January 24, 2011

Dear Shareholder,

As we move into a new year we have much to be proud of and much to be optimistic about in 2011 and beyond. The Bank's 2010 fourth quarter results were promising and represent our fourth consecutive quarter of profitability. An important milestone has been to reach sustained profitability and we believe we have achieved that objective.

Our team has done an excellent job improving on nearly every bank metric, strategically increasing our loans and core deposits and increasing our net interest margin. These efforts have allowed us to generate $414,382 of pre-tax net income through the fourth quarter of 2010 which is an improvement of $1,188,000 compared to the same period in 2009.

The following highlights our position as of December 31, 2010:

- Pre-tax earnings of $414,382;
- Assets of $111.5 million, an increase of 14% over 2009;
- Loans of $81.6 million, an 11% increase;
- Deposits of $87.9 million, an increase of 13%;
- Tier 1 Capital Ratio of 10.3%.

Although we are pleased with our results, we recognize that significant economic challenges lie ahead. Over time the interest rate environment may put pressure on our margins, but we are a strong and focused bank with a solid foundation for continued growth and profitability in the future.

2010 was a busy year for us with the following significant developments:

1. At the Annual Meeting of Shareholders in May, shareholders approved the formation of a parent holding company – New England Bancorp, Inc. and on July 7, 2010 that transaction was completed and Bank of Cape Cod is now a wholly owned subsidiary of New England Bancorp, Inc.
2. We successfully raised $2,500,000 of new capital through our parent holding company, New England Bancorp, Inc. through the issuance of 5% convertible subordinated debentures with substantially all of the net proceeds from the issuance contributed by the holding company to the Bank as capital. The capital

campaign opened on October 1, 2010 and was closed on November 15, 2010. The additional capital supports continued asset growth to more than $150 million while maintaining the Bank's well-capitalized regulatory status. Furthermore, it allows us to continue investment in the local business community by providing more financing to business owners throughout the Cape.

3. At the end of the year, Ronald E. Reed retired from his position as Executive Vice President and Chief Financial Officer of the Bank and from his position as a member of the Board of Directors. Ron was a founding member of the Bank and an integral part of the Bank's creation and success. His leadership, banking experience and management presence were an asset to the organization and we extend a profound appreciation for his contributions.
4. On January 3, 2011 Mark E. Linehan joined the Bank as our new Chief Financial Officer. Mark has more than 30 years of banking experience, a Bachelor's Degree from Harvard University in Economics and a Master's Degree from Northeastern University in Accounting. He is a terrific addition to our team and is well prepared to assist in the challenges ahead of us.

Our strategy for 2011 is quite clear. We will continue to grow loans while maintaining our disciplined credit culture, expand our customer and deposit base and explore new sources of non-interest income. We are proud of our accomplishments to date and remain committed to the Bank's prospects for the future.

On behalf of everyone at the Bank, we would like to take this opportunity to thank you for your support and your business. As always, if I or anyone on my team can be of assistance, please contact me directly at 508-568-2301.

Best regards,

Timothy T. Telman
President and Chief executive Officer

Enclosure