



# Bank of Cape Cod

July 17, 2008

It is my pleasure to review the bank's mid year progress and to tell you about our newest product – a high yield checking account. Enclosed is a copy of Edible Cape Cod, a magazine published on Cape whose mission to support local business closely parallels our own. I trust you will find it an enjoyable view of Cape Cod.

Our steady growth in assets and deposits continued through the second quarter of this year. Total assets reached \$62 million at the end of June and capital remained strong at 17% of assets. Loans outstanding have grown to \$44 million and commercial loan demand remains robust. Our asset quality is exceptional with no delinquencies and no exposure to any sub prime markets. We opened our first branch office in Osterville on March 17<sup>th</sup> and by the end of June, deposits were \$2.6 million. Total bank deposits at quarter end were \$44 million.

To celebrate our Osterville grand opening we are offering a **3.25% APY\* Admiral Checking Account**. This rate applies to all balances and the account offers unlimited check writing with no monthly maintenance fee if a \$5,000 balance is maintained. Please consider opening your personal account with us – this is the best offer in the market!

Occasionally existing or potential investors seek information about buying or selling Bank of Cape Cod stock. While we don't make a market in the stock, we do keep a list of interested buyers and sellers and facilitate contact between parties. Please contact us if you or someone you know would like to be included on our list.

We appreciate your continued support and welcome your referrals for new business. If I or anyone on our team can be of assistance, 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

\*Annual Percentage Yield (APY) is accurate as of the date of this mailing and is subject to change. Fees may reduce earnings on Admiral Checking Accounts. Member FDIC