



October 9, 2008

Dear Stockholder:

Over the past few months, the deteriorating U.S. economy, the sub-prime mortgage lending crisis, the failure of Bear Stearns and Lehman Brothers, the deterioration in value of investments secured by sub-prime loans, the failure of IndyMac Bank, the government seizure of Fannie Mae and Freddie Mac and AIG, have all impacted confidence in the banking industry. It has also caused great concern for bank customers who worry about the safety of their deposits, and for bank shareholders who worry about the underlying strength of the bank in which they invested.

Therefore, prior to reporting on the Bank's operating performance and growth, we wish to convey the following to our shareholders and depositors:

1. Connecticut River Community Bank has not made sub-prime loans, or "teaser rate" variable rate loans.
2. The Bank has not made investments in securities backed by sub-prime loans.
3. The Bank does not own common or preferred stock of Fannie Mae or Freddie Mac.
4. The Bank does not own auction rate preferred stock or commercial paper of any corporation, including Fannie Mae and Freddie Mac.
5. The Bank is considered "well capitalized" by banking regulators, and has more than adequate liquidity by accepted industry guidelines.

Connecticut River Community Bank recorded net income after tax of \$120,553, or \$0.08 per share, for the quarter ended September 30, 2008, compared to net income after tax of \$25,838, or \$0.02 per share, for the quarter ended September 30, 2007, a year to year increase of over 360%.

For the nine months ended September 30, 2008, the Bank recorded net income after tax of \$318,466, or \$0.21 per share, compared to net income after tax of \$54,814, or \$0.04 per share, for the nine months ended September 30, 2007, an increase of over 480%.

Outstanding loans increased from \$107.2 million at September 30, 2007 to \$125.9 million at September 30, 2008, an \$18.7 million or 17.5% increase over the prior year.

The Bank continues to add to its allowance for loan losses, which was \$1,857,572, representing 1.47% of total loans and 531% of non-performing loans at September 30, 2008.

In response to the depressed real estate market, Bank lending personnel have spent an extraordinary amount of time reviewing each commercial and real estate related loan for the potential negative impact of the soft economy and real estate market on such loans and believe that the Bank has identified and appropriately reserved for potential problems.

Deposits increased from \$112.5 million as of September 30, 2007 to \$127.0 million as of September 30, 2008, a \$14.5 million or 12.9% increase over the prior year. Deposit growth was steady at both offices, with deposits of \$85 million and \$42 million as of September 30, 2008 at the Wethersfield and Glastonbury offices, respectively.

Net interest and dividend income increased from \$1,014,630 for the quarter ended September 30, 2007 to \$1,349,714 for the quarter ended September 30, 2008, a 33% year to year increase. Total noninterest expense increased from \$939,837 for the quarter ended September 30, 2007 to \$1,052,805 for the quarter ended September 30, 2008, a 12% year to year increase.

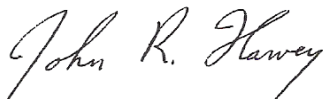
The net interest spread and net interest margin for the quarter ending September 30, 2008 each improved by over 50 basis points to 2.86% and 3.40%, respectively, from the third quarter of 2007. The improvements benefited from a lower interest rate environment in 2008 that allowed the Bank's cost of funds to decrease by 106 basis points while interest earned on loans and investments decreased by only 54 basis points.

We are pleased to report that we have received all regulatory and local approvals for our new office in West Hartford. This small, efficient office at 970 Farmington Avenue is being equipped and remodeled and should be ready to be open for business in November or early December.

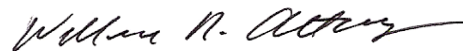
Once again, we invite all stockholders of the Bank to expand their use of our varied banking products and services. Many of our customers have recently participated in the CDARS® program, which allows them the ability to insure their certificates of deposit for amounts far beyond the maximum FDIC limits at any single institution.

Please visit our website at www.ctriverbank.com for current deposit and loan rate information as well as information on the CDARS® program.

Sincerely,



John R. Harvey
Chairman



William R. Attridge
President and CEO

CONNECTICUT RIVER COMMUNITY BANK
BALANCE SHEETS (Unaudited)

	September 30,	September 30,	June 30,
<u>ASSETS</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Cash and due from banks	\$ 2,693,436	\$ 2,496,212	\$ 1,286,623
Federal funds sold and interest-bearing deposits with other banks	5,664,727	862,265	4,762,709
Investments in available-for-sale securities (at fair value)	28,486,811	32,968,720	30,129,207
Investments in held-to-maturity securities	1,499,705	1,499,687	1,499,705
Federal Home Loan Bank stock, at cost	1,443,200	1,156,300	1,362,900
Loans	125,938,013	107,191,350	120,844,196
Allowance for loan losses	(1,857,572)	(1,270,544)	(1,759,553)
Loans, net	124,080,441	105,920,806	119,084,643
Premises and equipment, net	1,347,827	1,383,107	1,314,401
Accrued interest receivable	726,979	747,035	671,356
Other assets	892,716	1,018,099	991,832
Total Assets	<u>\$166,835,842</u>	<u>\$148,052,231</u>	<u>\$ 161,103,376</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Deposits:			
Noninterest-bearing	\$ 12,694,578	\$ 9,466,563	\$ 12,861,582
Interest-bearing	114,264,672	103,082,253	108,805,046
Total deposits	126,959,250	112,548,816	121,666,628
Federal Home Loan Bank advances	25,412,986	22,684,014	25,443,895
Other liabilities	685,762	677,585	452,973
Total liabilities	<u>153,057,998</u>	<u>135,910,415</u>	<u>147,563,496</u>
Stockholders' equity:			
Common stock, \$.01 par value; authorized 2,500,000 shares; issued and outstanding 1,490,731 shares at 9/30/08 and 6/30/08 and 1,382,417 at 9/30/07	14,907	13,824	14,907
Paid-in capital	14,698,256	13,601,312	14,697,288
Accumulated deficit	(1,128,560)	(1,384,957)	(1,249,113)
Accumulated other comprehensive income (loss)	193,241	(88,363)	76,798
Total stockholders' equity	<u>13,777,844</u>	<u>12,141,816</u>	<u>13,539,880</u>
Total Liabilities and Stockholders' Equity	<u>\$166,835,842</u>	<u>\$148,052,231</u>	<u>\$ 161,103,376</u>

CONNECTICUT RIVER COMMUNITY BANK

STATEMENTS OF INCOME (Unaudited)

September 30, 2008 and September 30, 2007

	<i>Quarter Ended</i>		<i>Nine Months Ended</i>	
	<u>Sep. 30, 2008</u>	<u>Sep. 30, 2007</u>	<u>Sep. 30, 2008</u>	<u>Sep. 30, 2007</u>
Interest and dividend income:				
Interest and fees on loans	\$ 2,166,465	\$ 1,953,871	\$ 6,374,883	\$ 5,451,072
Interest and dividends on securities and interest-bearing deposits	398,455	478,732	1,240,227	1,322,367
Total interest and dividend income	<u>2,564,920</u>	<u>2,432,603</u>	<u>7,615,110</u>	<u>6,773,439</u>
Interest expense:				
Interest on deposits and borrowings	<u>1,215,206</u>	<u>1,417,973</u>	<u>3,793,590</u>	<u>3,886,737</u>
Net interest and dividend income	<u>1,349,714</u>	<u>1,014,630</u>	<u>3,821,520</u>	<u>2,886,702</u>
Provision for loan losses	<u>170,000</u>	<u>55,000</u>	<u>410,000</u>	<u>205,000</u>
Net interest and dividend income after provision for loan losses	<u>1,179,714</u>	<u>959,630</u>	<u>3,411,520</u>	<u>2,681,702</u>
Noninterest income:				
Residential mortgage referral fees	12,478	16,627	37,278	57,495
Service fees and charges	67,029	15,342	135,485	38,502
Total noninterest income	<u>79,507</u>	<u>31,969</u>	<u>172,763</u>	<u>95,997</u>
Noninterest expense:				
Salaries and employee benefits	606,399	496,985	1,760,904	1,456,653
Occupancy expense	107,234	89,152	294,854	263,166
Furniture and equipment expense	29,347	41,451	101,767	118,294
Data processing and outside service fees	72,606	76,589	183,633	228,955
Printing and supplies	27,956	17,654	69,811	50,517
Advertising and promotions	50,433	39,959	137,140	124,581
Professional fees	32,061	45,753	112,239	110,917
Insurance expense	7,765	6,013	26,490	21,386
Stockholder related costs	4,038	4,807	21,348	18,913
Other expense	114,966	121,474	330,682	282,544
Total noninterest expense	<u>1,052,805</u>	<u>939,837</u>	<u>3,038,868</u>	<u>2,675,926</u>
Net income before income tax expense	<u>206,416</u>	<u>51,762</u>	<u>545,415</u>	<u>101,773</u>
Income tax expense	<u>85,863</u>	<u>25,924</u>	<u>226,949</u>	<u>46,959</u>
Net income	<u>\$ 120,553</u>	<u>\$ 25,838</u>	<u>\$ 318,466</u>	<u>\$ 54,814</u>
Net income per common share (basic)	<u>\$ 0.08</u>	<u>\$ 0.02</u>	<u>\$ 0.21</u>	<u>\$ 0.04</u>

KEY FINANCIAL RATIOS	<i>Quarter Ended</i>		<i>Nine Months Ended</i>	
	<u>Sep. 30, 2008</u>	<u>Sep. 30, 2007</u>	<u>Sep. 30, 2008</u>	<u>Sep. 30, 2007</u>
Net Interest Income	\$ 1,349,714	\$ 1,014,630	\$ 3,821,520	\$ 2,886,702
Net Income	\$ 120,553	\$ 25,838	\$ 318,466	\$ 54,814
Net Income Per Common Share (basic)	\$ 0.08	\$ 0.02	\$ 0.21	\$ 0.04
Weighted Average Number of Shares (basic)	1,490,731	1,371,941	1,490,731	1,354,350
Stockholders' Equity	\$ 13,777,844	\$ 12,141,816	\$ 13,777,844	\$ 12,141,816
Book Value Per Share	\$ 9.24	\$ 8.78	\$ 9.24	\$ 8.78
Tier 1 Capital Ratio	8.14%	8.26%	8.14%	8.26%
Net Interest Margin	3.40%	2.85%	3.30%	2.94%
Net Interest Spread	2.86%	2.34%	2.74%	2.34%
Efficiency Ratio	73.66%	89.80%	76.08%	89.71%
Return On Average Assets (annualized)	0.30%	0.07%	0.27%	0.05%
Return On Average Equity (annualized)	3.54%	0.87%	3.11%	0.63%
Non-Performing Loans	\$ 349,735	169,248	\$ 349,735	169,248