



Bank of Cape Cod

March 2, 2009

Over the past several months, news headlines have highlighted the difficult state of our economy and fragile banking environment. During times like these, we believe it is important that our shareholders remain informed about our stability, safety and soundness, and continued progress. The Board of Directors and Executive Management of the bank continue to focus on building shareholder value through quality asset and deposit growth while maintaining an unwavering commitment to our customers.

We are closely monitored by both state and federal regulators and we follow regulatory best practices which have strongly contributed to our safety and soundness. The quality of our commercial loan portfolio remains high and through year end 2008 we had no delinquent loans. Our capital base is strong and we have money to lend to qualified borrowers who meet our consistent and prudent credit underwriting standards.

It is generally expected that de novo banks reach profitability within the first three years of operation. This was projected in our original business plan and we are tracking closely to that plan. Our operating deficit is declining each month and we expect that trend to continue through 2009. Our operating performance reflects substantial initial investments in infrastructure and personnel balanced against the time it takes to attract and build market share.

In August 2009, our de novo phase officially ends and the original three-year business plan will be complete. The Board of Directors and Executive Management have initiated long range strategic planning which incorporates discussions of expansion and potential business opportunities, as well as capital requirements to reach our goals.

We remain optimistic about the potential for growth of Bank of Cape Cod in our market and are confident that we are well positioned for continued success. I welcome your questions or comments and as always, if I or anyone on my team can be of assistance to you, please contact me at 508-568-2301.

Best regards,

A handwritten signature in black ink that reads "Timothy T. Telman".

Timothy T. Telman
President and Chief Executive Officer