



November 15, 2011

Dear Shareholder,

As you know, New England Bancorp, Inc. is the single bank holding company for Bank of Cape Cod. Because substantially all of the activities of the holding company are centered in the operations of Bank of Cape Cod, the following review is focused on the operating entity.

Bank of Cape Cod is experiencing a successful year in 2011 with excellent growth in assets, loans, deposits and earnings. Despite the continued challenges presented by current economic conditions, we continue to make progress on our goal to increase shareholder value through steady, responsible growth, careful expense management and diligent attention to asset quality.

Some of the Bank of Cape Cod's financial highlights for the first nine months of 2011 versus the same period for 2010 are:

- Total assets increased 29% to \$148 million;
- Loans were \$110 million and 46% ahead of last year;
- Deposits increased 30% to \$120 million;
- Net income was \$358 thousand or 17% ahead of last year, and more importantly core pretax income was up \$262 thousand or 85%;
- Total capital is \$17.5 million and our Tier 1 capital ratio is 11.5%.

These favorable results reflect our commitment to the small business market and the value that we bring to the community as the Cape's only locally owned commercial bank.

In August the Bank was awarded \$4 million in capital from the Small Business Lending Fund (SBLF). Enacted into law as part of the Small Business Jobs Act of 2010, the SBLF encourages lending to small businesses by providing capital to qualified community banks. Five years ago Bank of Cape Cod was founded to provide a local alternative to business owners seeking loans to expand and grow their businesses. This additional capital increased our ability to lend to qualified businesses which in turn facilitates growth and job creation in the region. We also know that a critical component of the Bank's success is credit quality and we maintain a dual focus on loan growth and credit quality.

Additionally, we participated in the Massachusetts Small Business Banking Partnership and accepted a \$5 million deposit from the state. This program is a new initiative that will shift at least \$100 million in state deposits under the control of the Treasurer to

qualifying Massachusetts banks to promote small business loans. The partnership aims to move money into smaller regional, community, and local banks that have been at the forefront of providing capital to creditworthy small businesses to help them expand and create new jobs. Our participation in this program calls for us to commit to this focus which is consistent with our current efforts and an excellent fit for our commercial lending team.

We are moving forward with our goal of expanding our market footprint with plans to open a new branch in Falmouth. Upon obtaining all regulatory approvals and site permits, we will begin renovations and expect to open the branch during the first half of 2012. This new location broadens our market and allows us to reach a thriving community of businesses and homeowners in the Cape's second most populated town.

We recently celebrated the 5th Anniversary of the Bank's opening on September 15th and we all share the pride of our success in becoming the "go to" bank of choice for local business owners. In addition to the strong brand presence we have established in the market, we have also achieved corporate financial success during a prolonged period of economic turmoil, historically low interest rates and increased government regulation. In light of those facts, my team and I remain positively optimistic about the opportunities for continued growth for Bank of Cape Cod and its shareholders.

As always, we appreciate your ongoing support and confidence in our organization. If you are not yet a customer of the Bank, I encourage you to avail yourself of our services and enjoy first hand the experience that our organization provides. I welcome your thoughts or questions and invite you to contact me at any time directly by phone at 508-568-2301 or by email at ttelman@bankofcapecod.com.

Best regards,

A handwritten signature in black ink, appearing to read 'Tim', with a stylized flourish at the end.

Timothy T. Telman
President and Chief Executive Officer