CAMBRIDGE BANCORP

INTERIM REPORT
March 31, 2013

CAMBRIDGE BANCORP

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April 22, 2013

To the Stockholders of Cambridge Bancorp:

Net income for the quarter ending March 31, 2013 was $3,331,000 compared to $3,285,000 for the quarter ending March 31, 2012. Factors contributing to the modest increase in earnings were growth in Wealth Management revenue, gains on loans held for sale, and gains on the disposition of investment securities.

The Bank sustained loan growth in the first quarter of 2013 in both residential mortgage and commercial real estate loans. In aggregate, total loans increased $31.5 million since December 31, 2012. Notwithstanding this solid upswing, net interest income in the current quarter of $11.0 million was $575,000 less than the first quarter in 2012. This was primarily the result of lower interest rates that affected both loans and investment securities. The Bank's net interest margin of 3.31% in the first quarter of 2013 was 41 basis points lower than in the same quarter in 2012.

Asset quality remains sound. Non-performing loans as a percentage of total loans stood at 0.19% at March 31, 2013, somewhat lower than 0.21% at December 31, 2012. The Allowance for Loan Losses was $11.1 million or 1.44% of total loans outstanding at March 31, 2013.

Ongoing pressure on the Bank's net interest margin and the consequent drag on net interest income was offset by an upswing in non-interest income. Non-interest income increased $1.1 million (22.6%) to $5.9 million this quarter compared to the same quarter in 2012. Wealth Management's continued growth in assets under management produced first quarter revenue growth of 12.0% compared to last year's first quarter. In the second quarter of 2012 the Bank began to sell some conforming mortgages in the secondary market. Gains on these loan sales resulted in revenue of $298,000 this quarter compared to none in the first quarter of 2012. Finally, gains on the disposition of investment securities produced $343,000 more in revenue than for the same period in 2012.

Each of Cambridge Trust's business lines – Consumer, Commercial, Wealth Management – is performing well. While we are optimistic about the Bank's opportunities, we are cognizant of external factors that affect the business. Of most concern are protracted low interest rates and growing regulatory burden. Although it is unlikely that we will see change in the near term, we are confident in our capability to manage through them.

Very truly yours,

Joseph V. Roller II
President and CEO

CAMBRIDGE BANCORP

UNAUDITED QUARTERLY RESULTS

March 31, 2013

Dollar amounts in thousands (except share data)

	Three Months Ended March 31,	
	2013	**2012**
Interest Income	**$ 11,585**	$ 12,404
Interest Expense	**623**	867
Net Interest Income	**10,962**	11,537
Provision for Loan Losses	**200**	300
Non-Interest Income	**5,889**	4,805
Non-Interest Expense	**11,669**	11,263
Income Before Taxes	**4,982**	4,779
Income Taxes	**1,651**	1,494
Net Income	**$ 3,331**	$ 3,285
Data Per Common Share:		
Basic Earnings Per Share	**$ 0.86**	$ 0.86
Diluted Earnings Per Share	**$ 0.85**	$ 0.85
Dividends Declared Per Share	**$ 0.39**	$ 0.37
Avg. Common Shares Outstanding:		
Basic	**3,855,467**	3,817,422
Diluted	**3,918,832**	3,853,323
Selected Operating Ratios:		
Net Interest Margin	**3.31%**	3.72%
Return on Average Assets, after taxes	**0.96%**	1.02%
Return on Average Equity, after taxes	**12.83%**	13.57%

	March 31, 2013	December 31, 2012	March 31, 2012
Total Assets	**$1,365,658**	$1,417,986	$1,345,473
Total Loans	**773,723**	742,249	691,398
Non-Performing Loans	**1,460**	1,570	1,165
Allowance for Loan Losses	**11,146**	10,948	10,474
Allowance to Non-Performing Loans	**763.27%**	697.25%	898.96%
Allowance to Total Loans	**1.44%**	1.47%	1.51%
Total Deposits	**1,230,304**	1,281,333	1,156,822
Total Stockholders' Equity	**104,796**	104,891	97,915
Book Value Per Share	**$ 27.18**	$ 27.21	$ 25.62
Tangible Book Value Per Share	**$ 26.98**	$ 27.05	$ 25.51

The accompanying unaudited interim financial information should be read in conjunction with the supplemental financial and operating information for the first quarter of 2013 and the audited consolidated financial statements and notes thereto included in the Cambridge Bancorp 2012 Annual Report, which are posted in the investor relations section of our website at www.cambridgetrust.com. Interim results are not necessarily reflective of the results for the entire year.

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