



THE CONNECTICUT BANK AND TRUST COMPANY

Excessive and Luxury Expenditure Policy

On February 17, 2009, the President of the United States signed into law the American Recovery and Reinvestment Act of 2009 ("ARRA"). ARRA requires each recipient of funds in the Troubled Assets Relief Program (the "TARP") Capital Purchase Program ("CPP") to, among other things, adopt a policy regarding "excessive" or "luxury" expenditures.

The Connecticut Bank and Trust Company ("CBT"/"Bank") prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services, or other activities or events that are not reasonable expenditures for conferences, staff development, or other similar measure conducted in the normal course of business operations. All employees of CBT must comply with the requirements of this policy. Breach of this policy by an employee may result in disciplinary actions by CBT, including, but not limited to, termination of employment.

Entertainment or Events:

CBT utilizes entertainment or events to drive business and revenue growth, build shareholder value and help advance our community and philanthropic objectives. These activities are evaluated to ensure that they are primarily focused on legitimate business purposes and not on extraneous recreational or nonbusiness activities. Locations, venues, activities, food selections and entertainment are determined based on (1) the revenue-generating potential of the event, (2) whether it is an appropriate use of Bank resources, and (3) whether there are alternatives available that would maximize cost savings and benefits. Any expenditure in excess of \$500.00 for entertainment and \$1,000.00 for events shall require the prior approval of the Chief Financial Officer. An employee shall submit a written request for such approval to the Chief Financial Officer. If the Chief Financial Officer is the individual seeking approval, he or she shall submit a written request for such approval to the Chief Executive Officer.

Renovations:

Renovations of facilities and office spaces should be relative to the approved project and current financial plan. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use. At no time should renovations be done that would have the appearance of being extraordinary, or excessive from a shareholder perspective. Any expenditure in excess of \$1,000.00 for renovations, outside of approved projects and current financial plan, shall require the prior approval of the Chief Financial Officer. An employee shall submit a written request for such approval to the Chief Financial Officer. If the Chief Financial Officer is the individual seeking approval, he or she shall submit a written request for such approval to the Chief Executive Officer.

Travel:

Travel by CBT staff to outlying locations, including bank locations, conferences, business development purposes, and merger and acquisition research, should be conducted in the most cost appropriate way for the Bank. Modes of transportation to be used may consist of vehicle, commercial air or rail service. The selection of transportation services will factor in cost, efficiency and timeliness of travel. The use of private air services is prohibited. Any expenditure in excess of \$1,000.00 for travel shall require the prior approval of the Chief Financial Officer. An employee shall submit a written request for such approval to the Chief Financial Officer. If the Chief Financial Officer is the individual seeking approval, he or she shall submit a written request for such approval to the Chief Executive Officer.

All expenditures below the above thresholds that do not require the prior approval of the Chief Financial Officer (or the Chief Executive Officer for requests by the Chief Financial Officer) shall be reasonable and appropriate under the circumstances. If an employee becomes aware of a violation of this policy, such employee shall promptly report such violation to the Chief Financial Officer of CBT. If the violation relates to the Chief Financial Officer, the employee shall promptly report such violation to the Chief Executive Officer of CBT.

Compliance with the Policy shall be monitored by the Chief Financial Officer