



April 29, 2008

Dear Shareholder,

Enclosed are the financial results for the quarters ended March 31, 2008 and March 31, 2007.

Outstanding loans increased from \$93.0 million at March 31, 2007 to \$120.4 million at March 31, 2008, an increase of \$27.4 million or 29.5%. During the first quarter of 2008 outstanding loans increased by \$5.3 million and, while we still had a good pipeline of loans in process at March 31, 2008, we are seeing early signs of weakening loan demand consistent with the struggling economy.

Loan quality remains sound, with non-performing loans at \$282,133 at March 31, 2008, representing 0.23% of total loans. The allowance for loan losses was \$1,647,873 at March 31, 2008, representing 1.37% of total loans and 584% of non-performing loans. This level of loan loss reserve conforms to the Bank's internal loan loss reserve guidelines and compares favorably to peer groups of commercial banks. However, we continue to remain cautious about the impact of the economic climate on both consumer and commercial borrowers, and will continue to monitor the portfolio closely, keeping the loan loss reserve at levels reflecting our concern.

Deposits have increased from \$108.4 million at March 31, 2007 to \$124.4 million at March 31, 2008, an increase of \$16.0 million or 14.8%. Most categories of deposits showed growth, including our "Safe Harbor" savings account, which grew from \$28.4 million at March 31, 2007 to \$34.9 million at March 31, 2008, an increase of \$6.5 million. Growth of the Safe Harbor savings account was in spite of decreases in the interest rate paid on the account, which followed decreases in the Fed Funds rate by the Federal Reserve Bank over the same time period. The Bank presently pays 2.50% on the account, which is competitive to rates offered on high rate savings accounts at other financial institutions.

Deposits at the Glastonbury office, which opened in September of 2005, approached \$36 million at March 31, 2008, in line with our original expectations.

Net interest income increased from \$912,622 for the quarter ended March 31, 2007 to \$1,196,395 for the quarter ended March 31, 2008, an increase of \$283,773 or 31.1%. Total operating expenses increased from \$856,163 for the quarter ended March 31, 2007 to \$959,658 for the quarter ended March 31, 2008, an increase of 103,495 or 12.1%.

The combined effect of the improvement in net interest income and the more modest increase in operating expenses resulted in net income before tax of \$146,492 for the quarter ended March 31, 2008, as compared to net income before tax of \$12,407 for the quarter ended March 31, 2007.

Net income after tax increased to \$86,456 for the first quarter of 2008 from \$7,657 for the first quarter of 2007. On a per share basis, the Bank had net income after tax of \$0.06 per share for the first quarter of 2008 compared to \$0.01 per share for the first quarter of 2007.

The Bank's net interest margin increased from 3.04% for the quarter ended March 31, 2007 to 3.16% for the quarter ended March 31, 2008. The net interest spread likewise increased from 2.38% to 2.57% for the same two quarters, respectively. As mentioned in our shareholder letter in the Annual Report, the net interest margin and net interest spread of the Bank had declined over the past eleven quarters, but we believed that they had bottomed out in the fourth quarter of 2007. This, in fact, has happened, and we believe the remainder of 2008 should show further improvement in both the net interest margin and net interest spread.

As a result of the increase in profitability, as well as an increase in the market value of the Bank's securities portfolio, the Bank's capital to asset ratio increased from 8.57% at December 31, 2007 to 8.65% at March 31, 2008, meaning that we are considered "well capitalized" according to the regulatory definition.

Thank you for your continued interest in Connecticut River Community Bank. We hope to see you on Thursday, May 22nd at 5:00pm at the Bank's Annual Meeting of shareholders at our Wethersfield office.

Sincerely,



John R. Harvey
Chairman



William R. Attridge
President and CEO

CONNECTICUT RIVER COMMUNITY BANK
BALANCE SHEETS (Unaudited)

	March 31,	December 31,
	2008	2007
	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and due from banks	\$ 2,051,033	\$ 1,759,952
Federal funds sold and interest-bearing deposits with other banks	3,893,076	2,599,779
Investments in available-for-sale securities (at fair value)	28,801,956	30,839,070
Investments in held-to-maturity securities	1,499,693	1,000,000
Federal Home Loan Bank stock, at cost	1,156,300	740,800
Loans	120,428,941	93,021,680
Allowance for loan losses	(1,647,873)	(1,132,126)
Loans, net	<u>118,781,068</u>	<u>91,889,554</u>
Premises and equipment, net	1,340,738	1,438,829
Accrued interest receivable	691,682	652,609
Other assets	821,122	1,017,074
Total Assets	<u>\$159,036,668</u>	<u>\$131,937,667</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Deposits:		
Noninterest-bearing	\$ 12,393,556	\$ 9,461,288
Interest-bearing	<u>112,032,239</u>	<u>98,964,672</u>
Total deposits	124,425,795	108,425,960
Federal Home Loan Bank advances	20,474,696	11,583,403
Other liabilities	<u>386,338</u>	<u>354,672</u>
Total liabilities	<u>145,286,829</u>	<u>120,364,035</u>
Stockholders' equity:		
Common stock, \$.01 par value; authorized 2,500,000 shares; issued and outstanding 1,490,731 shares at 3/31/08 and 12/31/07 and 1,332,593 at 3/31/07	14,907	13,326
Paid-in capital	14,695,670	13,093,158
Accumulated deficit	(1,360,570)	(1,432,114)
Accumulated other comprehensive income (loss)	<u>399,832</u>	<u>(100,738)</u>
Total stockholders' equity	<u>13,749,839</u>	<u>11,573,632</u>
Total Liabilities and Stockholders' Equity	<u>\$159,036,668</u>	<u>\$131,937,667</u>

CONNECTICUT RIVER COMMUNITY BANK
STATEMENTS OF INCOME (Unaudited)
For the Quarters Ended March 31, 2008 and March 31, 2007

	March 31, 2008	March 31, 2007
Interest and dividend income:		
Interest and fees on loans	\$ 2,106,958	\$ 1,680,247
Interest and dividends on securities and interest-bearing deposits	453,014	391,871
Total interest and dividend income	2,559,972	2,072,118
Interest expense:		
Interest on deposits and borrowings	1,363,577	1,159,496
Net interest and dividend income	1,196,395	912,622
Provision for loan losses	120,000	70,000
Net interest and dividend income after provision for loan losses	1,076,395	842,622
Noninterest income:		
Residential mortgage referral fees	3,314	13,243
Service fees and charges	26,441	12,705
Total noninterest income	29,755	25,948
Noninterest expense:		
Salaries and employee benefits	552,169	476,915
Occupancy expense	96,342	86,353
Furniture and equipment expense	36,084	39,096
Data processing and outside service fees	61,687	77,455
Printing and supplies	22,372	17,436
Advertising and promotions	39,119	46,103
Professional fees	38,460	36,231
Insurance expense	6,348	7,392
Stockholder related costs	6,352	6,365
Other expense	100,725	62,817
Total noninterest expense	959,658	856,163
Net income before income tax expense	146,492	12,407
Income tax expense	60,036	4,750
Net income	\$ 86,456	\$ 7,657
Net income per common share basic	\$ 0.06	\$ 0.01

KEY FINANCIAL RATIOS	Quarters Ended March 31,	
	2008	2007
Net Interest Income	\$ 1,196,395	\$ 912,622
Net Income	\$ 86,456	\$ 7,657
Net Income Per Common Share Basic	\$ 0.06	\$ 0.01
Weighted Average Number of Shares Basic	1,490,731	1,328,782
Stockholders' Equity	\$ 13,749,839	\$ 11,573,632
Book Value Per Share	\$ 9.22	\$ 8.69
Capital to Assets Ratio	8.65%	8.77%
Net Interest Margin	3.16%	3.04%
Net Interest Spread	2.57%	2.38%
Efficiency Ratio	78.27%	91.22%
Return (Loss) On Average Assets (annualized)	0.22%	0.02%
Return (Loss) On Average Equity (annualized)	2.54%	0.27%
Non-Performing Loans	\$ 282,133	\$ 52,733