



First Ipswich Bancorp

May 19, 2009

Dear Shareholder,

We are pleased to announce that the Bank's holding company, First Ipswich Bancorp, was profitable for the first quarter of 2009. Net income of \$28,000, although modest, represented an improvement of \$195,000 over the first quarter of 2008 which showed a loss of \$167,000.

We are all dealing with the impact of the economic downturn. Real estate values have been particularly affected across the country. Our Bank is making steady progress in dealing with this, however we felt it was prudent, just the same, to increase the loan loss reserve from 1.03% to 1.10% of outstanding loans from December 31, 2008 to March 31, 2009. On another positive note, we continue to see excellent opportunities for new banking relationships as many major banks are increasing lending restrictions to existing businesses and clients. The First National Bank of Ipswich is all about servicing its customers' needs and everyone at the Bank is working very hard to do that.

We are making every effort to control our expenses as well as grow revenues. One-time expenses continue to be an area where we must remain vigilant. As we work to "right size" the Bank, we will have one-time expenses related to downsizing initiatives. Similarly, like all banks, we are facing increases in FDIC insurance costs along with a one-time special insurance assessment which will impact earnings in the second quarter.

Our expense control efforts have shown some positive progress as non-interest expenses for this past quarter were \$3.21 million, the second lowest quarter of non-interest expenses in the last three years. In this last quarter we have also been able to improve the Bank's capital position. As of March 31, 2009 the leverage ratio was 8.10%, up from 7.71% as of December 31, 2008.

We are optimistic about the Bank's outlook for the rest of the year, particularly the second half. Once again we want to thank you, our shareholders, for your continuing support and everyone at the Bank for their hard work and dedication in positioning the Bank for the future.

Sincerely,

Neil St. John Raymond
Chairman of the Board

Russell G. Cole
President & CEO