

### From our President

I am pleased to report that the Bank had a strong first quarter. Net income of \$6.04 million represented an improvement of 4.6% over the first quarter of last year. This performance was achieved during a quarter in which U.S. markets were volatile, initially lifted by prospects of the impact of the newly passed tax reform bill and then dropping near quarter-end amid concerns over inflation and the impact of trade sanctions.

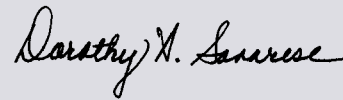
Year over year asset growth of \$150.2 million, or 4.8%, was driven by a 13.9% increase in the Bank's investment portfolio, resulting in an improved liquidity position, and an 8.9% increase in the commercial real estate mortgage portfolio. Additionally, the Bank had #1 residential loan market share in Barnstable and Nantucket Counties during the first quarter, as reported by Banker & Tradesman. The Bank's prudent lending practices continue to be evident in the favorable asset quality trends as delinquencies remain near all-time lows at only 0.28% of total loans.

Deposit trends have been strong with 5.9% growth year over year. The Bank's strong core deposit base has supported the Bank's continued growth and pursuit of its community bank mission.

Capital finished the first quarter at \$302.8 million, representing an increase of \$17.7 million or 6.2% year over year, and the Bank remains well-capitalized according to all regulatory definitions.

As always, I appreciate the contributions of our employees; the guidance and support of our Trustees/Directors and Corporators; and the trust of our customers.

Sincerely,



President & Chief Executive Officer



From left: Geoffrey Swett, Treasurer, Wareham Community Outdoor Recreation Project, Inc. Board of Directors; Donna Noonan, Vice President, Wareham Community Outdoor Recreation Project, Inc. Board of Directors; Anne Burnett, Wareham Branch Manager, Cape Cod Five; Daliza Cardoza, President, Wareham Community Outdoor Recreation Project, Inc. Board of Directors; James Austin, Mortgage Loan Officer, Cape Cod Five; Tracey Denton, Media Relations Volunteer, Wareham Community Outdoor Recreation Project, Inc.

### Cape Cod Five donates \$5,000 for Lopes Playground rebuild

The Wareham Community Outdoor Recreation Project, Inc., an all-volunteer nonprofit organization formed in 2016, is working to rebuild the Lopes Playground in Onset, which was originally constructed in 1983. The organization has contracted with Play by Design, a firm specializing in custom-designed playgrounds for children of all abilities, to create a safe, all-inclusive recreational area. To support this initiative, Cape Cod Five's Charitable Foundation awarded a \$5,000 grant to help fund equipment for the new adaptive playground. "We are inspired by the citizens of

Wareham who have come together to create an inclusive environment where children of all ages, needs and abilities can play and develop physically, socially and emotionally," said Dorothy A. Savarese, President and CEO of Cape Cod Five.

The new playground will be built in compliance with international standards and the Americans with Disabilities Act accessibility guidelines using structural plastic lumber and recycled, arsenic-free plastic composite lumber. Construction of the new Lopes Playground is planned to begin in May of 2019.

### Helping customers save more with limited-time rate specials

Every day at Cape Cod Five, we work to help our customers save for the future by providing a range of ways to grow their savings. For a limited time, the Bank is offering special rates for two savings options: the 11-month Certificate of Deposit (CD) and the Premier5 Money Market account. CDs provide customers with the opportunity to safely preserve principal while earning a higher rate of interest compared to traditional

savings accounts, while Money Market accounts offer the ability to maintain immediate access to funds. Premier5 Banking customers are eligible for the exclusive Premier5 Money Market account and corresponding special rate. Whether saving for retirement, college or a home, these options are one way Cape Cod Five helps our customers earn more while growing their savings to achieve their unique financial goals.

**"The Bank is offering special rates for two savings options: the 11-month Certificate of Deposit (CD) and the Premier5 Money Market account."**



## Consolidated Balance Sheets - Unaudited

As of March 31,

	<u>2018</u>	<u>2017</u>
	(In thousands)	
<b>Assets</b>		
Cash and Cash Equivalents	\$31,830	\$32,017
Investment Securities	404,695	355,276
Loans:		
Residential Mortgages	1,988,387	1,957,970
Commercial Real Estate	552,698	507,391
Commercial & Industrial	157,758	151,858
Consumer	11,125	9,106
Gross Loans	2,709,968	2,626,325
Allowance For Loan Losses	(16,943)	(16,891)
Net Loans	2,693,025	2,609,434
Premises, Furniture and Equipment, net	61,657	55,550
Other Assets	75,270	64,015
<b>Total Assets</b>	<b><u>\$3,266,477</u></b>	<b><u>\$3,116,292</u></b>
<b>Liabilities and Retained Earnings</b>		
Deposits	\$2,687,802	\$2,538,390
Repurchase Agreement Sweep	19,853	26,338
Mortgagors' Escrow Accounts	5,576	4,410
Federal Home Loan Bank Advances	243,023	251,765
Other Liabilities	7,380	10,254
Retained Earnings	302,843	285,135
<b>Total Liabilities and Retained Earnings</b>	<b><u>\$3,266,477</u></b>	<b><u>\$3,116,292</u></b>

## Consolidated Income Statements - Unaudited

Quarter Ended March 31,

	<u>2018</u>	<u>2017</u>
	(In thousands)	
<b>Interest Income</b>		
Interest on Loans	\$25,479	\$23,845
Interest on Investments	2,410	1,825
<b>Total Interest Income</b>	<u>27,889</u>	<u>25,670</u>
<b>Interest Expense</b>		
Interest on Deposits	2,993	2,483
Interest on Borrowed Funds	1,056	895
<b>Total Interest Expense</b>	<u>4,049</u>	<u>3,378</u>
<b>Net Interest Income</b>	23,840	22,292
Loan Loss Provision	-	-
<b>Net Interest Income after Loan Loss Provision</b>	<u>23,840</u>	<u>22,292</u>
<b>Non Interest Income</b>		
Service Charges	1,595	1,541
Loan Servicing Fees, net	627	549
Net Gain on Sales of Mortgage Loans	594	1,625
Trust and Investment Services Fees	2,669	2,526
Other Income	396	368
<b>Total Non Interest Income</b>	<u>5,881</u>	<u>6,609</u>
<b>Total Operating Income</b>	29,721	28,901
<b>Operating Expenses</b>		
Salaries and Benefits	13,843	13,383
Occupancy and Equipment	2,970	2,736
General Operating	2,824	2,707
Professional Services	1,001	820
Data Processing Charges	801	321
Deposit Insurance	322	336
<b>Total Operating Expenses</b>	<u>21,761</u>	<u>20,303</u>
Net Operating Income Before Taxes	7,960	8,598
Provision for Income Taxes	1,920	2,826
<b>Net Income</b>	<b><u>\$6,040</u></b>	<b><u>\$5,772</u></b>