



July 28, 2009

Dear Shareholder,

The banking industry continues to struggle through one of the most difficult economic periods in our country's history. In spite of these difficult times, Connecticut River Community Bank continues on a course of focused risk management, steady capital and improving core profitability.

Total assets increased \$33 million from \$161 million at June 30, 2008 to \$194 million at June 30, 2009. Total loans increased by \$14 million over a year ago, however, loan growth was relatively flat during the second quarter as we focus on managing our existing portfolio. Deposits increased over \$28 million, or 23%, from \$122 million at June 30, 2008 to \$150 million at June 30, 2009. Excess deposits over those required to fund loan demand were invested in government agency securities and Federal funds sold. Capital increased \$726,000 as compared to a year ago. Contributing to this increase is \$450,000 in unrealized market gains within the Bank's securities portfolio and \$263,000 in retained earnings.

During the second quarter of 2009 the Bank charged-off loans totaling \$478,000 as a number of the Bank's borrowers experienced the results of the weakened national and local economy. Similar to many banking institutions, the Bank has experienced an increase in nonperforming loans during 2009 as compared to previous years. Nonperforming loans at June 30, 2009, totaled \$2 million, as compared to \$2.6 million at March 31, 2009, a decrease of \$579,000, or 22%. Nonperforming loans at June 30, 2009 includes \$460,000 of loans which are 100% guaranteed by the Small Business Administration. The Bank's reserve for loan losses at June 30, 2009 provides for 102% coverage of loans classified as nonperforming on that date. The work-out and management of troubled loans is the Bank's top priority as we move forward in this period of continued economic recession.

Although the Bank continues to be profitable, income for the quarter-ended June 30, 2009, decreased to \$11,000 as compared to \$111,000 for the quarter-ended June 30, 2008. Similarly, year-to-date earnings decreased from \$198,000 through June 30, 2008 to \$41,000 through June 30, 2009. Net income was negatively affected by two primary factors, an increase in the provision for loan losses and an increase in insurance premiums paid to the FDIC. The Bank provided \$491,000 in provision for loan losses during the first six months of 2009 as compared to \$240,000 during the first six-months of 2008, an increase of \$251,000, or 105%. FDIC insurance premiums increased from \$48,000 through June 30, 2008 to \$204,000 through June 30,

2009, an increase of over 300%. On May 22, 2009 the FDIC imposed a “special assessment” on all FDIC insured banks, which resulted in the Bank recognizing an additional \$90,000 of FDIC insurance expense during the second quarter.

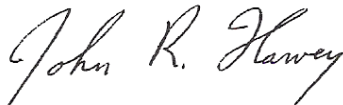
Net interest income, the Bank’s primary source of earnings, increased by over \$400,000, or 16%, during the first six months of 2009 as compared to the same period last year. In addition, the Bank increased noninterest income from \$93,000 during the first six months of 2008 to \$211,000 in 2009, an increase of over 100%. The increase in noninterest income is the primarily the result of implementing an overdraft protection program during the first quarter of this year.

Noninterest expense, exclusive of the increase in FDIC insurance expense, increased 19% during the first six months of 2009 as compared to the same period last year. Increases in noninterest expense primarily result from both the addition of our West Hartford office, which opened in December of 2008, and additional staff needed to support the Bank’s growth.

On June 1, 2009, William R. Attridge, retired as the Bank’s first President and CEO. Bill’s leadership was instrumental in forming and growing the Bank. The Board of Directors, officers and staff of the Bank recognize and thank Bill for his outstanding contributions and welcome him in his new role as Vice Chairman of the Board of Directors.

We thank you for your continued support both as shareholders and customers.

Sincerely,



John R. Harvey
Chairman of the Board



Dean T. Morgan
President and CEO

CONNECTICUT RIVER COMMUNITY BANK
BALANCE SHEETS (Unaudited)

	June 30,		March 31,
ASSETS	2009	2008	2009
Cash and due from banks	\$ 2,016,035	\$ 1,286,623	\$ 1,589,720
Federal funds sold and interest-bearing deposits with other banks	8,507,807	4,762,709	6,446,973
Investments in available-for-sale securities (at fair value)	42,744,586	30,129,207	40,213,537
Investments in held-to-maturity securities	3,009,892	1,499,705	2,485,010
Federal Home Loan Bank stock, at cost	1,538,400	1,362,900	1,519,300
Loans	134,924,144	120,844,196	134,853,313
Allowance for loan losses	(2,089,620)	(1,759,553)	(2,326,066)
Loans, net	132,834,524	119,084,643	132,527,247
Premises and equipment, net	1,466,657	1,314,401	1,477,925
Accrued interest receivable	743,895	671,356	789,116
Other assets	916,986	991,832	848,384
Total Assets	\$ 193,778,782	\$ 161,103,376	\$ 187,897,212
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Deposits:			
Noninterest-bearing	\$ 16,397,117	\$ 12,861,582	\$ 15,065,679
Interest-bearing	133,499,594	108,805,046	129,111,332
Total deposits	149,896,711	121,666,628	144,177,011
Federal Home Loan Bank advances	28,806,516	25,443,895	28,838,823
Other liabilities	809,441	452,973	596,204
Total liabilities	179,512,668	147,563,496	173,612,038
Stockholders' equity:			
Common stock, \$.01 par value; authorized 2,500,000 shares; issued and outstanding 1,490,731 shares.	14,907	14,907	14,907
Paid-in capital	14,709,979	14,697,288	14,709,979
Accumulated deficit	(986,058)	(1,249,113)	(997,280)
Accumulated other comprehensive income	527,286	76,798	557,568
Total stockholders' equity	14,266,114	13,539,880	14,285,174
Total Liabilities and Stockholders' Equity	\$ 193,778,782	\$ 161,103,376	\$ 187,897,212

CONNECTICUT RIVER COMMUNITY BANK

STATEMENTS OF INCOME (Unaudited)

June 30, 2009 and June 30, 2008

	<i>Quarter Ended</i>		<i>Six Months Ended</i>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Interest and dividend income:				
Interest and fees on loans	\$ 2,226,517	\$ 2,101,460	\$ 4,426,251	\$ 4,208,418
Interest and dividends on securities and interest-bearing deposits	470,783	388,758	902,905	841,772
Total interest and dividend income	<u>2,697,300</u>	<u>2,490,218</u>	<u>5,329,156</u>	<u>5,050,190</u>
Interest expense:				
Interest on deposits and borrowings	1,212,695	1,214,807	2,456,178	2,578,384
Net interest and dividend income	<u>1,484,605</u>	<u>1,275,411</u>	<u>2,872,978</u>	<u>2,471,806</u>
Provision for loan losses	241,519	120,000	491,381	240,000
Net interest and dividend income after provision for loan losses	<u>1,243,086</u>	<u>1,155,411</u>	<u>2,381,597</u>	<u>2,231,806</u>
Noninterest income:				
Residential mortgage referral fees	33,642	21,486	38,642	24,800
Service fees and charges	97,842	42,015	172,802	68,456
Total noninterest income	<u>131,484</u>	<u>63,501</u>	<u>211,444</u>	<u>93,256</u>
Noninterest expense:				
Salaries and employee benefits	694,149	602,336	1,323,118	1,154,505
Occupancy expense	117,195	91,278	231,234	187,620
Furniture and equipment expense	42,854	36,336	85,647	72,420
Data processing and outside service fees	82,211	49,340	178,938	111,027
Printing and supplies	20,713	19,483	40,907	41,855
Advertising and promotions	53,595	47,588	101,669	86,707
Professional fees	46,745	41,718	97,419	80,178
Insurance expense	10,425	12,377	18,810	18,725
Stockholder related costs	11,168	10,958	14,216	17,310
FDIC Insurance premiums	155,659	24,650	204,309	48,800
Other expense	114,828	90,341	220,570	166,916
Total noninterest expense	<u>1,349,542</u>	<u>1,026,405</u>	<u>2,516,837</u>	<u>1,986,063</u>
Net income before income tax expense	<u>25,028</u>	<u>192,507</u>	<u>76,204</u>	<u>338,999</u>
Income tax expense	13,805	81,050	34,936	141,086
Net income	<u>\$ 11,223</u>	<u>\$ 111,457</u>	<u>\$ 41,268</u>	<u>\$ 197,913</u>
 Net income per common share (basic)	 <u>\$ 0.01</u>	 <u>\$ 0.08</u>	 <u>\$ 0.03</u>	 <u>\$ 0.15</u>

KEY FINANCIAL RATIOS	<i>Quarter Ended</i>		<i>Six Months Ended</i>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Net Interest Income	\$ 1,484,605	\$ 1,275,411	\$ 2,872,978	\$ 2,471,806
Net Income	\$ 11,223	\$ 111,457	\$ 41,268	\$ 197,913
Net Income Per Common Share (basic)	\$ 0.01	\$ 0.08	\$ 0.03	\$ 0.15
Weighted Average Number of Shares (basic)	1,490,731	1,490,731	1,490,731	1,490,731
Stockholders' Equity	\$ 14,266,114	\$ 13,539,880	\$ 14,266,114	\$ 13,539,880
Book Value Per Share	\$ 9.57	\$ 9.08	\$ 9.57	\$ 9.08
Tier 1 Capital Ratio	7.09%	8.36%	7.09%	8.36%
Net Interest Margin	3.18%	3.33%	3.14%	3.25%
Net Interest Spread	2.73%	2.79%	2.69%	2.68%
Efficiency Ratio	83.51%	76.66%	81.60%	77.43%
Return On Average Assets (annualized)	0.02%	0.28%	0.04%	0.25%
Return On Average Equity (annualized)	0.31%	3.25%	0.58%	2.90%
Non-Performing Loans	\$ 2,046,138	224,962	\$ 2,046,138	224,962