



# Bank of Cape Cod

September 23, 2008

In these uncertain times, I would like to reassure you that Bank of Cape Cod continues to perform well. We remain highly capitalized, have sound asset quality and are prepared for economic disruptions. We have the resources to meet our customers' needs and effective systems of checks and balances to minimize and manage risk.

Moreover, you should know that we are not involved in sub-prime lending. Our commercial clients undergo rigorous credit analysis and our loans are comprehensively underwritten. The loan portfolio is effectively managed and has no delinquencies or past dues. Capital remains strong at 15% of assets and the Bank holds no stock in Fannie Mae or Freddie Mac.

In these times, the safest place for your money is in the bank where it earns interest, is FDIC insured and accessible. Your deposits at Bank of Cape Cod are insured by the FDIC for up to \$100,000 per depositor and up to \$250,000 for retirement accounts. Additional FDIC insurance is available through our CDARS service which provides coverage for CDs up to \$50 million.

We are well positioned to navigate through this unprecedented economic storm. We are committed to building shareholder value by focusing on delivering high quality banking products and services to the businesses and consumers in our market.

I welcome your questions or comments and may be reached at 508-568-2301. Thank you again for your support.

Best regards,

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

Timothy T. Telman  
President and Chief Executive Officer