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CBT Announces 1st Quarter Results; Assets Reach \$200 Million

Hartford, CT, April 24, 2008 - The Connecticut Bank and Trust Company (Nasdaq: CTBC) reported a net loss of \$396,000, or \$0.11 per share for three months ended March 31, 2008, compared to a net loss of \$638,000, or \$0.18 per share for the three months ended March 31, 2007. Total assets were \$204.2 million at March 31, 2008, an increase of \$25.5 million from \$178.7 million reported at December 31, 2007.

Chairman and CEO David A. Lentini commented, "Solid asset growth remains a key ingredient for our financial success. During the first quarter of 2008, we grew our balance sheet \$25.5 million with growth in both loans and investments. We restructured our investment portfolio and improved earnings with a positive spread compared to borrowing rates. I believe that these actions and our ability to grow quality loans should lead to much improved results in the quarters' ahead."

Results of Operations. The results of operations for the quarter ended March 31, 2008 improved \$242,000 to a loss of \$396,000, compared to a loss of \$638,000 for the quarter ended March 31, 2007. Net interest income improved \$285,000, while noninterest expense increased \$94,000 and the provisions for loan losses increased \$77,000. Service fees and commissions increased \$20,000 and the Bank realized a gain of \$65,000 from sales of investment securities in the first quarter of 2008, compared to a loss of \$43,000 in the first quarter of 2007.

The recent sharp decline in interest rates has fallen unevenly on community banks. Borrowers have been quick to take advantage of the lower rates while the banks were initially reluctant to lower deposit rates fearing outflows. This has put pressure on net interest margins and CBT is no exception. Despite this trend, CBT has been able to grow net interest income. Net interest income was \$1.5 million for the three months ended March 31, 2008, compared to \$1.2 million for the same period a year earlier. The increase is primarily due to growth in earning assets. The net interest margin declined from 3.70% to 3.38% in a period in which the Federal Open Market Committee (FOMC) lowered the Federal funds rate a total of 200 basis points.

Noninterest expenses increased \$94,000, or 5%, to \$1,936,000 in the quarter ended March 31, 2008, compared to the same period in 2007. The opening of branches in Windsor and Rocky Hill in 2007 completed our planned development of banking centers in the greater Hartford area. The costs related to operation of these new locations added \$175,000 of expense in this quarter. All other expenses decreased \$81,000. CEO Lentini stated, "By tightening our practices of cost control for purchasing everything from marketing to employee benefits, we were able to achieve meaningful savings without adversely affecting our delivery of services."

Balance Sheet Performance. Total assets were \$204.2 million at March 31, 2008, an increase of \$25.5 million or 14%, compared to \$178.7 million at December 31, 2007. CBT has maintained its rate of growth due to its strong capital position. The growth in assets was led by an \$11.5 million increase in loans, a net increase of \$9.4 million in investments, and a \$3.8 million increase in cash and cash equivalents. Asset growth was funded through a combination of increased deposits and increased borrowings from the Federal Home Loan Bank of Boston.

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Total deposits were \$144.9 million at March 31, 2008, an increase of \$7.1 million from December 31, 2007. Advances from the Federal Home Loan Bank of Boston totaled \$30.5 million, compared to \$17.5 million at December 31, 2007. The Bank continues to be well-capitalized with stockholders' equity of \$20.1 million at March 31, 2008.

Asset Quality. The allowance for loan losses at March 31, 2008 was \$1.8 million, compared to \$1.7 million at December 31, 2007. This represented 1.19% of outstanding loans at each of the respective dates. There were no charge-offs during the quarter.

Total nonaccrual loans were \$785,000 and represented 0.51% of total loans outstanding at March 31, 2008, compared to \$597,000, or 0.42% at March 31, 2007. The coverage ratio which measures the allowance for loan and lease losses to nonperforming loans was 233% at March 31, 2008. CBT had no other loans that were past due 90 days or more.

Selected Performance Data								
Dollar values in thousands except per share	Three months ended						Year ended	
	Dec. 31, 2006	March 31, 2007	June 30, 2007	Sept 30, 2007	Dec. 31, 2007	March 31, 2008	Dec. 31, 2006	Dec. 31, 2007
Total assets (EOP)	\$136,434	\$155,554	\$169,816	\$181,457	\$178,739	\$ 204,205	\$ 136,434	\$178,739
Net operating loss	\$ (610)	\$ (638)	\$ (592)	\$ (530)	\$ (388)	\$ (396)	\$ (3,238)	\$ (2,148)
Net interest margin	3.75%	3.70%	3.46%	3.58%	3.64%	3.38%	3.85%	3.59%
Net interest spread	2.59%	2.57%	2.49%	2.54%	2.58%	2.46%	2.65%	2.53%
Ratio of total stockholders' equity to total assets (EOP)	16.19%	13.92%	12.25%	11.35%	11.44%	9.82%	16.19%	11.44%
Weighted avg shrs outstanding	3,531	3,531	3,534	3,537	3,544	3,545	3,524	3,542
Loss per share	\$ (0.17)	\$ (0.18)	\$ (0.17)	\$ (0.15)	\$ (0.11)	\$ (0.11)	\$ (0.92)	\$ (0.61)
Book value per share (EOP)	\$ 6.19	\$ 6.07	\$ 5.83	\$ 5.77	\$ 5.72	\$ 5.62	\$ 6.19	\$ 5.72
Allowance for loan losses to total loans (EOP)	1.29%	1.24%	1.22%	1.23%	1.19%	1.19%	1.29%	1.19%

Caution concerning forward-looking statements:

Statements contained in this release, which are not historical facts, may be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated, due to a number of factors which include without limitation the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, changes in the interest rates, the effects of competition, and other factors that could cause actual results to differ materially from those provided in any such forward-looking statements. CBT does not undertake to update its forward-looking statements.

See financial statements accompanying this release for additional data.

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THE CONNECTICUT BANK AND TRUST COMPANY
Statements of Loss
(Unaudited)

	Three Months Ended	
	March 31,	
	<u>2008</u>	<u>2007</u>
<i>(Dollars in thousands except share data)</i>		
Interest and dividend income:		
Interest and fees on loans	\$ 2,590	\$ 2,031
Debt securities	242	250
Dividends	25	20
Federal funds sold	75	7
Total interest and dividend income	<u>2,932</u>	<u>2,308</u>
Interest expense:		
Deposits	1,213	904
Borrowed funds	221	191
Total interest expense	<u>1,434</u>	<u>1,095</u>
Net interest income	1,498	1,213
Provision for loan losses	137	60
Net interest income, after provision for loan losses	<u>1,361</u>	<u>1,153</u>
Noninterest income:		
Service charges and fees	48	40
Brokerage commissions	66	54
Total fees and charges	<u>114</u>	<u>94</u>
Gains(losses) from sales of available-for-sale securities, net	65	(43)
Total noninterest income	<u>179</u>	<u>51</u>
Noninterest expenses:		
Salaries and benefits	1,058	1,060
Occupancy and equipment	434	336
Data processing	68	49
Marketing	65	115
Professional services	99	105
Telecommunications	55	47
Other general and administrative	157	130
Total noninterest expenses	<u>1,936</u>	<u>1,842</u>
Net loss	<u>\$ (396)</u>	<u>\$ (638)</u>
Net loss per share:		
Basic	\$ (0.11)	\$ (0.18)
Diluted	\$ (0.11)	\$ (0.18)

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THE CONNECTICUT BANK AND TRUST COMPANY
Balance Sheets

ASSETS

	March 31, 2008	December 31, 2007
<i>(Dollars in thousands)</i>	(Unaudited)	
Cash and due from banks	\$ 4,795	\$ 3,411
Federal funds sold	10,473	8,080
Cash and cash equivalents	<u>15,268</u>	<u>11,491</u>
Securities available for sale	29,306	19,894
Certificates of deposit	416	76
Federal Reserve Bank stock, at cost	622	635
Federal Home Loan Bank stock, at cost	1,477	945
Loans	154,287	142,686
Less: allowance for loan losses	(1,830)	(1,693)
Loans, net	<u>152,457</u>	<u>140,993</u>
Premises and equipment, net	2,918	3,053
Accrued interest receivable	813	830
Other assets	928	822
	<u>\$ 204,205</u>	<u>\$ 178,739</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 144,938	\$ 137,800
Short term borrowings	2,725	2,255
Long term debt	30,450	17,450
Other liabilities	6,041	793
Total liabilities	<u>184,154</u>	<u>158,298</u>
Stockholders' equity;		
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,572,450 shares issued and outstanding at March 31, 2008 and December 31, 2007	3,572	3,572
Common stock warrants	853	853
Additional paid-in capital	29,717	29,700
Restricted stock unearned compensation	(243)	(279)
Retained deficit	(13,538)	(13,142)
Accumulated other comprehensive loss	(310)	(263)
Total stockholders' equity	<u>20,051</u>	<u>20,441</u>
	<u>\$ 204,205</u>	<u>\$ 178,739</u>

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