### Financial Highlights:

#### CAMBRIDGE BANCORP QUARTERLY UNAUDITED RESULTS

**September 30, 2010** 

Dollar amounts in thousands (except share data)

	Quarter Ended September 30,			Nine Months Ended September 30,				
		2010		2009		2010		2009
Interest Income	\$	11,632	\$	11,604	\$	35,027	\$	34,076
Interest Expense	Ψ	1,151	Ψ	1,641	Ψ.	3,673	4	5,619
Net Interest Income		10,481		9,963		31,354		28,457
Provision for Loan Losses		50		300		500		900
Non-Interest Income		4,554		4,635		15,472		12,520
Non-Interest Expense		10,386		9,704		30,641		29,237
Income Before Taxes		4,599		4,594		15,685		10,840
Income Taxes		1,423		1,433		5,085		3,194
Net Income	\$	3,176	\$	3,161	\$	10,600	\$	7,646
Data Per Common Share:								
Basic Earnings Per Share	\$	0.84	\$	0.85	\$	2.83	\$	2.05
Diluted Earnings Per Share	\$	0.84	\$	0.84	\$	2.81	\$	2.04
Dividends Declared Per Share	\$	0.35	\$	0.33	\$	1.05	\$	0.99
Avg. Common Shares Outstanding:								
Basic		3,761,286		3,740,168		3,746,753		3,737,586
Diluted		3,791,682		3,743,814		3,770,596		3,739,819
Selected Operating Ratios:								
Net Interest Margin		4.12%		4.27%		4.24%		4.24%
Return on Average Assets, after taxes		1.19%		1.28%		1.36%		1.07%
Return on Average Equity, after taxes		13.93%		16.07%		16.18%		13.21%
	So		September 30, 2010		December 31, 2009		September 30, 2009	
Total Assets			\$	1,090,610	\$	1,018,949	\$	997,853
Total Loans				547,938		537,933	·	514,002
Non-Performing Loans				975		1,092		1,479
Allowance for Loan Losses				9,175		8,729		8,502
Allowance to Non-Performing Loans				940.62%		799.72%		574.84%
Allowance to Total Loans				1.67%		1.62%		1.65%
Total Deposits				953,609		872,767		846,923
Total Stockholders' Equity				91,328		81,708		81,802
Book Value Per Share			\$	24.29	\$	21.95	\$	21.87
Tangible Book Value Per Share			\$	24.11	\$	21.69	\$	21.59

#### UNAUDITED CONSOLIDATED BALANCE SHEETS

	September 30, 2010	December 31, 2009	
A CICTURG	(In thousands)		
ASSETS			
Cash and due from banks Overnight investments	31,675	\$ 12,762 13,412	
Total cash and cash equivalents	31,675	26,174	
Investment securities:	,	,	
Available for sale, at fair value	403,539	339,833	
Held-to-maturity, at amortized cost	79,452	84,073	
Total investment securities	482,991	423,906	
Loans:			
Residential mortgage	265,589	241,564	
Commercial mortgage	167,514	162,002	
Home equity	68,740	69,212	
Commercial	33,895	48,291	
Consumer	12,200	16,864	
Total loans	547,938	537,933	
Allowance for loan losses	(9,175)	(8,729)	
Net loans	538,763	529,204	
Stock in FHLB of Boston, at cost	4,806	4,806	
Bank owned life insurance	11,924	11,672	
Banking premises and equipment, net	5,785	5,562	
Other real estate owned		696	
Accrued interest receivable	4,170	4,470	
Other assets	10,496	12,459	
Total assets \$	1,090,610	\$ 1,018,949	
LIABILITIES AND STOCKHOLDE	RS' EQUITY		
	Als Equili		
Deposits: Demand \$	226 022	\$ 204,335	
Demand \$ Interest bearing checking	226,922 242,392	\$ 204,335 238,152	
Money market	69,209	53,099	
Savings	272,380	224,360	
Certificates of deposit	142,706	152,821	
Total deposits	953,609	872,767	
•	238		
Short-term borrowings	30,000	11,441 38,000	
Long-term borrowings Other liabilities	15,435	15,033	
Total liabilities	999,282	937,241	
Stockholders' equity:	777,202	757,241	
Common stock, par value \$1.00; Authorized			
5,000,000 shares; Outstanding: 3,759,891 and			
3,722,726 shares, respectively	3,760	3,723	
Additional paid-in capital	21,360	20,431	
Retained earnings	60,038	53,676	
Accumulated other comprehensive income	6,170	3,878	
Total stockholders, equity	91,328	81,708	
Total liabilities and stockholders' equity \$	1,090,610	\$ 1,018,949	

## UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

		Quarter Ended September 30,			
	_	2010 2009			
	(1	In thousands, e	xcep	t per share data)	
Interest income: Interest on loans Interest on taxable investment securities	\$	7,549 3,614	\$	6,978 4,205	
Interest on taxable investment securities  Interest on tax exempt investment securities		3,014 461		4,203	
Interest on overnight investments		8		20	
Total interest income	_	11,632		11,604	
	_	11,002		11,001	
Interest expense: Interest on deposits		853		1,244	
Interest on deposits  Interest on borrowed funds		298		397	
Total interest expense		1,151		1,641	
Net interest income	_	10,481		9,963	
Provision for loan losses		50		300	
Net interest income after provision for loan losses	_	10,431		9,663	
Noninterest income:				,,,,,,,,,	
Wealth management income		3,421		3,276	
Deposit account fees		546		570	
ATM/Debit card income		244		229	
Merchant card services				173	
Bank owned life insurance income		88		83	
Gain on disposition of investment securities				148	
Gain on disposition of other real estate owned		33			
Other income	_	222		156	
Total noninterest income	_	4,554		4,635	
Noninterest expense:					
Salaries and employee benefits		5,992		5,630	
Occupancy and equipment		1,648		1,627	
Data processing		789		787	
Professional services		435		361	
Marketing		514		350	
FDIC Insurance		320		293	
Other expenses	_	688		656	
Total noninterest expense	_	10,386		9,704	
Income before income taxes		4,599		4,594	
Income tax expense	. —	1,423		1,433	
Net income	\$_	3,176	= \$=	3,161	
Per share data:					
Basic earnings per common share	\$ \$	0.84	\$	0.85	
Diluted earnings per common share	\$	0.84	\$	0.84	
Average shares outstanding - basic		3,761,286		3,740,168	
Average shares outstanding - diluted		3,791,682		3,743,814	

#### UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Nine Months Ended September 30. 2010 2009			
		ls. exce	ept per share data)	
Interest income:	(=== ==== =============================	,	F - F	
Interest on loans	\$ 22,4	59 \$	20,241	
Interest on taxable investment securities	11,1		12,589	
Interest on tax exempt investment securities	1,3		1,196	
Interest on overnight investments	·	31	50	
Total interest income	35,0		34,076	
Interest expense:	<u> </u>			
Interest on deposits	2,7	27	4,309	
Interest on borrowed funds		46	1,310	
Total interest expense	3,6		5,619	
Net interest income	31,3	<del></del> 54	28,457	
Provision for loan losses	5	00	900	
Net interest income after provision for loan losses	30,8	54	27,557	
Noninterest income:				
Wealth management income	9,1	53	8,437	
Deposit account fees	1,5	66	1,794	
ATM/Debit card income	7	08	634	
Merchant card services	2	67	465	
Bank owned life insurance income	2	52	280	
Gain on disposition of investment securities	1	46	382	
Loss on disposition of other real estate owned	(	10)		
Gain on disposition of merchant services portfolio	2,8	42		
Other income	5	48	528	
Total noninterest income	15,4	72	12,520	
Noninterest expense:				
Salaries and employee benefits	17,6	12	16,393	
Occupancy and equipment	4,9	18	4,969	
Data processing	2,4	00	2,379	
Professional services	1,3	54	1,020	
Marketing	1,2		1,050	
FDIC Insurance		30	1,414	
Other expenses	2,1		2,012	
Total noninterest expense	30,6	<u>41                                    </u>	29,237	
Income before income taxes	15,6	85	10,840	
Income tax expense	5,0	85	3,194	
Net income	\$ 10,6	00 \$	7,646	
Per share data:				
Basic earnings per common share	\$ 2.	83 \$	2.05	
Diluted earnings per common share		81 \$		
Average shares outstanding - basic	3,746,7	53	3,737,586	
Average shares outstanding - diluted	3,770,5		3,739,819	

#### UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>N</u> i	ne Months E	September 30,		
		2010		2009	
		(In thousands)			
Cash flows provided by operating activities:	¢	10.000	¢	7.646	
Net income	\$	10,600	\$	7,646	
Adjustments to arrive at net cash provided by operating activities:		500		000	
Provision for loan losses		500 450		900 213	
Amortization of deferred charges/(income), net					
Depreciation and amortization Bank owned life insurance income		1,086		1,044	
		(252) (146)		(279)	
Gain on disposition of investment securities  Loss on disposition of other real estate owned		(146)		(382)	
•				_	
Gain on disposition of merchant services portfolio		(2,842)		_	
Compensation expense from stock option		257		227	
and restricted stock grants		237		221	
Change in accrued interest receivable, deferred		1 102		903	
taxes, other assets and other liabilities		1,183			
Other, net		10,842		10,311	
Net cash provided by operating activities	_	10,842		10,311	
Cash flows used by investing activities:		(07.569)		(117.424)	
Origination of loans Purchase of:		(97,568)		(117,434)	
Investment securities - AFS		(104.770)		(160 650)	
Investment securities - AFS Investment securities - HTM		(194,770)		(169,650)	
		(5,441)		(3,626)	
Maturities, calls and principal payments of:		07 165		74 901	
Loans		87,165		74,891	
Investment securities - AFS		105,852		73,790	
Investment securities - HTM		9,966		26,465	
Proceeds from sale of investment securities - AFS		29,002		10,452	
Proceeds from sale of other real estate owned		810		_	
Proceeds from sale of merchant services portfolio		2,842		(720)	
Purchase of banking premises and equipment		(1,309)		(720)	
Net cash used by investing activities		(63,451)		(105,832)	
Cash flows provided by financing activities:		00.043		70.260	
Net increase in deposits		80,842		79,269	
Net increase/(decrease) in short-term borrowings		(11,203)		11,779	
Repayment of long-term borrowings Proceeds from issuance of common stock		(8,000)		(17,000)	
		788		680	
Repurchase of common stock		(380)		(819)	
Cash dividends paid on common stock		(3,937)		(3,694)	
Net cash provided by financing activities	_	58,110		70,215	
Net increase (decrease) in cash and cash equivalents		5,501		(25,306)	
Cash and cash equivalents at beginning of period	φ-	26,174	- <sub>o</sub> -	39,651	
Cash and cash equivalents at end of period	<b>»</b> —	31,675	\$_	14,345	
Supplemental disclosure of cash flow information:					
Cash paid for interest	\$	3,706	\$	5,703	
Cash paid for income taxes		5,760		2,087	
Non-cash transactions:					
Change in accumulated other comprehensive income, net of taxes		2,292		1,718	