



# Bank of Cape Cod

August 30, 2010

Dear Shareholder,

We are pleased to announce another profitable quarter and continued progress for the bank for the period ended June 30, 2010. We successfully grew loans and deposits, carefully controlled expenses and maintained what we believe is an appropriate level of loan loss reserves. The following highlights our position as of June 30, 2010:

- Year to date six-month earnings of \$179,000;
- Assets of \$106 million, an increase of \$19 million over the same date last year;
- Loans grew to \$74.9 million, an increase of \$8.6 million over the same date last year;
- Deposits increased to \$86.6 million, an increase of \$17 million over the same date last year; and
- Tier 1 Capital of 8.8% of average total assets.

The pace of recovery for the U.S. economy remains a topic of debate among economists. While we have seen some improvement in our local market, business conditions are not yet back to health and remain challenging. Despite these challenges, our lenders are actively engaged with qualified businesses to meet their funding needs, and we continue to work with existing customers to ensure the quality of the loan portfolio.

At the Annual Meeting in May, shareholders approved the formation of a parent holding company – New England Bancorp, Inc. and on July 7, 2010 that transaction was completed. The holding company structure improves our financial and strategic flexibility, which should enhance our future growth and increase long-term shareholder value. The closing of this transaction requires no action on your part and all outstanding shares of Bank of Cape Cod's common stock have been automatically converted into shares of New England Bancorp, Inc.'s common stock on a one-for-one basis. Your existing Bank of Cape Cod stock certificate remains valid and represents the same number of shares of New England Bancorp, Inc., but if for any reason you would prefer to exchange your certificate for a new certificate that shows the name of New England Bancorp, Inc., please contact us and we will be glad to assist you. Under the new holding company structure, any stock certificates that we may issue in the future for any reason will be issued in the name of New England Bancorp, Inc.

The Board of Directors and Executive Management have developed a three year Strategic Business Plan, which delineates planned growth and capital requirements. To support our plan, we seek to raise up to \$2.5 million in convertible subordinated debentures to be issued through the Holding Company in a private placement limited to accredited investors (meaning investors who satisfy certain minimum income or net worth standards under applicable SEC rules). We anticipate that this offering will take place later this year, subject to our receiving the necessary regulatory clearance. Substantially all of the net proceeds received from the issuance of these debentures will be contributed by the Holding Company to the Bank as Tier 1 capital thereby assisting with the Bank's anticipated growth. Should you have any questions regarding this potential offering or should you desire more information once it is available, please contact me directly.

Our success to date is encouraging and I am confident that with continued focus, hard work, and your sustained support that this success will continue. As always, we thank you for your business and patience and if I or anyone on my team can be of assistance, please contact me anytime at 508-568-2301.

Best regards,

A handwritten signature in black ink, appearing to read 'Tim', written in a cursive style.

Timothy T. Telman

President and Chief Executive Officer

**BANK OF CAPE COD**  
**Financial Highlights for Six-months ended June 30th**  
*(Unaudited/Dollar amounts in thousands)*

<b>Balance Sheet</b>	<u>2010</u>	<u>2009</u>	<u>% change</u>
Total Assets	\$106,025	\$86,534	22.5%
Total Loans	\$74,898	\$66,264	13.0%
Investments	\$26,405	\$16,864	56.6%
Total Earning Assets	\$101,303	\$83,128	21.9%
Total Deposits	\$86,764	\$69,719	24.4%
Shareholders' Equity	\$9,374	\$9,532	-1.7%

<b>Earnings</b>	<u>2010</u>	<u>2009</u>	<u>% change</u>
Net Income (Loss)	\$179	(\$595)	
Total Interest Income	\$2,271	\$1,964	15.6%
Net Interest Income	\$1,614	\$1,089	48.2%
Non Interest Income	\$159	\$126	26.2%

<b>Financial Ratios</b>	<u>2010</u>	<u>2009</u>	<u>% change</u>
Earning Assets to Total Assets	95.5%	96.1%	-0.5%
Total Loans to Total Deposits	86.3%	95.0%	-9.2%
Tier 1 Capital to Total Assets	8.8%	11.0%	-20.0%
Allowance for Loan Loss as a Percentage of Loans	1.5%	1.2%	19.9%
Non Performing Loans as a Percentage of Assets	0.7%	0.0%	
Net Interest Margin	3.26%	2.72%	19.9%