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CBT Reports 35% Growth in Net Interest Income; Net Loss is Trimmed

Hartford, CT, January 30, 2008 - The Connecticut Bank and Trust Company (Nasdaq: CTBC) today announced its financial results for the fourth quarter of 2007. The net loss for the quarter ended December 31, 2007 was \$388,000 or \$0.11 per share compared to a net loss of \$610,000 or \$0.17 per share for the comparable period a year earlier. The fourth quarter loss also improved from the immediately preceding quarter decreasing \$142,000, or 27%. Total assets rose \$42.3 million from \$136.4 million at December 31, 2006 to \$178.7 million at December 31, 2007.

The results of operation for the year ended December 31, 2007 reflected improvement with a reduction in the net loss of \$1.1 million, or 34%, to a net loss of \$2.1 million or \$0.61 per share compared to a net loss of \$3.2 million or \$0.92 per share for the year ended December 31, 2006.

Chairman and CEO David A. Lentini remarked, "I am encouraged by the financial results for 2007 especially given the very tough interest rate environment that existed throughout the year. We have completed our branch expansion plan with the addition of our Rocky Hill office in October 2007. With our seven banking centers located in and around the Hartford market, we are confident we can support all of our clients. I am also pleased to report that CBT has not engaged in any subprime lending activities." Lentini added, "We will now concentrate on profitability, expanding our customer base, and continuing to provide high-touch service."

Results of Operations. For the three month period ended December 31, 2007, net interest income increased \$367,000, or 32%, to \$1.5 million compared to \$1.2 million for the quarter ended December 31, 2006. The overall yield on assets rose from 7.00% to 7.04% and similarly the cost of funding rose from 4.41% to 4.46% for the comparable period a year earlier. The net interest margin (NIM) has continued to tighten and was 3.64% for the three month period ended December 31, 2007 compared to 3.74% for the comparable period a year earlier.

Net interest income rose 35% from \$4.1 million for the year ended December 31, 2006 to \$5.5 million for the year ended December 31, 2007.

Chief Financial Officer Anson Hall commented, "The Federal Open Market Committee (FOMC) lowered its target rates three times totaling 100 basis points from September to December 2007, and we maintained a fairly stable net interest margin. After reaching a low of 3.46% in the second quarter our NIM for all of 2007 was 3.59%, down from 3.85% for 2006. The FOMC has continued to cut rates in 2008, and we have had to continue adjusting our loan rates downward, while competitive pressures slow the rate of decline for deposits."

Noninterest expenses increased \$202,000, or 11%, to \$2.0 million for the quarter ended December 31, 2007 compared to \$1.8 million for the comparable period a year earlier. Expenses related to opening and operating the two new branches in 2007, Windsor and Rocky Hill, are chiefly responsible for the increase. Other increases included higher maintenance and support costs for our core banking software and the employment of consultants to assist in developing CBT's Sarbanes Oxley compliance program. General and Administrative expenses decreased \$31,000 primarily as a result of cost containment efforts.

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Balance Sheet Performance. Total assets at December 31, 2007, were \$178.7 million, an increase of \$42.3 million from the \$136.4 million reported at December 31, 2006. During 2007, total loans outstanding increased \$35.8 million to \$142.7 million. Cash and cash equivalents totaling \$11.5 million, an increase of \$6.4 million from 2006, provides liquidity and a source for funding future loan growth. Deposits totaled \$137.8 million, increasing \$38.0 million from year end 2006. Management also added \$5.0 million in long term debt. Stockholders' equity at December 31, 2007 was \$20.4 million compared to \$22.1 million at December 31, 2006 and primarily reflects the operating loss for the year ended December 31, 2007. Other components of stockholder's equity noting improvement were the unamortized portion of stock-related compensation and a rise in the market value of the Bank's investment portfolio. CBT's equity ratio remains strong at 11.44%

Asset Quality. The allowance for loan losses at December 31, 2007 was \$1.7 million compared to \$1.4 million at December 31, 2006. This represents 1.19% and 1.29% of outstanding loans at the respective dates and reflects the risk in the portfolio. There were no charge-offs during the quarter.

At December 31, 2007, six loans totaling \$599,000 were classified as nonperforming loans compared to two loans totaling \$597,000 at December 31, 2006. The coverage ratio which measures the allowance for loan and lease losses to total nonperforming loans was 283% at December 31, 2007 compared to 232% at the prior year end.

Selected Performance Data								
Dollar values in thousands except per share	Three months ended						Year ended	
	Sept. 30, 2006	Dec. 31, 2006	March 31, 2007	June 30, 2007	Sept 30, 2007	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007
Total assets (EOP)	\$ 123,325	\$ 136,434	\$ 155,554	\$ 169,816	\$ 181,457	\$ 178,739	\$ 136,434	\$ 178,739
Net loss	\$ (844)	\$ (610)	\$ (638)	\$ (592)	\$ (530)	\$ (388)	\$ (3,238)	\$ (2,148)
Net interest margin	3.69%	3.75%	3.70%	3.46%	3.58%	3.64%	3.85%	3.59%
Net interest spread	2.57%	2.59%	2.57%	2.49%	2.54%	2.58%	2.65%	2.53%
Ratio of total stockholders' equity to total assets (EOP)	18.35%	16.19%	13.92%	12.25%	11.35%	11.44%	16.19%	11.44%
Weighted Avg shrs outstanding	3,524	3,531	3,531	3,534	3,537	3,544	3,524	3,542
Loss per share	\$ (0.24)	\$ (0.17)	\$ (0.18)	\$ (0.17)	\$ (0.15)	\$ (0.11)	\$ (0.92)	\$ (0.61)
Book value per share (EOP)	\$ 6.34	\$ 6.19	\$ 6.07	\$ 5.83	\$ 5.77	\$ 5.72	\$ 6.19	\$ 5.72
Allowance for loan losses to total loans (EOP)	1.34%	1.29%	1.24%	1.22%	1.23%	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.

THE CONNECTICUT BANK AND TRUST COMPANY
Statements of Operations

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands, except share data)</i>				
Interest and dividends:				
Loans, including fees	\$ 2,584	\$ 1,859	\$ 9,292	\$ 6,054
Debt securities	257	231	1,006	963
Dividends	33	40	104	82
Federal funds sold	81	35	421	51
Total interest and dividend income	<u>2,955</u>	<u>2,165</u>	<u>10,823</u>	<u>7,150</u>
Interest expense:				
Deposits	1,216	866	4,541	2,469
Borrowed funds	214	141	742	584
Total interest expense	<u>1,430</u>	<u>1,007</u>	<u>5,283</u>	<u>3,053</u>
Net interest income	1,525	1,158	5,540	4,097
Provision for loan losses	70	106	308	516
Net interest income, after provision for loan losses	<u>1,455</u>	<u>1,052</u>	<u>5,232</u>	<u>3,581</u>
Non-interest income:				
Service charges and fees	47	30	174	98
Brokerage fee income	73	87	262	95
Net gain/(loss) from sale of available-for-sale securities	1	(17)	(41)	(17)
Total non-interest income	<u>121</u>	<u>100</u>	<u>395</u>	<u>176</u>
Non-interest expenses:				
Salaries and benefits	1,066	1,043	4,342	3,890
Occupancy and equipment	426	326	1,493	1,202
Data processing	77	53	234	174
Marketing	101	81	440	649
Professional services	165	99	524	444
Other general and administrative	129	160	742	636
Total non-interest expenses	<u>1,964</u>	<u>1,762</u>	<u>7,775</u>	<u>6,995</u>
Net loss	<u>\$ (388)</u>	<u>\$ (610)</u>	<u>\$ (2,148)</u>	<u>\$ (3,238)</u>
Net loss per share:				
Basic	\$ (0.11)	\$ (0.17)	\$ (0.61)	\$ (0.92)
Diluted	\$ (0.11)	\$ (0.17)	\$ (0.61)	\$ (0.92)

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THE CONNECTICUT BANK AND TRUST COMPANY**Balance Sheets****December 31, 2007 and 2006****(Dollars in Thousands)****ASSETS**

	<u>2007</u>	<u>2006</u>
	(Unaudited)	
Cash and due from banks	\$ 3,411	\$ 4,589
Federal funds sold	8,080	475
Cash and cash equivalents	<u>11,491</u>	<u>5,064</u>
Securities available for sale, at fair value	19,894	20,738
Certificates of deposit	76	76
Federal Reserve Bank stock, at cost	635	693
Federal Home Loan Bank stock, at cost	945	728
Loans	142,686	106,910
Allowance for loan losses	<u>(1,693)</u>	<u>(1,384)</u>
Loans, net	140,993	105,526
Premises and equipment, net	3,053	2,217
Accrued interest receivable	830	613
Other assets	<u>822</u>	<u>779</u>
	<u>\$178,739</u>	<u>\$ 136,434</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$137,800	\$ 99,745
Short-term borrowings	2,255	1,453
FHLB Advances	17,450	12,450
Other liabilities	<u>793</u>	<u>701</u>
Total liabilities	158,298	114,349
Stockholders' equity;		
Common stock, \$1.00 par value; 10,000,000 shares authorized;		
shares issued and outstanding: 3,572,450 at December 31, 2007		
and 3,567,450 at December 31, 2006	3,572	3,567
Common stock warrants	853	853
Additional paid-in capital	29,700	29,582
Restricted stock unearned compensation	(279)	(426)
Retained deficit	(13,142)	(10,994)
Accumulated other comprehensive loss	<u>(263)</u>	<u>(497)</u>
Total stockholders' equity	20,441	22,085
	<u>\$178,739</u>	<u>\$ 136,434</u>

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