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## **CBT Reports Profit for Year Tops \$200 Million in Loans and Deposits**

Hartford, CT, January 26, 2010 - The Connecticut Bank and Trust Company ("CBT" or "Bank") (Nasdaq: CTBC) reported net income of \$232,000 for the fourth quarter and net income of \$357,000 for the year ended December 31, 2009. The Bank also reported that total assets exceeded \$260 million with loans and deposits both surpassing \$200 million as of December 31, 2009.

Chairman and CEO David A. Lentini remarked, "We are gratified by the financial results and we continue to be the fastest growing new bank in Connecticut history. CBT has become the bank of choice for many small business owners and neighborhood business entrepreneurs. The financial results for fourth quarter of 2009 show steady positive progress and we remain cautiously optimistic about our prospects for 2010."

For the three months ended December 31, 2009, the bank reported net income attributable to common shareholders of \$135,000 or \$0.04 per share, compared to a net loss attributable to common shareholders of \$298,000 or (\$0.08) per share for the comparable period a year earlier. For the full year 2009, the Bank reported net income available to common shareholders of \$174,000 or \$.05 per share compared to a net loss of \$2,476,000 or (\$0.69) per share for the comparable period in the prior year.

**Operating Results for the Quarter Ended December 31, 2009.** Net interest income for the quarter ended December 31, 2009 increased \$564,000 or 32% over the same period in 2008. Growth in earning assets and lower interest rates combined to lift the net interest margin 70 basis points to 4.11%.

Noninterest income totaled \$288,000 for the quarter ended December 31, 2009. Fee based services amounted to \$147,000 compared to \$130,000 for the comparable period a year earlier. Gains on sales of investment securities totaled \$141,000 for the quarter ended December 31, 2009. Noninterest expenses for the quarter amounted to \$2.1 million, increasing \$44,000 or 2.1%, from the same period in 2008. Higher FDIC insurance premiums were principally responsible for the increased expense over the fourth quarter 2008 period.

**Operating Results for the Year Ended December 31, 2009.** Net interest income for the year ended December 31, 2009 increased \$2.0 million or 29% over 2008. The net interest margin rose 53 basis points to 3.94% in 2009 as a result of growth in earning assets coupled with declining interest rates. Noninterest income totaled \$761,000 for the year ended December 31, 2009 compared to \$596,000 for the comparable period in the prior year. The increase of \$165,000 primarily consisted of \$34,000 in fee-based services and \$116,000 gains on sales of investment securities. Noninterest expenses rose \$284,000 for the year ended December 31, 2009, compared to the same period in the prior year mainly due to increased FDIC insurance premiums.

**Provisions for Loan Losses.** The provisions for loan losses for the fourth quarter of 2009 amounted to \$257,000. Internally identified problem loans and growth in the loan portfolio were the principal factors in determining the need for provisions for loan losses. The reserve ratio stood at 1.35% of totals loans outstanding compared to 1.47% at the prior year end. Mr. Lentini stated, "Commercial loans remain our bread and butter and we recognize that there will be loan losses over time. We mitigate our losses through sound underwriting principles, strong collateral management, and diversification among industries." At December 31, 2009, the allowance was \$2.7 million unchanged from December 31, 2008.

CBT is a full service commercial bank headquartered in Hartford, CT, with branch offices conveniently located in Glastonbury, Newington, Rocky Hill, Vernon, West Hartford, and Windsor.

**Asset Quality.** We closely monitor all loan relationships and identify problem loans through an internal risk rating system, which is independently validated on an annual basis. Charged off loans amounted to \$527,000 for the quarter ended December 31, 2009 compared to \$22,000 for the comparable period a year earlier. Total nonaccrual loans were \$2.0 million and represented 1.03% of total loans outstanding at December 31, 2009, compared to \$2.1 million, or 1.15% of total loans at December 31, 2008. The coverage ratio which measures the allowance for loan losses to nonperforming loans was 131% at December 31, 2009. CBT had one \$114,000 loan that was past due more than 90 days and still accruing.

**Balance Sheet Performance.** Total assets were \$260.3 million at December 31, 2009, up \$35.2 million from December 31, 2008. The increase was centered in growth in the loan portfolio of \$19.0 million and increases in cash and cash equivalents of \$20.3 million from the prior year end. Securities available for sale declined \$5.0 million as a result of principal payments on mortgage backed securities and sales of securities. Deposits increased \$37.8 million while short term borrowings declined \$3.5 million. Borrowings from the Federal Home Loan Bank Boston remained at \$30.0 million. The Bank is considered well-capitalized with stockholders' equity of \$24.1 million at December 31, 2009.

Selected Performance Data					
Dollars in thousands, except per share data	Quarter Ended			Year ended	
	Dec. 31, 2008	Sept 30, 2009	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009
Total assets (EOP)	\$ 225,078	\$ 238,263	\$ 260,254	\$ 225,078	\$ 260,254
Net operating income (loss)	\$ (298)	\$ 204	\$ 232	\$ (2,476)	\$ 357
Net interest margin	3.41%	4.14%	4.11%	3.41%	3.94%
Net interest spread	2.84%	3.73%	3.83%	2.73%	3.55%
Ratio of total stockholders' equity to total assets (EOP)	10.46%	10.22%	9.24%	10.46%	9.24%
Weighted avg shares outstanding <sup>(1)</sup>	3,572	3,572	3,572	3,572	3,572
Income (loss) per share	\$ (0.08)	\$ 0.05	\$ 0.04	\$ (0.70)	\$ 0.05
Book value per share (EOP)	\$ 5.23	\$ 5.44	\$ 5.36	\$ 5.23	\$ 5.36
Allowance for loan losses to total loans (EOP)	1.47%	1.55%	1.35%	1.47%	1.35%

(1) Prior periods restated in accordance with adoption of ASC 260-10-45-49A (Formerly EITF 06-3-1)

**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**  
**(Unaudited)**

<i>(In thousands, except per share data)</i>	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Interest and dividends:				
Loans, including fees	\$ 2,939	\$ 2,668	\$ 11,298	\$ 10,473
Debt securities	289	408	1,290	1,346
Federal funds sold/other	12	9	41	219
Total interest and dividend income	3,240	3,085	12,629	12,038
Interest expense:				
Deposits	619	1,014	2,884	4,296
Borrowed funds	275	289	1,106	1,070
Total interest expense	894	1,303	3,990	5,366
Net interest income	2,346	1,782	8,639	6,672
Provision for loan losses	257	125	677	1,662
Net interest income, after provision for loan losses	2,089	1,657	7,962	5,010
Non-interest income:				
Service charges and fees	69	59	280	231
Brokerage fee income	78	71	269	284
Gains from sales of available-for-sale securities, net	141	16	197	81
Gains from sales of loans, net	-	-	15	-
Total non-interest income	288	146	761	596
Non-interest expenses:				
Salaries and benefits	1,098	1,057	4,268	4,301
Occupancy and equipment	437	461	1,785	1,794
Data processing	86	67	316	285
Marketing	59	97	327	327
Professional services	148	146	540	471
FDIC assessment	95	66	395	159
Other general and administrative	222	207	735	745
Total non-interest expenses	2,145	2,101	8,366	8,082
Net income (loss)	232	(298)	357	(2,476)
Less preferred stock dividend and accretion	(97)		(183)	
Net income (loss) attributable to common shareholders	\$ 135	\$ (298)	\$ 174	\$ (2,476)
Net income (loss) per share:				
Basic	\$ 0.04	\$ (0.08)	\$ 0.05	\$ (0.69)
Diluted	\$ 0.04	\$ (0.08)	\$ 0.05	\$ (0.69)
Shares outstanding:				
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

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**THE CONNECTICUT BANK AND TRUST COMPANY**

**Balance Sheets  
(Unaudited)**

	ASSETS		
	December 31, 2009	September 30, 2009	December 31, 2008
<i>(In thousands, except per share data)</i>			
Cash and due from banks	\$ 4,317	\$ 13,639	\$ 6,774
Federal funds sold	22,800	-	-
Cash and cash equivalents	<u>27,117</u>	<u>13,639</u>	<u>6,774</u>
Certificates of deposit	78	78	99
Securities available for sale, at fair value	27,431	29,017	32,461
Federal Reserve Bank stock, at cost	724	710	585
Federal Home Loan Bank stock, at cost	2,057	2,057	1,870
Loans	200,780	191,869	181,772
Allowance for loan losses	(2,702)	(2,973)	(2,681)
Loans, net	<u>198,078</u>	<u>188,896</u>	<u>179,091</u>
Premises and equipment, net	2,096	2,203	2,566
Accrued interest receivable	933	894	949
Prepaid FDIC insurance	1,069	-	-
Other assets	671	769	683
	<u>\$ 260,254</u>	<u>\$ 238,263</u>	<u>\$ 225,078</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Deposits	\$ 200,772	\$ 181,368	\$ 162,934
Short-term borrowings	3,988	1,173	7,521
Long-term debt	30,450	30,450	30,450
Other liabilities	991	922	634
Total liabilities	<u>236,201</u>	<u>213,913</u>	<u>201,539</u>
Stockholders' equity:			
Preferred stock, no par value, 1,000,000 shares authorized; shares issued and outstanding: 5,448 shares at December 31, 2009 and 2008; aggregate liquidation preference of \$5,448 at December 31, 2009 and 2008	5,448	5,448	5,448
Discount preferred stock	(489)	(518)	(604)
Dividends on preferred stock	(68)	-	-
Common stock, \$1.00 par value; 10,000,000 shares authorized; shares issued and outstanding: 3,572,450 at December 31, 2009 and 2008	3,572	3,572	3,572
Common stock warrants	1,405	1,405	1,405
Additional paid-in capital	29,858	29,839	29,780
Restricted stock unearned compensation	(29)	(49)	(141)
Accumulated deficit	(15,376)	(15,579)	(15,618)
Accumulated other comprehensive loss	(268)	232	(303)
Total stockholders' equity	<u>24,053</u>	<u>24,350</u>	<u>23,539</u>
	<u>\$ 260,254</u>	<u>\$ 238,263</u>	<u>\$ 225,078</u>