



Cambridge Bancorp Adds Attractive Markets Through A Merger with Northmark Bank

May 23, 2022

CAMBRIDGE
BANCORP

NORTHMARK[®]
BANK

NASDAQ: CATC
Parent of Cambridge Trust Company

Forward Looking Statements & Additional Disclosures

Certain statements herein may constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements about Cambridge Bancorp (together with its bank subsidiary unless the context otherwise required, "Cambridge" or 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 are described within the Company's filings with the Securities and Exchange Commission (the "SEC"). The risks and uncertainties that could cause actual results to differ from those described in the forward-looking statements include, but are not limited to, the following: (1) the businesses of Cambridge and Northmark Bank ("Northmark") may not be combined successfully, or such combination may take longer to accomplish than expected; (2) the cost savings from the merger may not be fully realized or may take longer to realize than expected; (3) operating costs, customer loss and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected; (4) governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger; (5) the stockholders of Northmark may fail to approve the merger; (6) changes to interest rates; (7) the ability to control costs and expenses; (8) the current global economic uncertainty and economic conditions being less favorable than expected; (9) disruptions to the credit and financial markets; (10) the duration and scope of the COVID-19 pandemic and its impact on levels of consumer confidence; (11) actions that governments, businesses and individuals take in response to the COVID-19 pandemic; (12) the impact of the COVID-19 pandemic and actions taken in response to the pandemic on global and regional economies and economic activity; (13) 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; (14) disruptions in the Company's ability to access the capital markets; and (15) other factors that are described in the Company's filings with the SEC, including the Company's Annual Report on Form 10-K for the year end December 31, 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, operating return on average assets, operating return on tangible common equity, and operating efficiency ratio.

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, and 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). 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: ir.cambridgetrust.com/News/.

Important Additional Information on the Merger and Where to Find It

In connection with the proposed transaction, Cambridge expects to file with the SEC a registration statement on Form S-4 that will include a proxy statement of Northmark that also constitutes a prospectus of Cambridge. Cambridge also plans to file other relevant documents with the SEC regarding the proposed transaction. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IF AND WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy of the proxy statement/prospectus (if and when it becomes available) and other relevant documents filed by Cambridge with the SEC at the SEC's website at www.sec.gov. Copies of the documents filed by Cambridge with the SEC will be available free of charge on Cambridge's website at ir.cambridgetrust.com or by directing a request to Cambridge Bancorp, 1336 Massachusetts Avenue, Cambridge, MA 02138, attention: Corporate Secretary (617) 876-5500.

Participants in Solicitation

Northmark and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about the directors and executive officers of Northmark and their ownership of Northmark common stock, and the interests of such participants, may be obtained by reading the proxy statement/prospectus when it becomes available.

Market Data

Market data and industry forecasts are used in this Investor Presentation, including data obtained from publicly available sources. These sources generally state that the information they provide has been obtained from sources believed to be the reliable, but the accuracy and completeness of the information is not assured. The Company has not independently verified any such information.

Transaction Rationale

In Market Combination Strengthening Greater Boston Franchise

- **Strategic expansion into attractive, affluent North Andover, Andover and Winchester markets through a combination with a high-quality local bank**
 - Adds \$442 million in assets and fills in branch footprint between Massachusetts and New Hampshire
 - Complementary cultures with an opportunity to provide an expanded product suite to Northmark customers, including private banking and wealth management
 - Consistent with Cambridge's track record of selectively combining with well-positioned banks in attractive markets (Wellesley 2020, Optima 2019)

Financially Attractive

- **Financially compelling transaction**
 - Pro forma assets of \$5.5 billion, deposits of \$4.9 billion, gross loans of \$3.7 billion and wealth management assets of \$4.7 billion
 - Approximately 5.8% accretive to Cambridge 2023 earnings per share¹
 - Approximately 1.7% dilutive to tangible book value with an expected earnback period of approximately 2.25 years
 - Internal Rate of Return (IRR) greater than 20%

Low-Risk Transaction

- **Low integration and execution risk, reflecting cultural compatibility**
 - Established track record of strong asset quality metrics
 - Thorough due diligence completed
 - Cambridge's M&A experience from recent transactions leveraged throughout diligence process
 - Asset-sensitive through both low-cost long-term deposit base and sizable cash position

Strategic Focus of Cambridge Bancorp

Merger With Northmark

Consistent with long-term goal to be recognized as the premier private bank in Greater Boston and New Hampshire



Increases long-term shareholder returns / profitability metrics



Grows and diversifies commercial banking opportunities and relationships



Expands client base and deepens existing relationships to grow deposit base



Opportunity to expand wealth management assets under management



Overview of Northmark Bank

Financial Snapshot – As of March 31, 2022

Headquarters:	North Andover, MA
Founded:	1987
Branches:	3
Assets:	\$442 mm
Gross Loans:	\$314 mm
Deposits:	\$381 mm
Tangible Common Equity:	\$54 mm
LTM Net Income	\$3.5 mm
LTM Net Interest Margin (%)	3.02%
LTM ROAA (%)	0.78%
NPA's / Assets (%)	0.00%

Boston-Cambridge-Newton MSA – Mass. HQ Banks Only¹

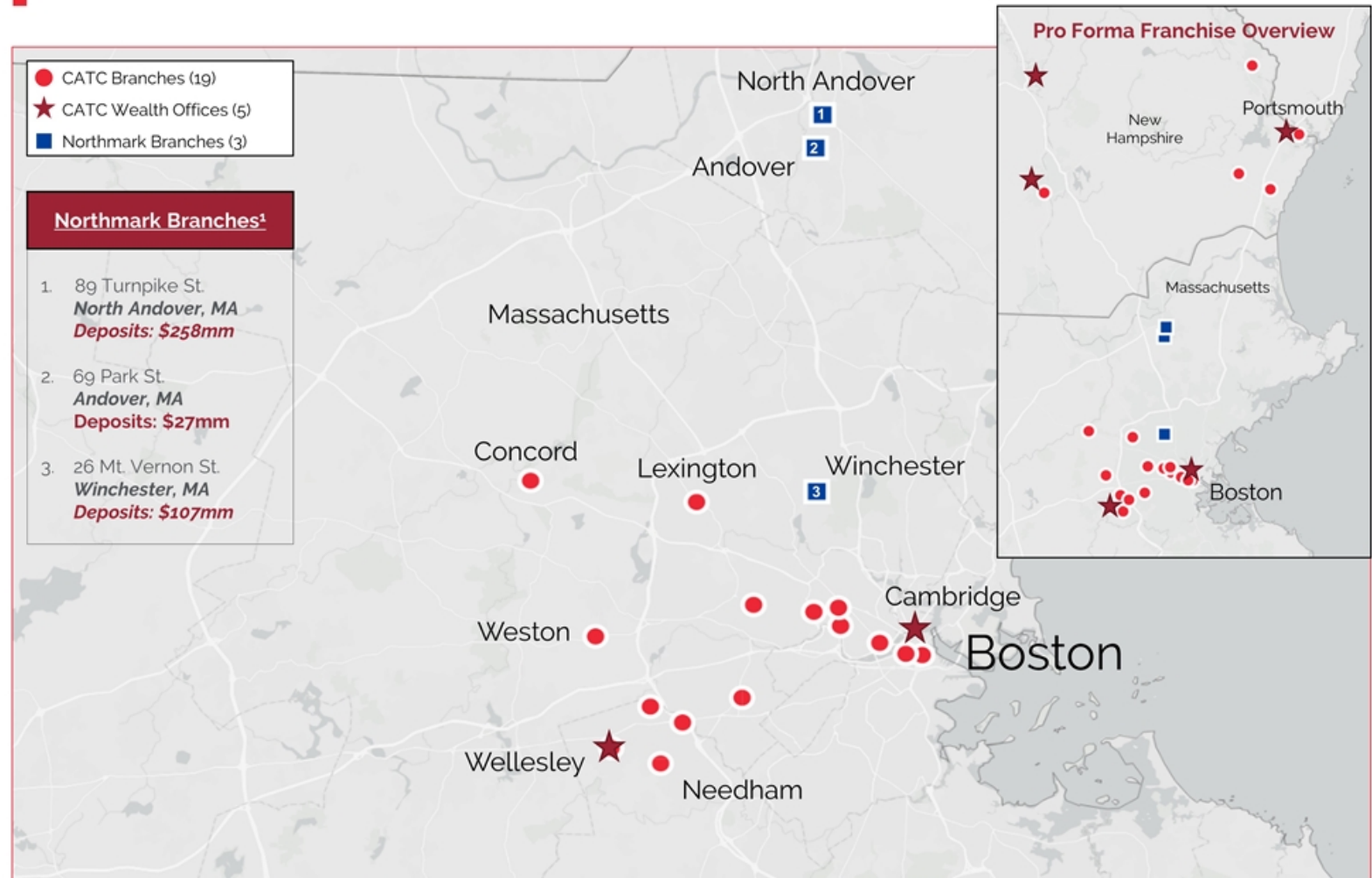
Rank	Institution	Number of Branches	Deposits in Market (\$mm)	Market Share Among MA Banks (%)
1	Eastern Bankshares Inc.	90	19,598	18.7
2	Independent Bank Corp.	89	13,337	12.7
3	Middlesex Bancorp MHC	30	4,829	4.6
4	Cambridge Financial Group Inc.	20	4,448	4.2
5	Salem Five Bancorp	35	4,372	4.2
6	Brookline Bancorp Inc.	30	4,295	4.1
7	Pro Forma with Northmark	22	4,088	3.9
7	Cambridge Bancorp	19	3,696	3.5
47	Northmark Bank	3	392	0.4

Median Household Income (\$000s)²

Winchester and Andover are among the most affluent markets in Greater Boston



Pro Forma Branch and Wealth Office Footprint



Pro Forma Loan & Deposit Composition

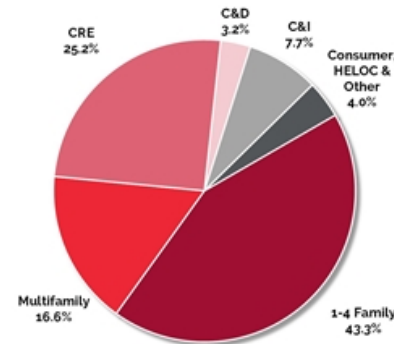
As of March 31, 2022

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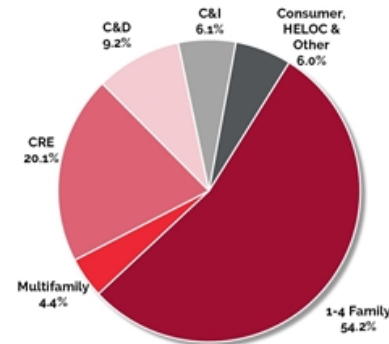
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Pro Forma as of March 31, 2022

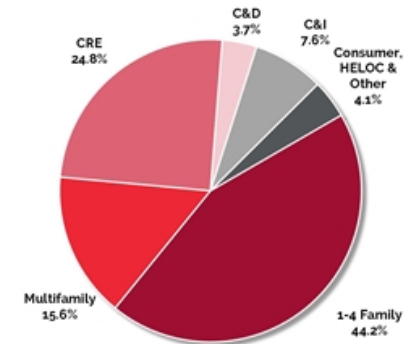
Loan Mix



Total Loans: \$3.4 billion
MRQ Yield: 3.43%

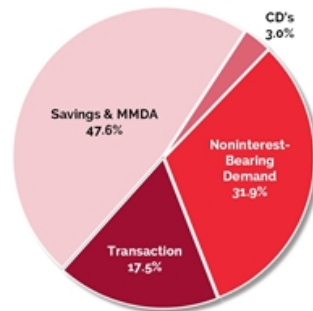


Total Loans: \$314 million
MRQ Yield: 4.39%

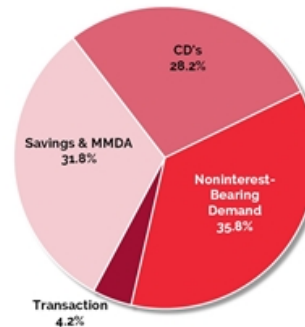


Total Loans: \$3.7 billion
MRQ Yield: 3.51%

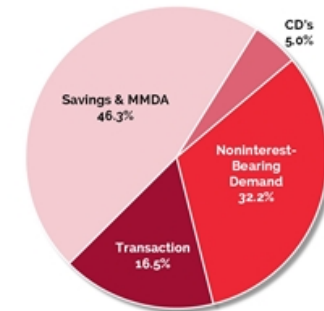
Deposit Mix



Total Deposits: \$4.5 billion
MRQ Cost: 17 bps



Total Deposits: \$381 million
MRQ Cost: 20 bps



Total Deposits: \$4.9 billion
MRQ Cost: 17 bps

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Source: S&P Global Market Intelligence

Note: Loan data and Northmark deposit data per call report; CATC deposit data per GAAP filings

Key Transaction Terms

Acquirer / Target:	Cambridge Bancorp (NASDAQ: CATC) / Northmark Bank (Private)
Transaction Value¹:	~\$63mm, or \$79.54mm per Northmark share
Structure:	100% stock consideration with a fixed exchange ratio of 0.9950 Number of shares expected to be issued: 788,184
Pro Forma Ownership:	~90% Cambridge / ~10% Northmark
Price / Tangible Book Value¹:	118%
Price / 2022 Core EPS + Cost Saves²:	11.2x
Core Deposit Premium:	3.2%
Board Representation:	Northmark Founder, President & CEO, Jane C. Walsh, will join the Cambridge Bancorp and Cambridge Trust Boards of Directors
Approvals:	Northmark shareholder approval; customary regulatory approvals
Due Diligence:	Comprehensive financial, business, operational, legal and loan diligence
Anticipated Closing:	Q4 2022

Transaction Assumptions and Financial Impact

Est. Transaction Expenses:	\$10.7mm pre-tax (\$8.1mm after-tax)	
Est. Expense Savings:	35% of Northmark noninterest expense (85% 2023 phase-in, 100% thereafter)	
Gross Credit Mark / CECL:	Total gross credit mark of \$3.3mm (1.0% of total loans) <ul style="list-style-type: none"> • \$656K on purchased credit deteriorated ("PCD") loans • \$2.6mm on non-PCD loans Non-PCD CECL reserve of \$2.5mm (0.8% of total loans) established Day-2 via provision expense (CECL "Double Count")	
Loan Interest Rate Mark:	\$10.5mm write-down of loans (3.3% of total loans)	
Securities Mark:	\$1.3mm write-down of securities	
Fixed Asset Mark:	\$1.9mm write-up of fixed assets	
Liability Marks:	\$300K write-up of time deposits	
Core Deposit Intangible:	1.40% of non-time deposits, or \$3.8mm	
Financial Impact:	2023E EPS Accretion ¹	5.8%
	TBVPS Dilution	(1.7%)
	TBVPS Earnback (Crossover Method)	2.25 Years
	TBVPS Earnback (Simple Method)	1.87 Years
	Internal Rate of Return	> 20%

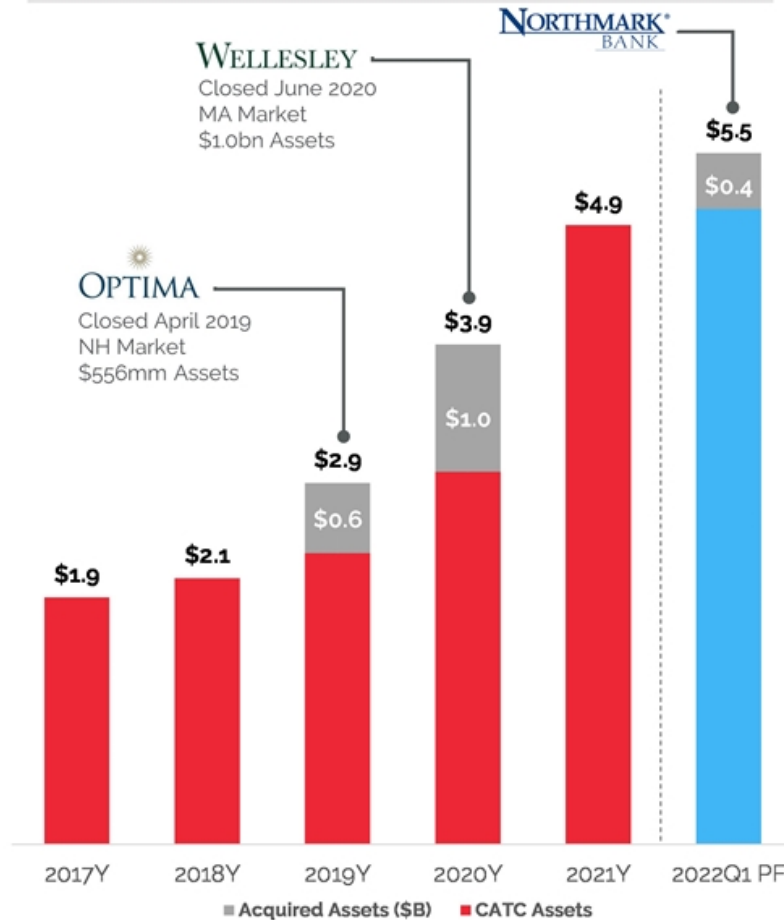
Opportunity Summary

- Adds attractive, affluent North Andover, Andover and Winchester markets which are logical extensions that bridge our two major markets of operation in Massachusetts and New Hampshire
- Limited tangible book value dilution, with acceptable earnings per share accretion and a reasonable tangible book value earnback period
- Expanded client base and culturally compatible business models
- Low-risk transaction supported by Cambridge integration expertise
- Consistent with our strategic focus and provides growth opportunities for years to come

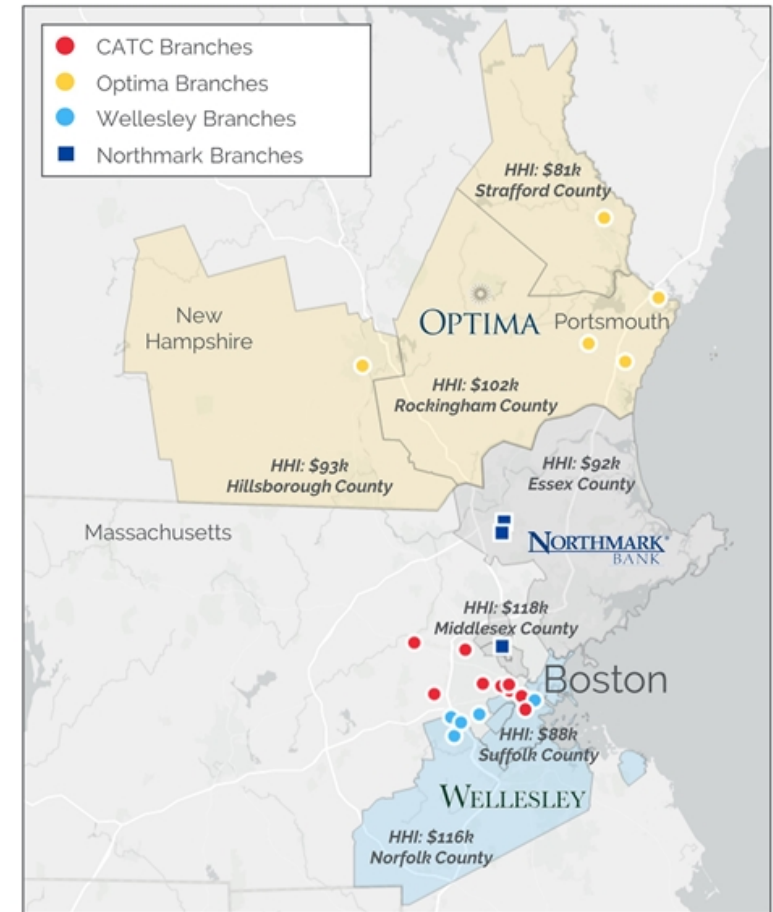
Successful Track Record of Growth Through Select Combinations

Northmark combination is a continuation of Cambridge's strategy of merging with banks in targeted attractive, affluent markets

Historical Asset Growth (\$B)



Evolution of Branch Footprint



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Note: Household Income (HHI) data reflects median values (\$000) by county as of June 30, 2021
 Source: S&P Global Market Intelligence; FDIC



Appendix

Northmark Historical Financial Profile

Per Share Data

Shares Outstanding:	792.145
TBVPS ¹ :	\$67.57
LTM EPS ¹ :	\$4.44

	For the Calendar Year Ended				For the Calendar Quarter Ended			
	2018Y	2019Y	2020Y	2021Y	2021Q2	2021Q3	2021Q4	2022Q1
Balance Sheet (\$mm)								
Total Assets	\$372	\$359	\$432	\$452	\$458	\$458	\$452	\$442
Gross Loans HFI	311	309	319	319	311	319	319	314
Deposits	305	304	369	391	392	393	391	381
Gross Loans HFI / Deposits	102.0%	101.7%	86.5%	81.5%	79.3%	81.1%	81.5%	82.4%
Total Common Equity	45	48	50	53	52	52	53	54
Capital Ratios								
TCE / TA	12.07%	13.31%	11.66%	11.81%	11.28%	11.41%	11.81%	12.12%
CRE Concentration	137%	127%	118%	132%	111%	125%	132%	118%
Asset Quality								
NPLs / Loans	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NPA's / Assets	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NCOs / Average Loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Earnings & Profitability (\$mm)								
Net Income	\$3.8	\$3.8	\$3.3	\$3.5	\$0.7	\$0.8	\$1.2	\$0.9
ROAA	1.06%	1.05%	0.81%	0.78%	0.61%	0.72%	1.03%	0.77%
NIM	3.95%	3.97%	3.27%	3.02%	2.94%	2.99%	3.02%	3.12%
Fee Income / Average Assets	0.15%	0.17%	0.29%	0.19%	0.20%	0.18%	0.11%	0.16%
Noninterest Expense / Average Assets	2.50%	2.56%	2.28%	2.04%	2.21%	2.09%	1.60%	2.12%
Efficiency Ratio	62.6%	63.7%	65.6%	64.8%	72.1%	67.5%	52.2%	66.2%

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Source: S&P Global Market Intelligence

¹: TBVPS and LTM ETPS calculated using 793.445 Northmark common shares outstanding as of March 31, 2022

Note: 2022Q1 ratios are annualized as of the quarter ended March 31, 2022



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Parent of Cambridge Trust Company

Denis K. Sheahan

*Chairman, President and
Chief Executive Officer*

617-520-5520

Michael F. Carotenuto

*Executive Vice President and
Chief Financial Officer*

617-520-5520