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CBT Posts Improved Results for the Second Quarter

Results Impacted by FDIC Insurance

Hartford, CT, August 6, 2009 - The Connecticut Bank and Trust Company ("CBT") (Nasdaq: CTBC) reported a net loss of \$106,000 for the quarter ended June 30, 2009. This represents an improvement of \$189,000 from the \$295,000 loss reported in the quarter ended June 30, 2008. The loss per share was \$0.04 for the quarter compared to \$0.08 reported in the same period last year.

For the first half of 2009 the net loss amounted to \$79,000 compared to \$691,000 loss in the first half of 2008.

Total assets grew \$17 million during the quarter, to close at \$242 million. Loans outstanding increased \$5 million. Deposits increased \$20 million and short-term borrowings decreased \$2 million. The increase in deposits resulted primarily from \$17 million increase in core deposits consisting of our customers' funds in various checking and savings accounts.

CBT Chairman and CEO David A. Lentini commented, "While at first glance the result appears disappointing, the quarter included significant improvement. Net interest income increased \$391,000, or 24%, while operating expenses increased \$138,000 or 7% compared to the results reported for second quarter of 2008."

Results of Operations – Second Quarter 2009

Net Interest Income. Despite the historically low interest rate environment that continued throughout the quarter net interest income for the quarter increased \$391,000 or 24% over the same period in 2008. Growth in average loans outstanding and lower rates paid on time deposits were the principal reasons for this improvement. The net interest margin rose 37 basis points despite a decrease in both our average asset yield and average funding costs.

Noninterest Income. Deposit service fees increased \$15,000 to \$70,000 for the three-month period ending June 30, 2009 compared to \$55,000 in the comparable period a year earlier. Wealth and investment services declined \$9,000 to \$61,000 on lower volume of transactions. During the quarter, CBT began originating residential mortgage loans for sale in the secondary market. Fees earned amounted to \$8,000 for the quarter. CBT realized gains of \$17,000 from sales of investment securities in the second quarter of 2009.

Noninterest Expenses. The operating expenses for the quarter, excluding \$110,000 for a special assessment from the FDIC rose \$28,000, or just 1%, from the same period in 2008. The FDIC's special assessment, applicable to banks throughout the U.S., was intended to replenish the insurance fund for losses related to failed banks.

Asset Quality. Total nonaccrual loans were \$3.8 million and represented 2.0% of total loans outstanding at June 30, 2009, compared to \$2.1 million, or 1.5% of total loans at December 31, 2008. CBT had no other loans that were past due 90 days or more.

Allowance for Loan Losses. Loan growth coupled with our internal risk analysis of the loan portfolio required provisions of \$179,000 for the quarter ended June 30, 2009 compared to \$84,000 in the comparable period a year ago. CEO Lentini said, "Loan growth and the loan pipeline remain strong. CBT is a traditional commercial bank and our Business Development Officers actively monitor and assess our loan portfolio. When necessary, CBT prudently reserves for loan losses." At June 30, 2009, the allowance was \$2.9 million, compared to \$2.7 million at December 31, 2008. This represented 1.58% and 1.47% of outstanding loans at each of the respective dates. There were no charge-offs in the current quarter compared to \$23,000 in the comparable period a year earlier.

Selected Performance Data							
Dollars in thousands, except per share data	June 30, 2008	Sept 30, 2008	Dec. 31, 2008	March 31, 2009	June 30, 2009	Six months ended	
						June 30, 2008	June 30, 2009
Total assets (EOP)	\$200,128	\$223,465	\$225,078	\$223,420	\$ 241,645	\$ 200,128	\$241,645
Net operating income (loss)	\$ (295)	\$ (1,487)	\$ (298)	\$ 27	\$ (106)	\$ (691)	\$ (79)
Net interest margin	3.43%	3.39%	3.41%	3.69%	3.80%	3.42%	3.75%
Net interest spread	2.75%	2.79%	2.84%	3.15%	3.41%	2.62%	3.29%
Ratio of total stockholders' equity to total assets (EOP)	9.65%	8.09%	10.46%	10.48%	9.69%	9.65%	9.69%
Weighted avg shares outstanding ⁽¹⁾	3,572	3,572	3,572	3,572	3,572	3,572	3,572
Loss per share	\$ (0.08)	\$ (0.42)	\$ (0.08)	\$ (0.00)	\$ (0.04)	\$ (0.19)	\$ (0.04)
Book value per share (EOP)	\$ 5.40	\$ 5.06	\$ 5.23	\$ 5.19	\$ 5.19	\$ 5.40	\$ 5.19
Allowance for loan losses to total loans (EOP)	1.21%	1.52%	1.47%	1.51%	1.56%	1.21%	1.56%

(1). Prior periods restated in accordance with adoption of FSP EITF 06-31 for change in presentation for prior period earnings per share.

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 Loss
(Unaudited)

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Interest and dividend income:				
Interest and fees on loans	\$ 2,769	\$ 2,564	\$ 5,472	\$ 5,154
Debt securities	326	340	684	582
Dividends	11	26	16	51
Federal funds sold/other	-	37	1	112
Total interest and dividend income	3,106	2,967	6,173	5,899
Interest expense:				
Deposits	785	1,030	1,636	2,243
Borrowed funds	272	279	554	500
Total interest expense	1,057	1,309	2,190	2,743
Net interest income	2,049	1,658	3,983	3,156
Provision for loan losses	179	84	266	221
Net interest income, after provision for loan losses	1,870	1,574	3,717	2,935
Noninterest income:				
Service charges and fees	70	55	136	103
Brokerage commissions	61	70	120	136
Gains from sales of available-for-sale securities, net	17	-	56	65
Gains from sales of loans, net	8	-	8	-
Total noninterest income	156	125	320	304
Noninterest expenses:				
Salaries and benefits	1,060	1,084	2,083	2,142
Occupancy and equipment	437	432	905	866
Data processing	70	74	148	142
Marketing	83	75	163	140
Professional services	136	111	258	210
FDIC assessment	177	32	218	60
Other general and administrative	169	186	341	370
Total noninterest expenses	2,132	1,994	4,116	3,930
Net loss	(106)	(295)	(79)	(691)
Accretion of discount on preferred stock issuance	(29)	-	(58)	-
Net loss attributable to common shareholders	\$ (135)	\$ (295)	\$ (137)	\$ (691)
Net loss per share:				
Basic	\$ (0.04)	\$ (0.08)	\$ (0.04)	\$ (0.19)
Diluted	\$ (0.04)	\$ (0.08)	\$ (0.04)	\$ (0.19)
Shares outstanding (in thousands):				
Average basic common shares issued and outstanding	3,572	3,572	3,572	3,572
Average diluted common shares issued and outstanding	3,572	3,572	3,572	3,572

THE CONNECTICUT BANK AND TRUST COMPANY**Balance Sheets****(Unaudited)****ASSETS**

	June 30, 2009	December 31, 2008
<i>(Dollars in thousands)</i>		
Cash and due from banks	\$ 20,409	\$ 6,774
Certificates of deposit	78	99
Securities available for sale, at fair value	29,569	32,461
Federal Reserve Bank stock, at cost	710	585
Federal Home Loan Bank stock, at cost	2,057	1,870
Loans held for sale	728	-
Loans	187,072	181,772
Less: allowance for loan losses	(2,918)	(2,681)
Loans, net	<u>184,154</u>	<u>179,091</u>
Premises and equipment, net	2,315	2,566
Accrued interest receivable	923	949
Other assets	702	683
	<u>\$ 241,645</u>	<u>\$ 225,078</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 184,691	\$ 162,934
Short-term borrowings	2,292	7,521
Long-term debt	30,450	30,450
Other liabilities	786	634
Total liabilities	<u>218,219</u>	<u>201,539</u>

Stockholders' equity:

Preferred stock, no par value; 1,000,000 shares authorized; 5,448 shares issued and outstanding at June 30, 2009 and December 31, 2008; aggregate liquidation preference of \$5,448 at June 30, 2009 and December 31, 2008	5,448	5,448
Discount on preferred stock	(546)	(604)
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,572,450 shares issued and outstanding at June 30, 2009 and December 31, 2008	3,572	3,572
Common stock warrants	1,405	1,405
Additional paid-in capital	29,821	29,780
Restricted stock unearned compensation	(79)	(141)
Retained deficit	(15,755)	(15,618)
Accumulated other comprehensive loss	(440)	(303)
Total stockholders' equity	<u>23,426</u>	<u>23,539</u>
	<u>\$ 241,645</u>	<u>\$ 225,078</u>