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DECISION RELATIVE TO THE MERGER OF NORTHMARK BANK, NORTH ANDOVER, MASSACHUSETTS WITH AND INTO CAMBRIDGE TRUST COMPANY, CAMBRIDGE, MASSACHUSETTS

Cambridge Trust Company, Cambridge, Massachusetts (Cambridge Trust) has applied to the Division of Banks (Division) for approval to merge with Northmark Bank, North Andover, Massachusetts pursuant to the provisions of Massachusetts General Laws chapter 167I, section 3. Under the terms of an Agreement and Plan of Merger dated as of May 23, 2022, by and among Cambridge Bancorp, Cambridge Trust, and Northmark Bank (Merger Agreement), Northmark Bank will merge with and into Cambridge Trust (Merger) under the charter, by-laws, and name of Cambridge Trust (Continuing Institution). The main office of Cambridge Trust will remain the main office of the Continuing Institution after consummation of the proposed Merger, and the Continuing Institution will retain all of the banking offices of Northmark Bank as branch offices. The merger application was filed in connection with a multi-step transaction in which Cambridge Bancorp, Cambridge Trust's parent holding company, will acquire Northmark Bank pursuant to Massachusetts General Laws chapter 167A, section 2 simultaneously with the proposed Merger.

Legal and Procedural Requirements

Notice of Cambridge Trust's application was posted and published as directed by the Division thereby affording opportunity for interested parties to submit comments to the Division. The period for filing comments has expired, and no comments were received. The Division reviewed the application and supplementary materials submitted by Cambridge Trust in accordance with applicable law, including the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage as well as "net new benefits" will be promoted by approval of

the proposed transaction. The Division also considered both banks' records of performance under the Community Reinvestment Act (CRA) as well as financial and managerial factors.

Because Cambridge Bancorp will acquire Northmark Bank for the purposes of Massachusetts General Laws chapter 167A, section 3 (Section 3), simultaneously with the Merger and the Merger requires the approval of the Commissioner of Banks, an application to the Commonwealth's Board of Bank Incorporation was not required to complete this transaction. Section 3 also requires satisfaction of the age of institution and deposit concentration limit set forth in Massachusetts General Laws chapter 167A, section 2. Pursuant to these requirements, the bank to be acquired must have been in existence for not less than three years and a company that would become a bank holding company may not control more than thirty percent (30%) of the total deposits, exclusive of foreign deposits, of all depository institutions in Massachusetts insured by the Federal Deposit Insurance Corporation (FDIC). Northmark Bank was established in 1987, which is more than three years ago, and Cambridge Bancorp, based upon information available as of as of June 30, 2022, would control approximately 0.71% of the total in-state deposits of the FDIC-insured depository institutions in Massachusetts following the proposed transaction. Therefore, the Merger satisfies the age of institution and deposit concentration limit set forth in Massachusetts General Laws chapter 167A, section 2.

In reviewing the proposed transaction, the Division must receive notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made consistent with Massachusetts General Laws chapter 167A, section 4 and the MHPF's affordable housing loan programs. The Division received notice from the MHPF that satisfactory arrangements have been made for this transaction in a letter dated September 21, 2022. Based upon the foregoing, the Division has determined that the multi-step transaction satisfies the requirements of Section 3.

The Parties

Cambridge Trust is a Massachusetts state-chartered trust company and is the sole banking subsidiary of Cambridge Bancorp. Cambridge Trust operates fourteen full-service banking offices in eastern Massachusetts and five banking offices in New Hampshire. As of June 30, 2022, Cambridge Trust had total assets of approximately \$5.06 billion and total deposits of approximately \$4.28 billion. Cambridge Trust's deposits are insured up to applicable limits by the FDIC. Cambridge Trust's

services are primarily focused on the areas of personal and commercial banking, wealth management, and residential lending. In addition to two wholly owned securities corporations, Cambridge Trust is also the parent company of Cambridge Trust Company of New Hampshire, Inc., a New Hampshire state-chartered non-depository trust company offering wealth management services in New Hampshire.

Northmark Bank is a Massachusetts state-chartered trust company and operates from its main office in North Andover, Massachusetts and has two branch offices located in Andover, Massachusetts and Winchester, Massachusetts through which it offers traditional community bank loan and deposit products. As of June 30, 2022, Northmark Bank had total assets of approximately \$427.96 million and total deposits of approximately \$364.61 million. Deposits at Northmark Bank are insured up to applicable limits by the FDIC. As two Massachusetts state-chartered trust companies, neither Cambridge Trust nor Northmark Bank maintain excess deposit insurance on deposit amounts exceeding FDIC insurance limits, and no arrangements were therefore required to be made with the Depositors Insurance Fund in Massachusetts in connection with the Merger. Northmark Bank has two wholly owned subsidiaries that would either be acquired or dissolved by Cambridge Trust as part of the Merger.

Competition

Cambridge Trust submitted materials to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. In analyzing the impact of a proposed transaction on banking competition, the Division considers, but does not rely exclusively upon, the guidelines used by the federal authorities to review bank mergers. These guidelines define relevant geographic markets and measure market concentrations as indicators of competitiveness in the local banking markets. The starting point in the federal analysis is the Herfindahl-Hirschman Index (HHI), an arithmetic measure of market concentration that synthesizes the distribution of market shares and the number of banks in the affected market into a single value. In the case of the proposed Merger, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. Cambridge Trust and Northmark Bank both compete in the Boston, Massachusetts-New Hampshire Banking Market (Relevant Market) as that market is defined by the Board of Governors of the Federal Reserve System for purposes of the HHI analysis. The Relevant Market is a moderately concentrated banking market on an unweighted deposits basis under the HHI model according to applicable guidelines and would remain a

moderately concentrated market following this proposed multi-step transaction. With a projected change of less than 1 point in the HHI Index Value for the Relevant Market, market concentration would remain essentially unchanged following the combination of Northmark Bank with and into Cambridge Trust and would therefore support a finding that consummation of the transaction will not result in an undue concentration of banking resources. Similar results are obtained by applying the FDIC's deposit market share analysis to the Boston-Cambridge-Newton, Massachusetts-New Hampshire metropolitan statistical area in which Cambridge Trust and Northmark Bank both operate.

In addition to reviewing the HHI analysis, the Division also considers the competitive impact of the proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. The Merger will not affect any of the communities in which the two banks do business since Cambridge Trust is planning to maintain all of its current branches, as well as all of the branches of Northmark Bank. Also, the presence of other banks, credit unions, and non-depository lenders in the relevant markets is a further indication that the proposed transaction will not have a significant adverse effect on competition nor result in an undue concentration of banking resources in the communities to be served by the Continuing Institution. Based upon the foregoing, the Division finds that the proposed transaction will not unreasonably impact competition.

Public Convenience and Advantage

The Division considered the record of the application to determine whether public convenience and advantage will be promoted by the proposed transaction. Cambridge Trust anticipates that current customers of both banks and prospective customers of the Continuing Institution will benefit from the Continuing Institution's expanded branch office and ATM network as well as a higher legal lending limit based upon the increased capital level following the proposed transaction. Current customers of Northmark Bank will derive a potential benefit from opportunities to expand upon existing banking relationships by gaining access to Cambridge Trust's wealth management services which will be offered through the Continuing Institution. Cambridge Trust asserts that the proposed transaction will further benefit the communities currently served independently by each depository institution by producing a combined institution that is able to provide banking services more efficiently through economies of scale that will be realized in several areas including operations and technology.

In determining whether to approve a petition under the statutory criteria, the Division is required to consider a showing of “net new benefits” related to the transaction. That term as set out in Massachusetts General Laws chapter 167I, section 3 includes consideration of initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Division may deem necessary. Cambridge Trust satisfactorily addressed this requirement of the statute. Cambridge Trust reported an intent to make initial capital investments to update signage at the Northmark Bank offices and to conduct a core data processing system conversion to transition Northmark Bank’s customer data to Cambridge Trust’s data processing system. Cambridge Trust also indicated that the condition of the existing offices of Northmark Bank do not otherwise necessitate additional, significant capital investments at this time.

Addressing employment following the proposed Merger, Cambridge Trust reported that although there will be some initial staff reductions associated with the transaction, the Continuing Institution’s expected future growth is anticipated to create opportunities for additional employment. Northmark Bank and Cambridge Trust described the proposed transaction as an opportunity to better serve existing and prospective customers by providing access to the combined resources and expertise resulting from the combination of the two institutions. Cambridge Trust has also petitioned the Division to incorporate each of Northmark Bank’s three banking offices into Cambridge Trust’s existing branch office network. To facilitate the customer transition, Cambridge Trust stated an intent to retain all Northmark Bank staff employed in a client-facing capacity. Based upon the review of these factors, the Division finds that the information provided to address the matters of public convenience and advantage, including net new benefits, are consistent with approval of the proposed transaction.

Another factor for consideration closely related to the issue of public convenience and advantage is the record of CRA performance by the respective banks. Such review for Massachusetts state-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency may also be considered. Cambridge Trust received a “Satisfactory” rating in its most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of July 20, 2020. Northmark Bank also received a “Satisfactory” rating in its most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of November 30, 2020. The

Division's review of the CRA performance of Cambridge Trust and Northmark Bank also supports the approval of the proposed Merger.

Financial and Managerial Considerations

The Division reviews and considers the financial and managerial aspects of the proposed transaction. According to materials submitted as part of the application, at the effective time of the Merger, each share of issued and outstanding Northmark Bank common stock will be converted into the right to receive a number of shares of Cambridge Bancorp common stock in accordance with the agreed upon exchange ratio. No financing arrangements were reported as necessary to complete this transaction. Materials provided with the merger application indicate that upon consummation of the transaction, the Continuing Institution will continue to meet all regulatory capital requirements as a well-capitalized institution.

According to the application, the Board of Directors of Cambridge Bancorp and the Board of Directors of the Continuing Institution upon consummation of the proposed transaction will consist of those individuals currently serving as directors of Cambridge Bancorp and Cambridge Trust, respectively, with the addition of one member from the current Board of Directors of Northmark Bank. The current president and chief executive officer of Northmark Bank will be appointed to the respective board of directors of Cambridge Bancorp and Cambridge Trust as a non-employee director. The principal executive officers of the Continuing Institution will consist of those individuals currently serving as principal executive officers of Cambridge Trust. The Division supervises both Cambridge Trust and Northmark Bank and both banks have operated as well-managed depository institutions. In addition, Cambridge Trust management personnel have successfully administered the merger integration process following Cambridge Trust's recent acquisitions of Optima Bank & Trust Company, Portsmouth, New Hampshire in 2019 and Wellesley Bancorp and its subsidiary Wellesley Bank, Wellesley, Massachusetts in 2020. Accordingly, the financial and managerial considerations support approval of the application.

Conclusion

Upon review of the complete record of the application with reference to the relevant statutory and regulatory requirements, the Division concludes that all such requirements have been met and that

consummation of the proposed transaction is in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted for Northmark Bank to merge with and into Cambridge Trust under the charter, by-laws, and name of Cambridge Trust pursuant to Massachusetts General Laws chapter 167I, section 3. Upon consummation of the Merger, the charter of Northmark Bank shall cease to exist; the separate existence of Northmark Bank shall cease; and all rights, privileges, powers, franchises, properties, assets, liabilities, and obligations of Northmark Bank shall be vested in and assumed by Cambridge Trust. Approval is also granted to maintain the former banking offices of Northmark Bank as branch offices of the Continuing Institution pursuant to Massachusetts General Laws chapter 167I, section 3.

The approvals granted herein are subject to the following conditions:

1. That the proposed Merger shall not become effective until a Certificate signed by the Presidents and Clerks, or other duly authorized officers of each bank, indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 167I, section 3 has been returned with my endorsement thereon;
2. That the proposed Merger shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Secretary of State; and
3. That the proposed Merger shall be consummated within one year of the date of this Decision.

Mary L. Gallagher
Commissioner of Banks

September 27, 2022
Date