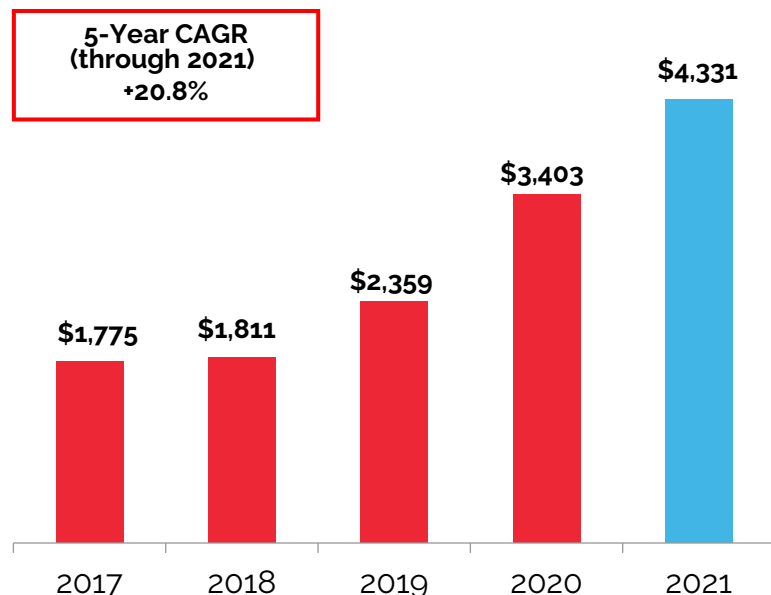
**53.3% Commercial  
46.7% Consumer**

**3.49% Q4 2021 average yield  
excluding fair value accretion**

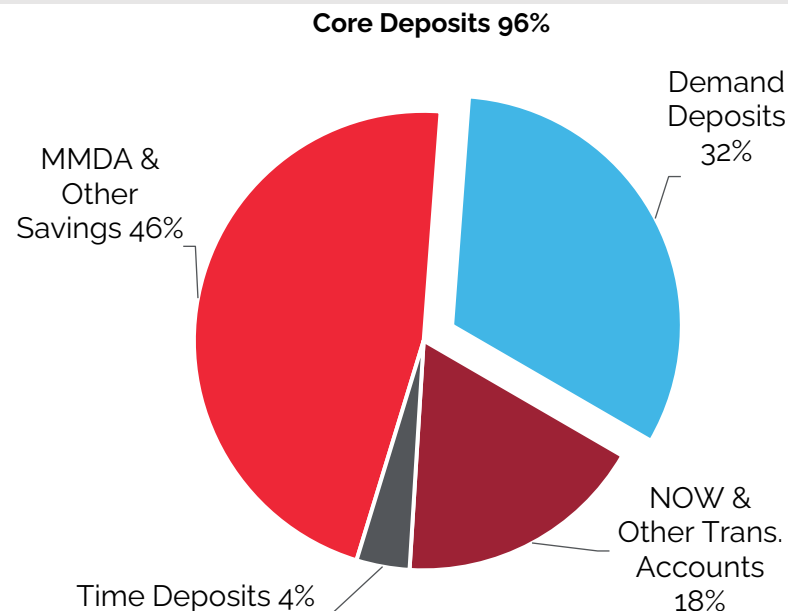
**3.39% Q4 2021 average yield  
excluding fair value accretion & PPP**

# Deposit and Net Interest Margin Profile

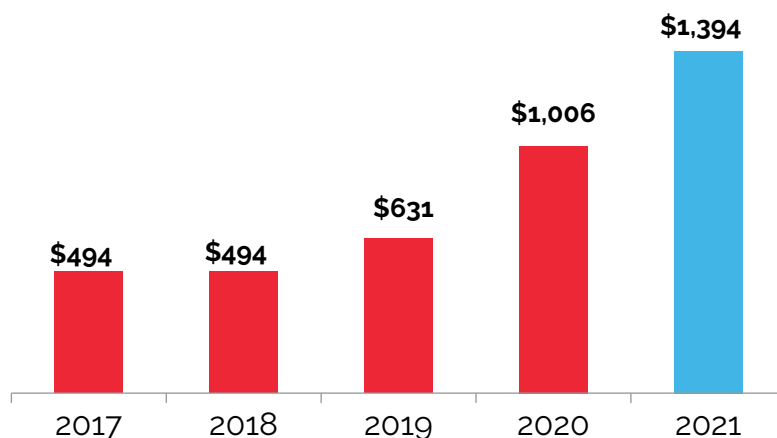
## Total Deposits (\$M)



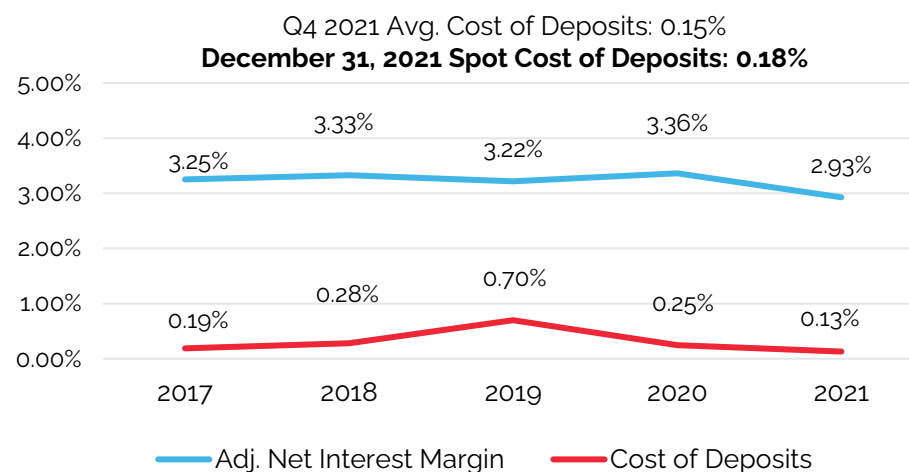
## Deposit Composition



## Non-Interest-Bearing Deposits (\$M)



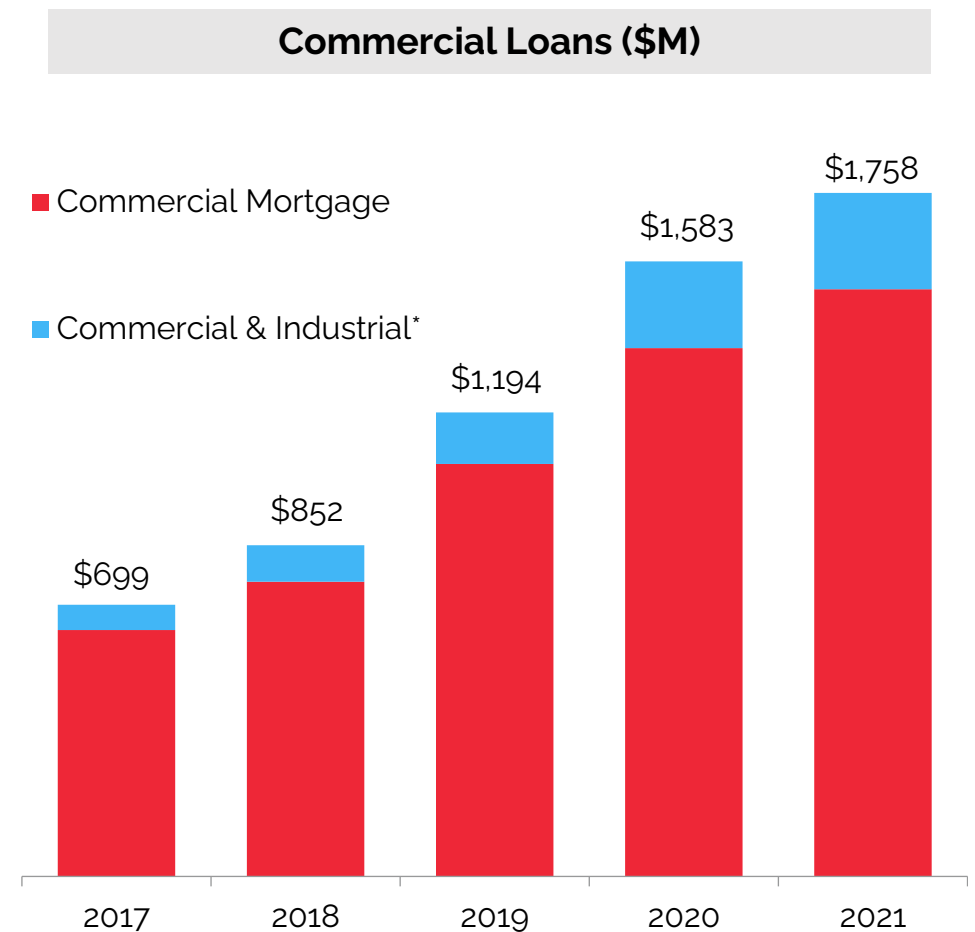
## Adjusted Net Interest Margin & Cost of Deposits



# Commercial Banking

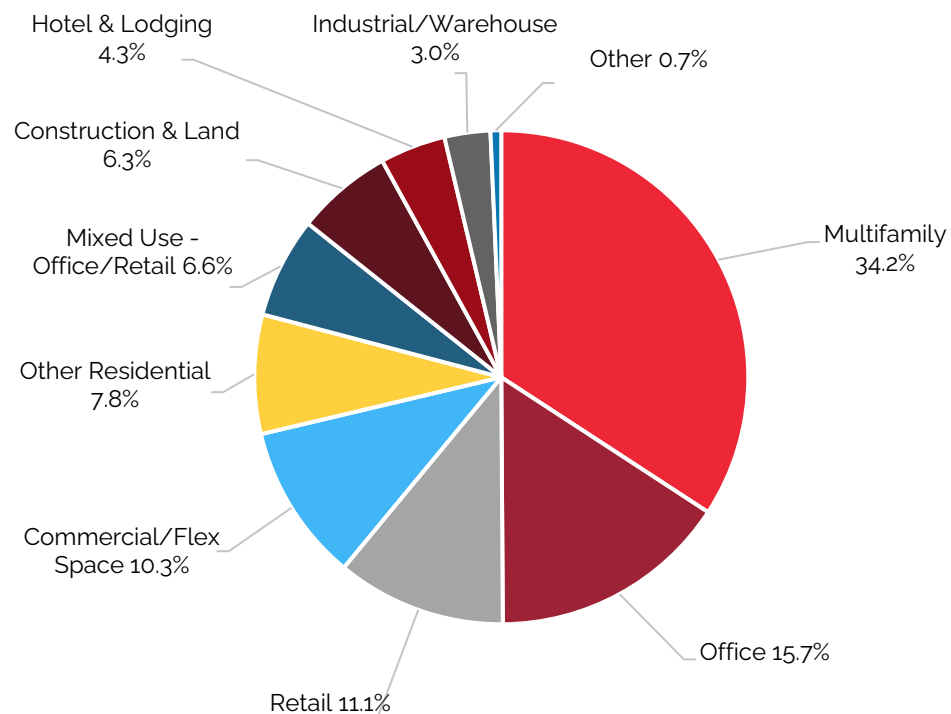
As of December 31, 2021

- Business Deposits represented 46% of core deposits with a weighted average cost of deposits of 0.08%
- Focused on continued diversification of the commercial portfolio into Commercial & Industrial
- Dedicated and centralized credit risk management function

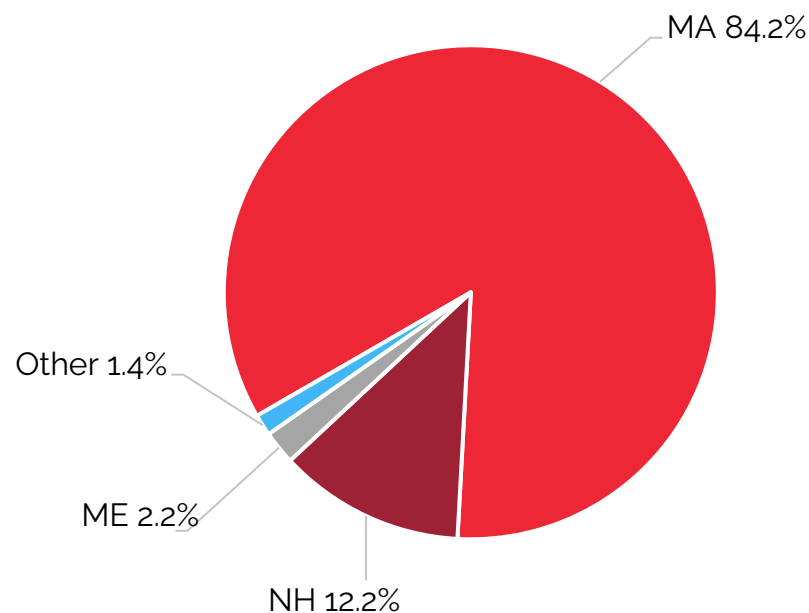


# Commercial Real Estate Loan Portfolio

## By Sector



## By Geography

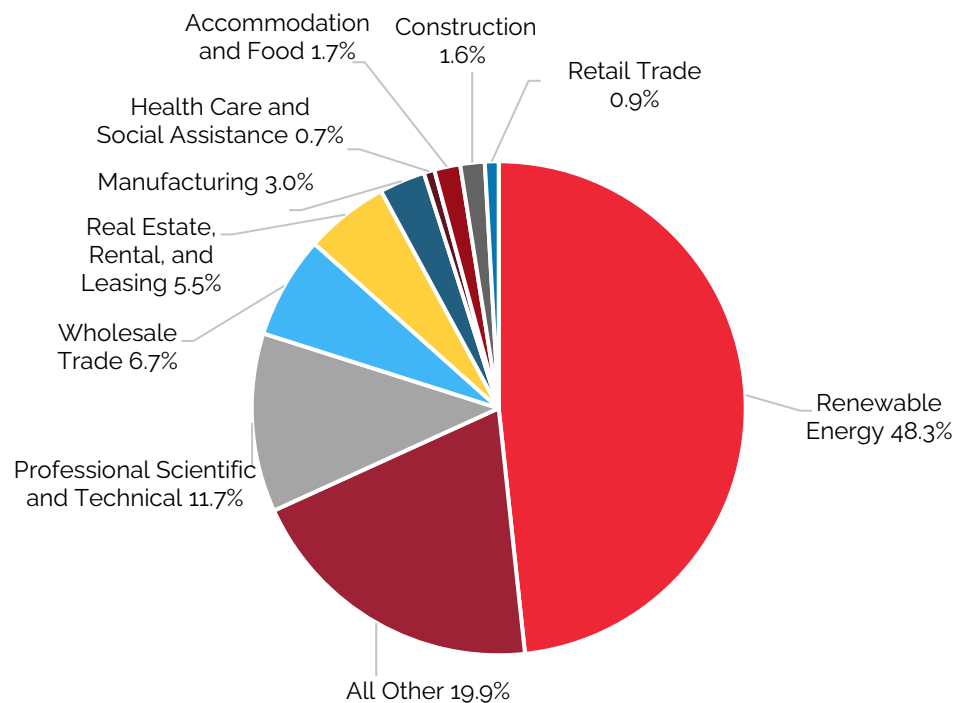


## Portfolio Details:

- \$1.5B outstanding as of December 31, 2021
- 801 total loans
- \$1.9M average loan size

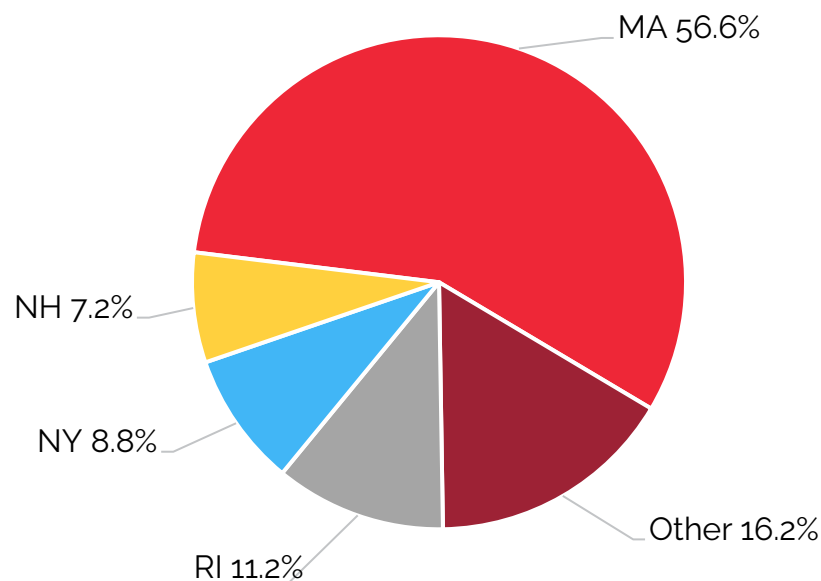
# Commercial & Industrial Loan Portfolio

## By Industry



*Industry breakout excludes PPP loans*

## By Geography

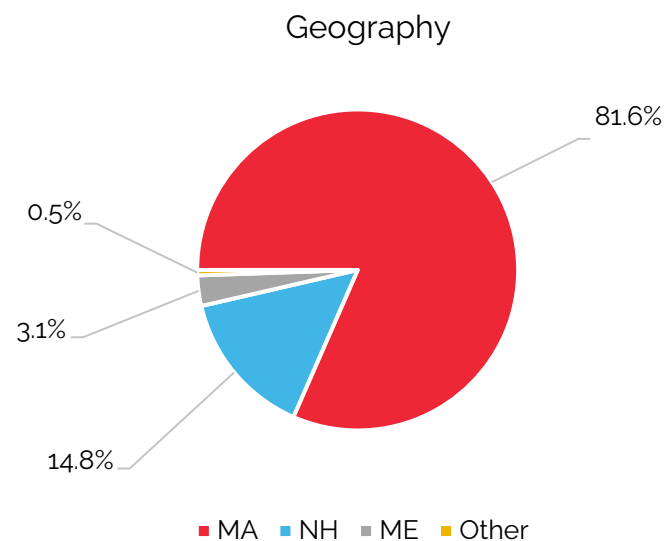
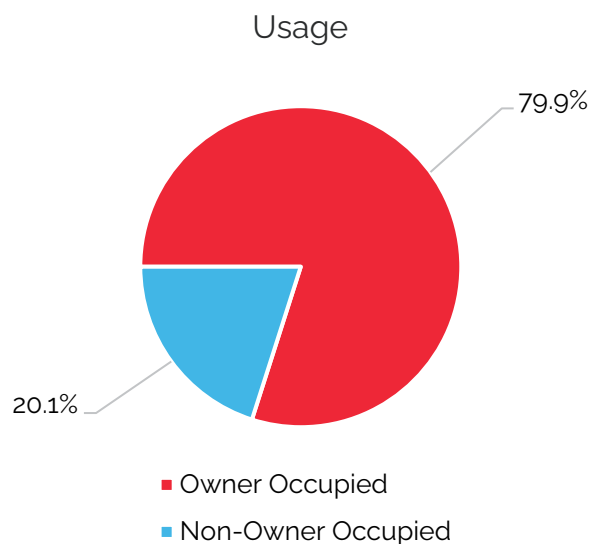
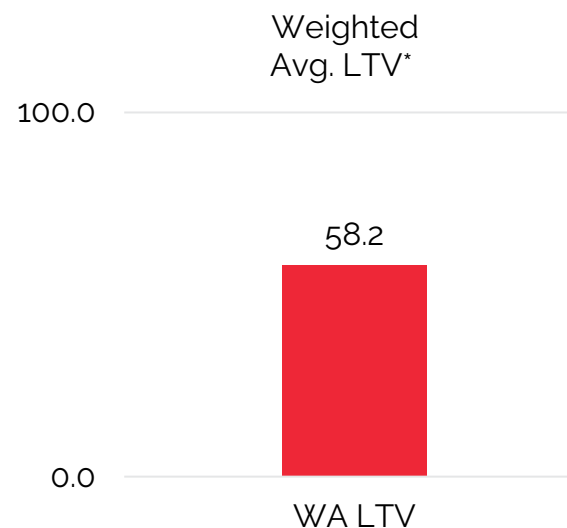
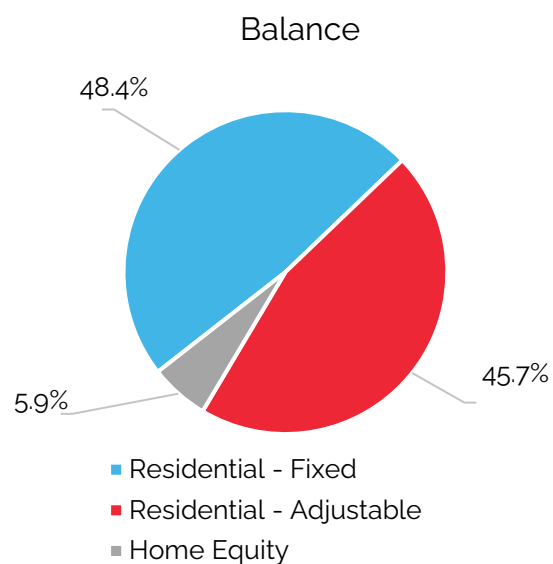


*Geography breakout excludes PPP loans*

## Portfolio Details:

- \$269M outstanding as of December 31, 2021; \$247M outstanding excluding PPP loans
- 554 total loans including PPP loans; 451 total loans excluding PPP loans
- \$487k average loan including PPP loans; \$548k average loan excluding PPP loans

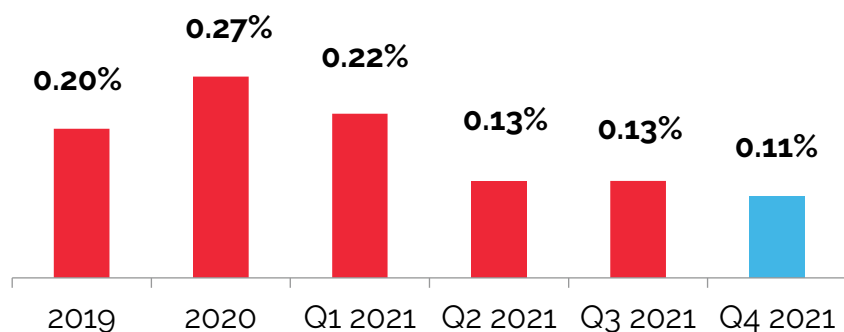
# Consumer Loan Portfolio



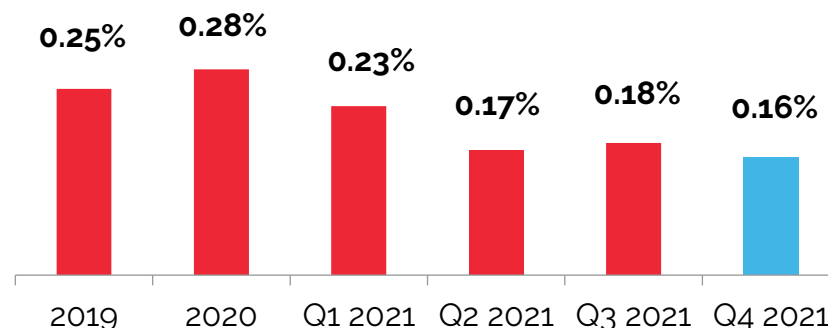
**\$1.5B outstanding as of December 31, 2021**  
**Weighted Average FICO 783\*\***

# Asset Quality Highlights

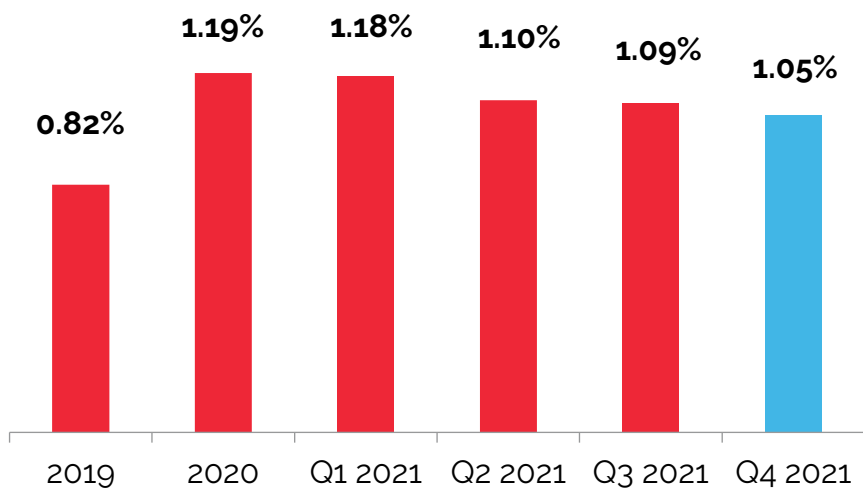
**NPAs / Assets**



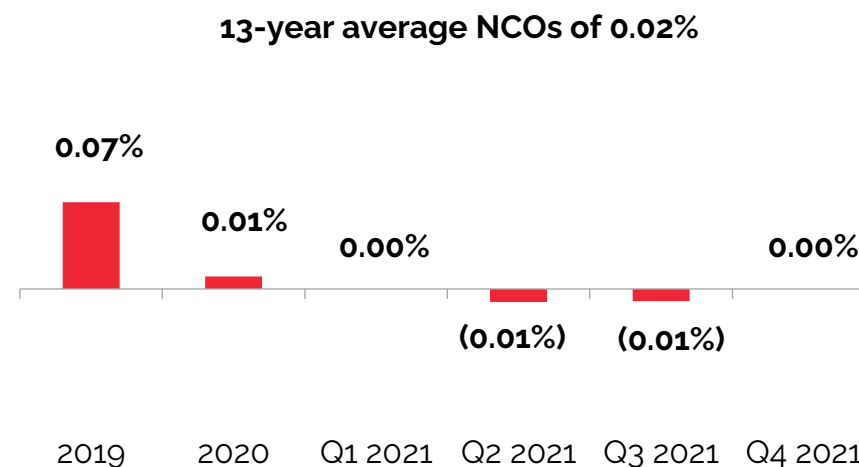
**NPLs / Loans**



**Reserves / Loans (1)**



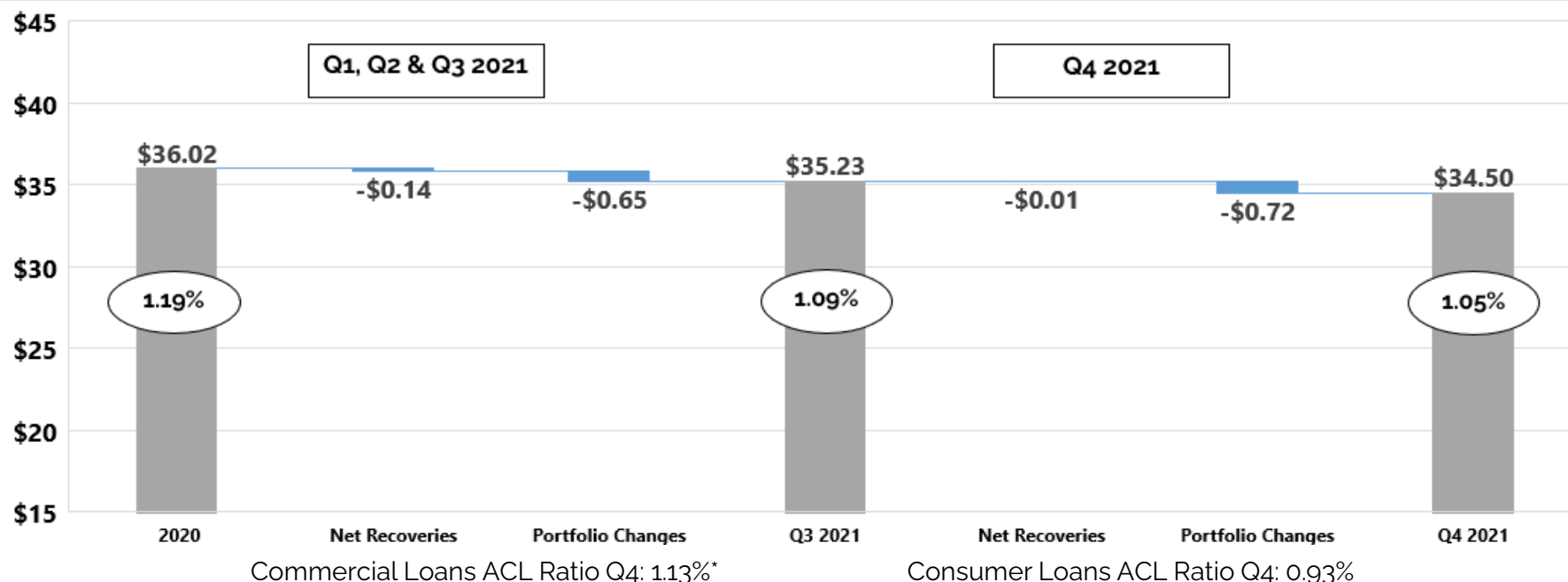
**Annualized Net Charge Offs (Recoveries)/Loans**



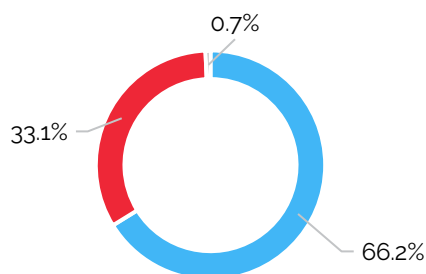
# Allowance for Credit Losses (ACL)

Dollars in millions

## Allowance for Credit Losses:



## ACL Key Attributes:



■ Quantitative ■ Qualitative ■ PCD

- Sophisticated model uses loan level probability of default loss given default discounted cash-flows as the primary basis for the quantitative loss estimation
- Starting Unemployment Rate in forecast period: 4.25%
- Ending Unemployment Rate in forecast period: 3.95%
- Forecast Period: 2 Quarters
- Reversion Period: 4 Quarters

# Strategic Progress and Focus

## Recent Progress

- Generated record operating earnings in 2021
- Committed \$110 million to support affordable housing in Massachusetts by partnering with the Massachusetts Housing Partnership in 2021
- Completed merger with Wellesley Bancorp on June 1, 2020
- Supported clients & communities during the pandemic which included \$293M in PPP Lending
- Named the 18th Largest Independent Investment Advisor in Massachusetts (according to Boston Business Journal)
- Named as one of the region's top corporate charitable contributors (according to Boston Business Journal)
- Increased resources to support expansion of business development initiatives

## Strategic Focus

- Leverage private banking model in highly attractive markets
- Increase brand awareness
- Expand Wealth Management assets under management
- Grow and diversify Commercial Banking opportunities & relationships
- Expand client base & deepen existing relationships to grow deposit base

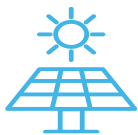
# Corporate Responsibility at Cambridge Trust

"At Cambridge Trust, corporate responsibility isn't just core to our values as a company, it's the way we've done business for more than 130 years."

-Denis Sheahan, President and CEO

## Your Bank

We have an obligation to reduce our environmental impact and empower our people, communities, and customers.



**\$110 Million**

Solar lending and hydropower for commercial customers across New England



### Consumption

We are making investments in technology to reduce the use of paper and carbon emissions

## Our Communities

We only succeed if we serve as a true financial partner to the communities in which we work and live.



**\$110 Million**

Voluntary loan commitment to the Massachusetts Housing Partnership supporting affordable housing and economic development



### Charitable Giving

Donated to over 260 organizations supporting our local communities in 2021

## Our People

We foster an ingrained focus on employee engagement, diversity, equity and inclusion (DE&I), and career development that allows our people to achieve their full potential.



**50%**

Greater percentage of women board members than any other company listed on the Nasdaq\*



**24%**

Of all employees are racially or ethnically diverse, which includes 12% of those who are Vice Presidents and above

[Additional information can be found within the sustainability section of our website](#)

# 2022 Financial Expectations

## Loans (end of period)

- Growth range of 6% - 8%

## Deposits (end of period)

- Growth range of 8% - 10%

## Adjusted Net Interest Margin

- Full Year: 2.50% - 2.60%

## Non-Interest Income

- Growth range of 7% - 9%

## Non-Interest Expense

- Growth range of 4% - 5%
  - Includes full year impact of Wealth Management System Upgrade

## Allowance for Credit Loss

- Maintain excellent credit quality
  - Ratio 0.90% - 1.00%

## Effective Tax Rate

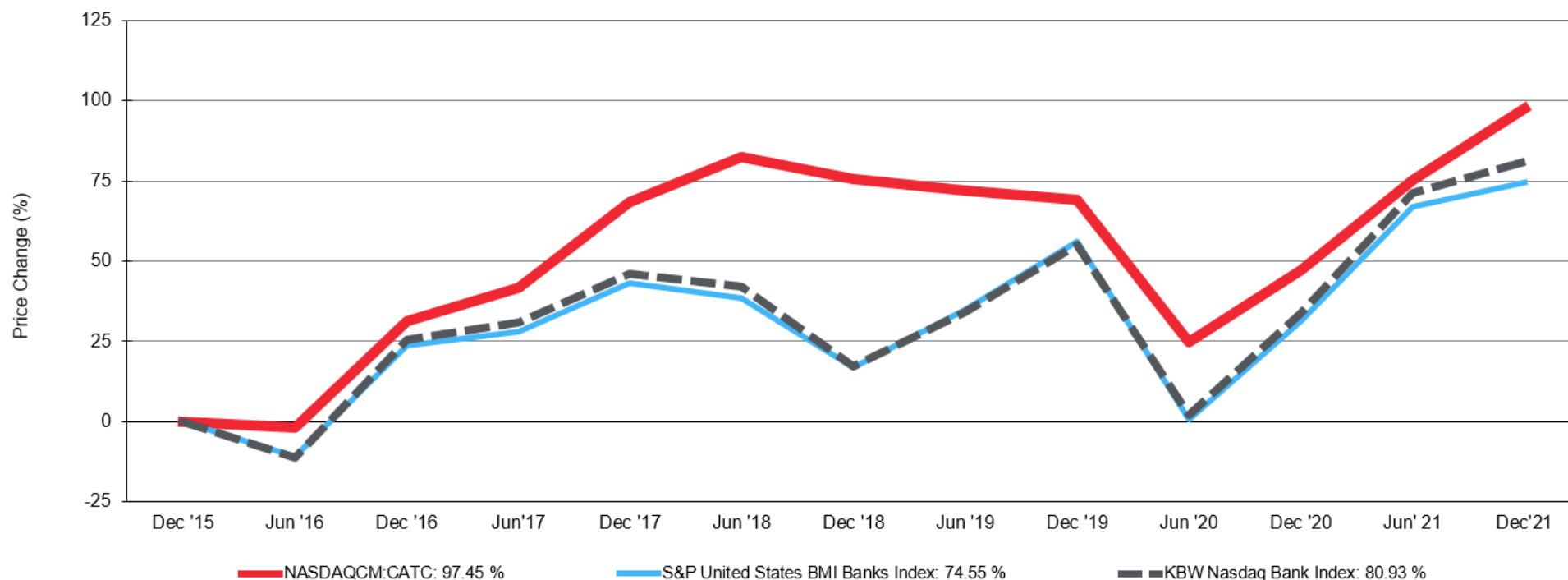
- 26% - 27%

## Capital

- Maintain strong capital levels

# Stock Price Performance and Dividend Trend

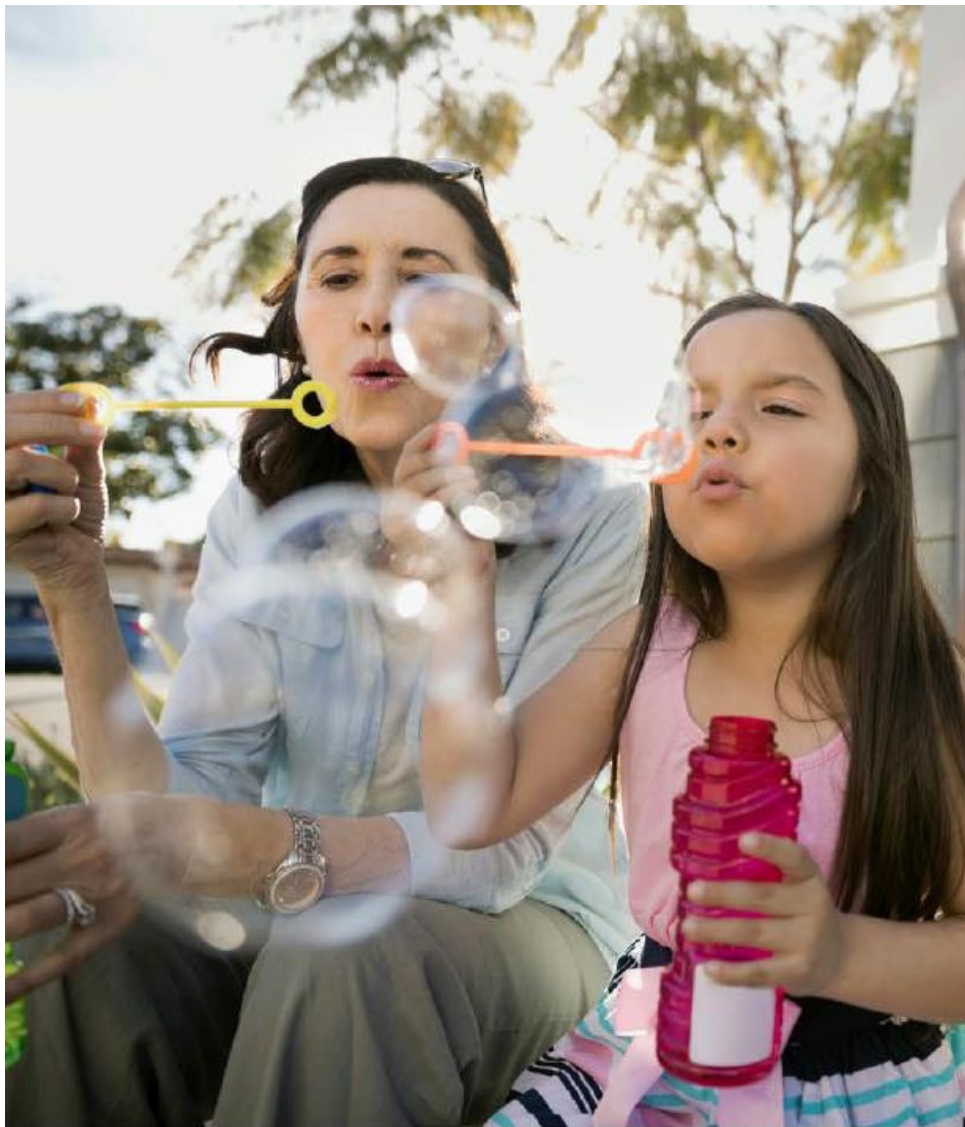
## Stock Price Performance



## 22 years of increased dividends (1999 – 2021)



# Why Cambridge Bancorp?



## Business Model

- Focused private banking business model
- Attractive geographic markets
- Affluent client base
- Expanding commercial services
- Investing for future growth



## Performance

- Consistently profitable
- Strong returns
- Core deposit funded
- Well-capitalized



## Credit

- Strong asset quality
- Sound underwriting acumen and risk management practices



## Culture

- Client-centric service culture
- Loyal client base
- Experienced, conservative leadership
- Commitment to our community

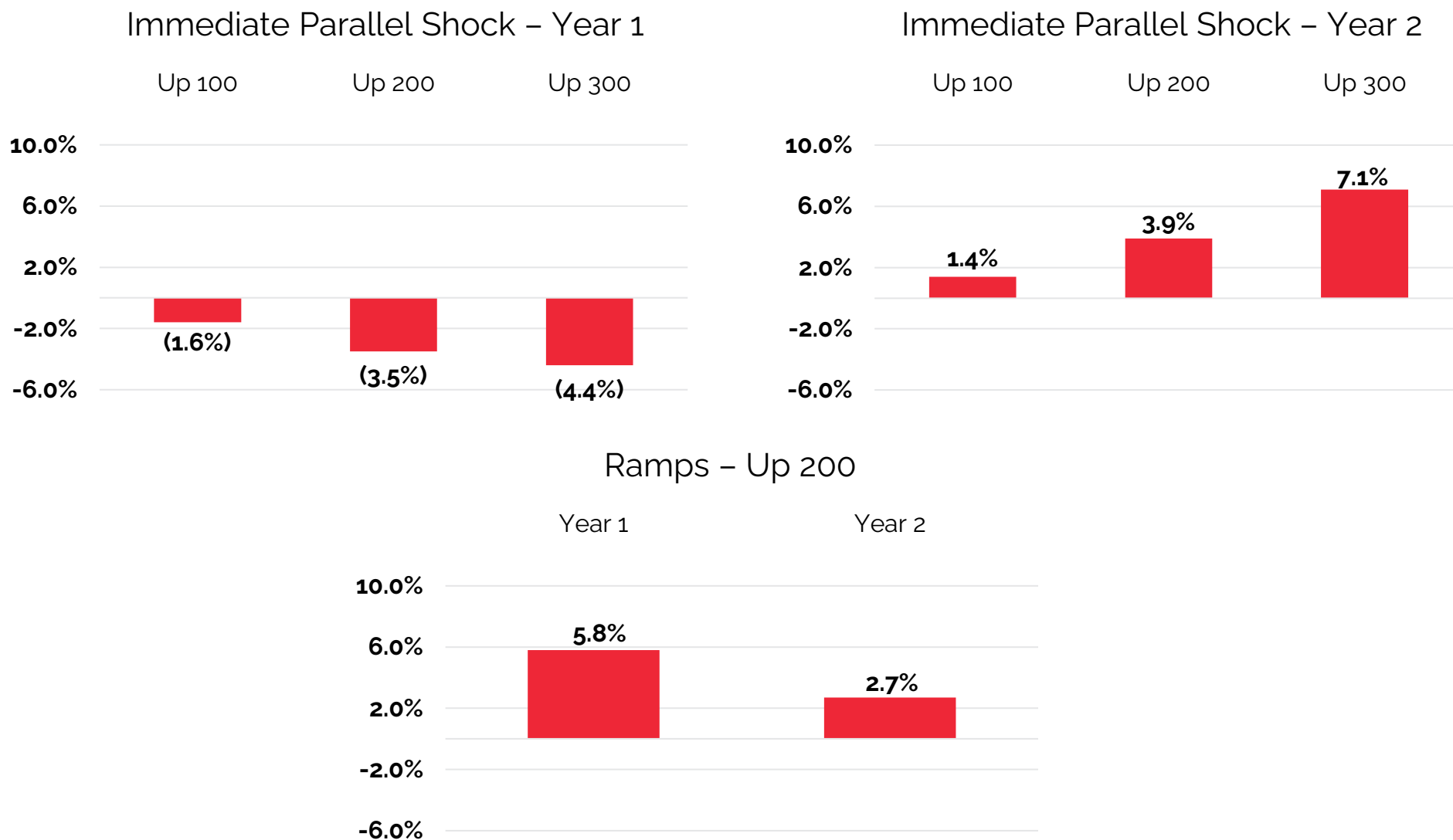


# Appendix

# Appendix: Interest Rate Risk Profile

As of December 31, 2021

## *Net Interest Income (NII) Sensitivity*



# Appendix: Paycheck Protection Program (PPP)

Dollars in thousands

**We processed over 1,500 PPP loans for clients**

## PPP Outstanding Loan Details as of December 31, 2021

	Total	# of Loans	% of count	% of amount
below \$100K	\$1,370	45	44%	6%
\$100K to \$500k	12,587	45	44%	55%
\$500K to \$1 million	8,900	13	12%	39%
above \$1 million	-	-	-	-
<b>Subtotal</b>	<b>\$22,857</b>	<b>103</b>		

## Total PPP Outstanding as of December 31, 2021

	Total	# of Loans
Principal	\$22,857	
Deferred costs net of unearned fees	(629)	
<b>Total</b>	<b>\$22,228</b>	<b>103</b>

# Forward Looking Statements and Non-GAAP Measures

Certain statements herein may constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements about the Company and its industry involve substantial risks and uncertainties. Statements other than statements of current or historical fact, including statements regarding the Company's future financial condition, results of operations, business plans, liquidity, cash flows, projected costs, the impact of any laws or regulations applicable to the Company, and measures being taken in response to the COVID-19 pandemic and the impact of the COVID-19 pandemic on the Company's business are forward-looking statements. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "projects," "may," "will," "should," and other similar expressions are intended to identify these forward-looking statements. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. Such factors include, but are not limited to, the following: the current global economic uncertainty and economic conditions being less favorable than expected; disruptions to the credit and financial markets; changes in the Company's accounting policies or in accounting standards; weakness in the real estate market; legislative, regulatory, or accounting changes that adversely affect the Company's business and/or competitive position; the Dodd-Frank Act's consumer protection regulations; the duration and scope of the COVID-19 pandemic and its impact on levels of consumer confidence; actions that governments, businesses and individuals take in response to the COVID-19 pandemic; the impact of the COVID-19 pandemic and actions taken in response to the pandemic on global and regional economies and economic activity; a prolonged resurgence in the severity of the COVID-19 pandemic due to variants and mutations of the virus; the pace of recovery when the COVID-19 pandemic subsides; challenges from the integration of the Company and Wellesley resulting in the combined business not operating as effectively as expected; disruptions in the Company's ability to access the capital markets; the cost savings of the merger with Wellesley may not be fully realized or may take longer to realize than expected; operating costs, customer loss, and business disruption following the merger with Wellesley, including adverse effects on relationships with employees, may be greater than expected; and other factors that are described in the Company's filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the year end December 31, 2020, which the Company filed on March 15, 2021. The Company does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements. You are cautioned not to place undue reliance on these forward-looking statements.

This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). This information includes operating net income and operating diluted earnings per share, tangible book value per share and the tangible common equity ratio (including and excluding PPP loans), operating return on average assets, operating return on tangible common equity, operating efficiency ratio, and operating pre-tax pre-provision income and operating return on average assets.

Operating net income and operating diluted earnings per share exclude items that management believes are unrelated to its core banking business such as merger and acquisition expenses, gain (loss) on disposition of investment securities, and other items. The Company's management uses operating net income and operating diluted earnings per share to measure the strength of the Company's core banking business and to identify trends that may to some extent be obscured by such excluded gains or losses.

Management also supplements its evaluation of financial performance with an analysis of tangible book value per share (which is computed by dividing shareholders' equity less goodwill and acquisition related intangible assets, or "tangible common equity," by common shares outstanding), the tangible common equity ratio (which is computed by dividing tangible common equity by tangible assets, defined as total assets less goodwill and acquisition related intangibles), return on average assets and return on tangible common equity on an operating basis, the operating efficiency ratio (which is computed by dividing noninterest expense adjusted for non-operating expenses and total revenue adjusted for gain/(loss) on disposition of investment securities), operating pre-tax pre-provision income over average assets (which is computed by dividing income before taxes adjusted for the provision for (release of) credit losses, non-operating expenses, and gain/(loss) on disposition of investment securities over average assets). The Company has included information on these non-GAAP financial measures because the Company believes that investors may find it useful to have access to the same analytical tool used by management. As a result of merger and acquisition activity, the Company has recognized goodwill and other intangible assets in conjunction with business combination accounting principles. Excluding the impact of goodwill and other intangibles in measuring asset and capital values for the ratios provided, along with other bank standard capital ratios, provides a framework to compare the capital adequacy of the Company to other companies in the financial services industry.

These non-GAAP measures should not be viewed as a substitute for operating results and other financial measures determined in accordance with GAAP. An item which management deems to be non-operating and excludes when computing these non-GAAP measures can be of substantial importance to the Company's results for any particular quarter or year. The Company's non-GAAP performance measures are not necessarily comparable to non-GAAP performance measures which may be presented by other companies.

Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are presented under "GAAP to Non-GAAP Reconciliations." Reconciliations are included in the most recent Earnings Release, which can be located on our website here: <http://ir.cambridgegroup.com/News/>



# CAMBRIDGE BANCORP

Parent of Cambridge Trust Company

Denis K. Sheahan  
*Chairman, President and  
Chief Executive Officer*  
617-520-5520

Michael F. Carotenuto  
*Senior Vice President and  
Chief Financial Officer*  
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