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## **CBT Reports Improved Results for the Quarter Ended June 30, 2008**

Hartford, CT, July 22, 2008 - The Connecticut Bank and Trust Company (Nasdaq: CTBC)("CBT") announced a net loss of \$295,000 or \$0.08 per share for the second quarter of 2008. This represents an improvement of \$297,000, compared to a loss of \$592,000 or \$0.17 per share for the same period in 2007. Total assets were \$200.1 million at June 30, 2008, an increase of \$21.4 million from \$178.7 million reported at December 31, 2007.

Chairman and CEO David A. Lentini remarked, "I am pleased to say that CBT is making strong, steady progress toward achieving profitability in these very difficult economic times. This is the 11<sup>th</sup> consecutive quarterly improvement in year over year operating results."

For the six months ended June 30, 2008, CBT reported a \$691,000 loss, or \$0.19 per share, compared to a \$1,230,000 loss or \$0.35 per share for the six months ended June 30, 2007.

**Results of Operations.** The results of operation for the quarter ended June 30, 2008 showed improvement of \$297,000 or 50% from \$592,000 reported for the quarter ended June 30, 2007. Growth in net interest, still the bank's primary source of income, increased \$334,000 and fee based income increased \$11,000. Partially offsetting these gains were \$17,000 increase in the provisions for loan losses and \$31,000 increase in noninterest expenses. Noninterest expenses, the costs of day-to-day operation of the bank, remain tightly controlled with the increase representing a modest 1.6% year over year.

The increase in net interest resulted primarily from asset growth. Average earning assets were up \$40 million in the quarter ended June 30, 2008 over the same period in 2007 lead principally by \$34 million in loans. Despite the effect of Federal Open Market Committee actions that lowered the prime interest rate 2.75% between September 2007 and May 2008, the bank's net interest margin decreased a slight three basis points to 3.43% for the quarter compared to 3.46% in the quarter ended June 30, 2007.

Noninterest income was \$125,000 in the quarter ended June 30, 2008 an increase of 10% compared to the same period a year earlier primarily due to the increased sales of fee based services. CEO Lentini commented, "While our core business is commercial loan origination, fee income provided from diverse sources is proving a modest complement to lending."

Noninterest expense increased \$31,000 or 1.6%, to \$1,994,000 for the three month period ending June 30, 2008 compared to the same period in the prior year. It is notable that the increase resulted principally from higher facilities costs reflecting double digit rises in fuel, electricity and local property taxes.

**Balance Sheet Performance.** Total assets were \$200.1 million at June 30, 2008, an increase of \$21.4 million or 12%, compared to \$178.7 million at December 31, 2007. Total loans outstanding grew \$13.9 million to \$156.6 million and total investments grew \$7.8 million to \$27.7 million at June 30, 2008. Asset growth was funded through a combination of increased deposits and increased borrowings from the Federal Home Loan Bank of Boston. Total deposits were \$147.4 million at June 30, 2008, an increase of \$9.6 million from December 31, 2007.

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Borrowings from the Federal Home Loan Bank of Boston totaled \$30.5 million, increasing \$13 million from the \$17.5 million at December 31, 2007. The Bank continues to be well-capitalized with stockholders' equity of \$19.3 million at June 30, 2008. The ratio of stockholders' equity to total assets was 11.44%.

**Asset Quality.** The provision for losses was \$84,000 for the three month period ending June 30, 2008 compared to \$67,000 in the same period a year prior. The provisions increased the allowance for loan losses to \$1.9 million at June 30, 2008 or 1.21% of outstanding loans compared to \$1.7 million or 1.19% of outstanding loans at December 31, 2007. Loans charged-off for the three month period ending June 30, 2008 totaled \$23,000. There were no charged-off loans in the comparable period in 2007.

Total nonaccrual loans were \$1.5 million and represented 0.93% of total loans outstanding at June 30, 2008, compared to \$599,000, or 0.42% at December 31, 2007. The coverage ratio which measures the allowance for loan and lease losses to nonperforming loans was 130% at June 30, 2008. CBT had no other loans that were past due 90 days or more.

CEO Lentini concluded his remarks by saying "Having completed our branch expansion in 2007, our seven locations greet new customers every day. While no one has a crystal ball, I am confident that CBT will remain well-capitalized and capable of meeting the financial services needs of its growing base of customers."

Selected Performance Data								
Dollar values in thousands except per share	Three months ended				Six months ended			
	March 31, 2007	June 30, 2007	Sept 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008	June 30, 2007	June 30, 2008
Total assets (EOP)	\$155,554	\$169,816	\$181,457	\$178,739	\$204,205	\$ 200,128	\$ 169,816	\$200,128
Net operating loss	\$ (638)	\$ (592)	\$ (530)	\$ (388)	\$ (396)	\$ (295)	\$ (1,230)	\$ (691)
Net interest margin	3.70%	3.46%	3.58%	3.64%	3.37%	3.43%	3.57%	3.42%
Net interest spread	2.57%	2.49%	2.54%	2.58%	2.45%	2.75%	2.54%	2.62%
Ratio of total stockholders' equity to total assets (EOP)	13.92%	12.25%	11.35%	11.44%	9.82%	9.65%	12.25%	9.65%
Weighted avg shrs outstanding	3,531	3,534	3,537	3,544	3,545	3,550	3,532	3,550
Loss per share	\$ (0.18)	\$ (0.17)	\$ (0.15)	\$ (0.11)	\$ (0.11)	\$ (0.08)	\$ (0.51)	\$ (0.19)
Book value per share (EOP)	\$ 6.07	\$ 5.83	\$ 5.77	\$ 5.72	\$ 5.62	\$ 5.40	\$ 5.83	\$ 5.40
Allowance for loan losses to total loans (EOP)	1.24%	1.22%	1.23%	1.19%	1.19%	1.21%	1.22%	1.21%

**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**  
**Consolidated Statements of Operations**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands except share data)</i>				
Interest and dividend income:				
Interest and fees on loans	\$ 2,564	\$ 2,254	\$ 5,154	\$ 4,285
Debt securities	340	245	582	495
Dividends	26	25	51	45
Federal funds sold	37	137	112	144
Total interest and dividend income	<u>2,967</u>	<u>2,661</u>	<u>5,899</u>	<u>4,969</u>
Interest expense:				
Deposits	1,030	1,185	2,243	2,089
Borrowed funds	279	152	500	343
Total interest expense	<u>1,309</u>	<u>1,337</u>	<u>2,743</u>	<u>2,432</u>
Net interest income	<u>1,658</u>	<u>1,324</u>	<u>3,156</u>	<u>2,537</u>
Provision for loan losses	84	67	221	127
Net interest income, after provision for loan losses	<u>1,574</u>	<u>1,257</u>	<u>2,935</u>	<u>2,410</u>
Non-interest income:				
Service charges and fees	55	43	103	83
Brokerage commissions	70	70	136	124
Gains(losses) from sales of available-for-sale securities,net	-	1	65	(42)
Total non-interest income	<u>125</u>	<u>114</u>	<u>304</u>	<u>165</u>
Non-interest expenses:				
Salaries and benefits	1,084	1,112	2,142	2,172
Occupancy and equipment	432	345	866	681
Data processing	74	50	142	99
Marketing	75	106	140	221
Professional services	111	116	210	221
Other general and administrative	218	234	430	411
Total non-interest expenses	<u>1,994</u>	<u>1,963</u>	<u>3,930</u>	<u>3,805</u>
Net loss	<u>\$ (295)</u>	<u>\$ (592)</u>	<u>\$ (691)</u>	<u>\$ (1,230)</u>
Net loss per share:				
Basic	\$ (0.08)	\$ (0.17)	\$ (0.19)	\$ (0.35)
Diluted	\$ (0.08)	\$ (0.17)	\$ (0.19)	\$ (0.35)

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**THE CONNECTICUT BANK AND TRUST COMPANY**  
**BALANCE SHEETS**  
(Dollars in Thousands)

<b>ASSETS</b>			
	June 30, 2008 (Unaudited)	December 31, 2007	June 30, 2007 (Unaudited)
Cash and due from banks	\$ 3,913	\$ 3,411	\$ 5,407
Federal funds sold	6,524	8,080	16,274
Cash and cash equivalents	<u>10,437</u>	<u>11,491</u>	<u>21,681</u>
Securities available for sale	27,740	19,894	20,125
Certificates of deposit	491	76	76
Federal Reserve Bank stock, at cost	622	635	675
Federal Home Loan Bank stock, at cost	1,567	945	914
Loans	156,582	142,686	123,665
Less: allowance for loan losses	(1,891)	(1,693)	(1,511)
Loans, net	<u>154,691</u>	<u>140,993</u>	<u>122,154</u>
Premises and equipment, net	2,797	3,053	2,689
Accrued interest receivable	866	830	765
Other assets	917	822	737
<b>Total Assets</b>	<u><u>\$ 200,128</u></u>	<u><u>\$ 178,739</u></u>	<u><u>\$ 169,816</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Deposits	\$ 147,352	\$ 137,800	\$ 133,091
Short-term borrowings	2,507	2,255	1,839
Long-term debt	30,450	17,450	12,450
Other liabilities	513	793	1,628
Total liabilities	<u>180,822</u>	<u>158,298</u>	<u>149,008</u>
Stockholders' equity;			
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,572,450 shares issued and outstanding at June 30, 2008, and December 31, 2007	3,572	3,572	3,572
Common stock warrants	853	853	853
Additional paid-in capital	29,738	29,700	29,657
Restricted stock unearned compensation	(207)	(279)	(367)
Retained deficit	(13,833)	(13,142)	(12,224)
Accumulated other comprehensive loss	(817)	(263)	(683)
Total stockholders' equity	<u>19,306</u>	<u>20,441</u>	<u>20,808</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$ 200,128</u></u>	<u><u>\$ 178,739</u></u>	<u><u>\$ 169,816</u></u>

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