



October 30, 2009

Dear Shareholder,

While both the local and national economy continue to feel the effects of one of the most difficult economic periods in recent history, Connecticut River Community Bank has continued on a steady course of improving capital, strengthening core earnings, and enhancing our internal risk management processes.

We have proactively managed our balance sheet in order to improve our deposit mix and strengthen our capital position. Equity to total assets increased from 7.36% at June 30, 2009 to 7.76% at September 30, 2009. Total assets of \$184 million at September 30, 2009 represent an increase of \$17 million over the same period last year. However, total assets at September 30, 2009 decreased by \$10 million as compared to the previous quarter. This decrease in assets is the result of allowing a portion of rate-sensitive certificates of deposit to mature and not renew in order to lower our cost of deposits. In addition, we paid down \$3.5 million in borrowings from the Federal Home Loan Bank during the quarter. The decreased reliance on rate-sensitive deposits and borrowings serves to improve our earnings position as we move forward.

Management continues to work aggressively to identify potentially troubled loans and to provide work-out solutions. Nonaccrual loans totaled \$2.6 million at September 30, 2009 compared to \$2 million at June 30, 2009. The reserve for loan losses increased \$500 thousand during the third quarter from \$2.1 million at June 30, 2009 to \$2.6mm at September 30, 2009 and provides for 100% coverage of all loans classified as nonaccrual on that date. The identification, work-out and management of troubled loans continue to be the Bank's top priority and focus during 2009.

Connecticut River Community Bank remains profitable despite a difficult operating environment. Net income was \$18 thousand for the quarter-ended September 30, 2009, a decrease from \$121 thousand for the quarter-ended September 30, 2008. The quarterly and year-to-date results have been negatively affected by two primary factors; an increase in the provision for loan losses and a significant increase in FDIC insurance premiums. Increased FDIC premiums have affected all federally insured banks as the FDIC strives to replenish their insurance fund. The December 2008 opening of our third banking office in West Hartford contributed to the increase in noninterest expense in 2009 as compared to 2008.

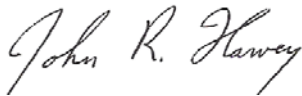
Service fees and charges increased \$52 thousand during the third quarter of 2009 as compared to the same period last year primarily due to the implementation of our overdraft protection program early in 2009. During the third quarter of 2009, we recognized \$276 thousand in gains from the sales of securities. These securities were sold in conjunction with our decision to pay down borrowings and forfeit higher-cost deposits in order to strengthen both our capital position and earnings.

Net interest income, which is the Bank's primary source of earnings, increased by \$251 thousand and \$652 thousand for the quarter and nine-months ended September 30, 2009, respectively. With the focus on decreasing our interest expense, our net interest margin improved from 3.40% during the quarter-ended September 30, 2008 to 3.46% for the quarter-ended September 30, 2009.

The Board and management believe the actions taken during 2009, including strengthening our balance sheet, increasing reserves, improving margins and aggressively identifying and working-out problem loans, will serve to better position the Bank for future asset growth and improved earnings.

We thank you for your business and support, both as a customer and a shareholder.

Sincerely,



John R. Harvey  
Chairman of the Board



Dean T. Morgan  
President and CEO

**CONNECTICUT RIVER COMMUNITY BANK**  
**BALANCE SHEETS (Unaudited)**

	<u>September 30,</u> <u>2009</u>	<u>2008</u>	<u>June 30,</u> <u>2009</u>
<b><u>ASSETS</u></b>			
Cash and due from banks	\$ 1,903,845	\$ 2,693,436	\$ 2,016,035
Federal funds sold and interest-bearing deposits with other banks	3,834,956	5,664,727	8,507,807
Investments in available-for-sale securities (at fair value)	36,221,788	28,486,811	42,744,586
Investments in held-to-maturity securities	3,004,308	1,499,705	3,009,892
Federal Home Loan Bank stock, at cost	1,538,400	1,443,200	1,538,400
Loans	136,973,429	125,938,013	134,924,144
Reserve for loan losses	(2,617,094)	(1,857,572)	(2,089,620)
Loans, net	134,356,335	124,080,441	132,834,524
Premises and equipment, net	1,411,651	1,347,827	1,466,657
Accrued interest receivable	788,649	726,979	743,895
Other assets	877,401	892,716	916,986
<b>Total Assets</b>	<b><u>\$ 183,937,333</u></b>	<b><u>\$ 166,835,842</u></b>	<b><u>\$ 193,778,782</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>			
Deposits:			
Noninterest-bearing	\$ 17,152,853	\$ 12,694,578	\$ 16,397,117
Interest-bearing	126,398,705	114,264,672	133,499,594
Total deposits	143,551,558	126,959,250	149,896,711
Federal Home Loan Bank advances	25,285,030	25,412,986	28,806,516
Other liabilities	829,983	685,762	809,441
<b>Total liabilities</b>	<b><u>169,666,571</u></b>	<b><u>153,057,998</u></b>	<b><u>179,512,668</u></b>
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	14,714,789	14,698,256	14,709,979
Accumulated deficit	(967,602)	(1,128,560)	(986,058)
Accumulated other comprehensive income	508,668	193,241	527,286
<b>Total stockholders' equity</b>	<b><u>14,270,762</u></b>	<b><u>13,777,844</u></b>	<b><u>14,266,114</u></b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 183,937,333</u></b>	<b><u>\$ 166,835,842</u></b>	<b><u>\$ 193,778,782</u></b>

**CONNECTICUT RIVER COMMUNITY BANK**

**STATEMENTS OF INCOME (Unaudited)**

*September 30, 2009 and September 30, 2008*

	<i>Quarter Ended</i>		<i>Nine Months Ended</i>	
	<b>Sept. 30, 2009</b>	<b>Sept. 30, 2008</b>	<b>Sept. 30, 2009</b>	<b>Sept. 30, 2008</b>
Interest and dividend income:				
Interest and fees on loans	\$ 2,225,212	\$ 2,166,465	\$ 6,651,463	\$ 6,374,883
Interest and dividends on securities and interest-bearing deposits	450,219	398,455	1,353,124	1,240,227
Total interest and dividend income	<u>2,675,431</u>	<u>2,564,920</u>	<u>8,004,587</u>	<u>7,615,110</u>
Interest expense:				
Interest on deposits and borrowings	1,074,644	1,215,206	3,530,822	3,793,590
Net interest and dividend income	<u>1,600,787</u>	<u>1,349,714</u>	<u>4,473,765</u>	<u>3,821,520</u>
Provision for loan losses	725,518	170,000	1,216,899	410,000
Net interest and dividend income after provision for loan losses	<u>875,269</u>	<u>1,179,714</u>	<u>3,256,866</u>	<u>3,411,520</u>
Noninterest income:				
Gain on sale of securities and other assets	307,135	-	307,135	-
Residential mortgage referral fees	2,634	12,478	41,276	37,278
Service fees and charges	119,121	67,029	291,923	135,485
Total noninterest income	<u>428,890</u>	<u>79,507</u>	<u>640,334</u>	<u>172,763</u>
Noninterest expense:				
Salaries and employee benefits	672,301	606,399	1,995,419	1,760,904
Occupancy expense	118,069	107,234	349,303	294,854
Furniture and equipment expense	44,330	29,347	129,977	101,767
Data processing and outside service fees	64,844	72,606	243,782	183,633
Printing and supplies	20,778	27,956	61,685	69,811
Advertising and promotions	26,722	50,433	128,391	137,140
Professional fees	70,381	32,061	167,800	112,239
Insurance expense	10,708	7,765	29,518	26,490
Stockholder related costs	1,984	4,038	16,200	21,348
FDIC insurance premiums	133,666	25,174	337,975	73,974
Other expense	115,743	89,792	336,313	256,708
Total noninterest expense	<u>1,279,526</u>	<u>1,052,805</u>	<u>3,796,363</u>	<u>3,038,868</u>
Net income before income tax expense	<u>24,633</u>	<u>206,416</u>	<u>100,837</u>	<u>545,415</u>
Income tax expense	6,178	85,863	41,114	226,949
Net income	<u>\$ 18,455</u>	<u>\$ 120,553</u>	<u>\$ 59,723</u>	<u>\$ 318,466</u>
Net income per common share (basic)	<u>\$ 0.01</u>	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.21</u>

**KEY FINANCIAL RATIOS**

	<i>Quarter Ended</i>		<i>Nine Months Ended</i>	
	<b>Sept. 30, 2009</b>	<b>Sept. 30, 2008</b>	<b>Sept. 30, 2009</b>	<b>Sept. 30, 2008</b>
Net Interest Income	\$ 1,600,787	\$ 1,349,714	\$ 4,473,765	\$ 3,821,520
Net Income	\$ 18,455	\$ 120,553	\$ 59,723	\$ 318,466
Net Income Per Common Share (basic)	\$ 0.01	\$ 0.08	\$ 0.04	\$ 0.21
Weighted Average Number of Shares (basic)	1,490,731	1,490,731	1,490,731	1,490,731
Stockholders' Equity	\$ 14,270,762	\$ 13,777,844	\$ 14,270,762	\$ 13,777,844
Book Value Per Share	\$ 9.57	\$ 9.24	\$ 9.57	\$ 9.24
Tier 1 Capital Ratio	7.48%	8.14%	7.48%	8.14%
Net Interest Margin	3.46%	3.40%	3.25%	3.30%
Net Interest Spread	3.01%	2.86%	2.81%	2.74%
Efficiency Ratio	74.28%	73.66%	78.98%	76.08%
Return On Average Assets (annualized)	0.04%	0.30%	0.04%	0.27%
Return On Average Equity (annualized)	0.52%	3.54%	0.56%	3.11%
Nonaccrual Loans	\$ 2,606,611	349,735	\$ 2,606,611	349,735