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CBT Announces First Ever Quarterly Profit

Hartford, CT, April 23, 2009 - The Connecticut Bank and Trust Company (Nasdaq: CTBC) reported net operating income of \$27,000 before preferred dividends for the three months ended March 31, 2009. Total loans, while unchanged at \$182 million, included \$10 million in new loans closed during the quarter. CBT entered the residential mortgage business with additional staff and a commitment to financing home ownership in our market.

Chairman and CEO David A. Lentini remarked, "The first quarter of 2009 represents the culmination of years of hard work and I am extremely proud of our staff for their commitment and many accomplishments. The positive earnings outcome is the result of our continued efforts to maximize the margin and maintain tight control over expenses."

First Quarter 2009 Results

Interest Income. Net interest income for the quarter ended March 31, 2009 increased \$436,000 or 30% over the same period in 2008. This result was helped by a \$34 million increase in average-earning assets and a 32 basis point improvement in the Bank's net interest margin.

Noninterest Income. Service fees and commissions increased a modest \$11,000. Gains made in fees for banking services were offset by decreases in the volume of retail brokerage transactions. CBT realized a gain of \$39,000 from sales of investment securities in the first quarter of 2009.

Noninterest Expenses. The cost of operations for the first quarter of 2009 remained well under control. The expenses for the quarter amounted to \$2 million, increasing \$48,000 or 2.5%, from the same period in 2008. Most categories of expense shared in this modest increase, largely the result of higher prices. It is noteworthy that staff costs decreased through the elimination of bonuses and the remarketing of CBT's medical benefit plans.

Provisions for Loan Losses. The provisions for loan losses in the first quarter of 2009 amounted to \$87,000. With loans remaining flat in the quarter, this increased the reserve ratio to 1.5% of loans outstanding. Mr. Lentini said, "While the outlook for the economy as a whole, and Connecticut in particular, remains unclear, I am confident that CBT is prepared to meet the possible challenges faced by our borrowers."

Balance Sheet Performance.

Total assets were \$223 million at March 31, 2009, virtually unchanged from December 31, 2008. Loans outstanding at the end of the quarter amounted to \$182 million and deposits were \$164 million. Borrowings from the Federal Home Loan Bank Boston remained at \$31 million. The Bank continues to be well-capitalized with stockholders' equity of \$23 million at March 31, 2009.

Asset Quality. CBT lenders work closely with our clients to respond quickly to changing conditions. Our ability to respond quickly in these difficult economic conditions is intended to reduce our risk of loss by providing assistance where appropriate. Total nonaccrual loans were \$1.6 million and represented 0.9% of total loans outstanding at March 31, 2009, compared to \$2.1 million, or 1.49% of total loans at December 31, 2008. The coverage ratio which measures the allowance for loan losses to nonperforming loans was 174% at March 31, 2009. CBT had no other loans that were past due 90 days or more.

Allowance for Loan Losses. The level of outstanding loans was unchanged from year-end 2008, but the provision for loan losses was \$87,000 in the current quarter compared to \$137,000 in the comparable period a year ago. At March 31, 2009 the allowance was \$2.7 million, compared to \$2.6 million at December 31, 2008. This represented 1.50% and 1.47% of outstanding loans at each of the respective dates. Charge-offs amounted to \$29,000 during the quarter.

Selected Performance Data								
Dollar values in thousands except per share	Three months ended						Year ended	
	Dec. 31, 2007	March 31, 2008	June 30, 2008	Sept 30, 2008	Dec. 31, 2008	March 31, 2009	Dec. 31 2007	Dec. 31, 2008
Total assets (EOP)	\$178,739	\$204,205	\$200,128	\$223,465	\$225,078	\$ 223,420	\$ 178,739	\$225,078
Net operating income (loss)	\$ (388)	\$ (396)	\$ (295)	\$ (1,487)	\$ (298)	\$ 27	\$ (2,148)	\$ (2,476)
Net interest margin	3.64%	3.37%	3.43%	3.39%	3.41%	3.69%	3.59%	3.41%
Net interest spread	2.58%	2.45%	2.75%	2.79%	2.84%	3.15%	2.53%	2.73%
Ratio of total stockholders' equity to total assets (EOP)	11.44%	9.82%	9.65%	8.09%	11.44%	10.48%	11.44%	10.46%
Weighted avg shrs outstanding	3,537	3,545	3,550	3,552	3,556	3,557	3,537	3,551
Loss per share	\$ (0.11)	\$ (0.11)	\$ (0.08)	\$ (0.42)	\$ (0.08)	\$ (0.00)	\$ (0.61)	\$ (0.70)
Book value per share (EOP)	\$ 5.72	\$ 5.62	\$ 5.40	\$ 5.06	\$ 5.23	\$ 5.19	\$ 5.72	\$ 5.23
Allowance for loan losses to total loans (EOP)	1.19%	1.19%	1.21%	1.52%	1.47%	1.51%	1.19%	1.47%

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
Statement of Income (Loss)
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
<i>(Dollars in thousands; except share data)</i>		
Interest and dividend income:		
Loans, including fees	\$ 2,702	\$ 2,590
Debt securities	358	242
Dividends	5	25
Federal funds sold/other	1	75
Total interest and dividend income	<u>3,066</u>	<u>2,932</u>
Interest expense:		
Deposits	850	1,213
Borrowed funds	282	221
Total interest expense	<u>1,132</u>	<u>1,434</u>
Net interest income	1,934	1,498
Provision for loan losses	87	137
Net interest income, after provision for loan losses	<u>1,847</u>	<u>1,361</u>
Noninterest income:		
Service charges and fees	66	48
Brokerage commissions	59	66
Total fees and charges	<u>125</u>	<u>114</u>
Gains from sales of available-for-sale securities, net	39	65
Total noninterest income	<u>164</u>	<u>179</u>
Noninterest expenses:		
Salaries and benefits	1,024	1,058
Occupancy and equipment	468	434
Data processing	78	68
Marketing	80	65
Professional services	122	99
Other general and administrative	212	212
Total noninterest expenses	<u>1,984</u>	<u>1,936</u>
Net income (loss)	\$ 27	\$ (396)
Preferred stock dividends, including deemed dividends of \$29	29	-
Net Income Available to common shareholders	<u>\$ (2)</u>	<u>\$ (396)</u>
Per share information:		
Basic	\$ (0.00)	\$ (0.11)
Diluted	\$ (0.00)	\$ (0.11)
Average common shares issued and outstanding (in thousands)	3,557	3,545
Average diluted common shares issued and outstanding (in thousands)	3,557	3,545

THE CONNECTICUT BANK AND TRUST COMPANY
Balance Sheets

ASSETS

	March 31, 2009	December 31, 2008
<i>(Dollars in thousands)</i>	unaudited	
Cash and due from banks	\$ 8,268	\$ 6,774
Federal funds sold	-	-
Cash and cash equivalents	<u>8,268</u>	<u>6,774</u>
Certificates of deposit	78	99
Securities available for sale, at fair value	29,024	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	402	-
Loans	181,552	181,772
Less: allowance for loan losses	(2,739)	(2,681)
Loans, net	<u>178,813</u>	<u>179,091</u>
Premises and equipment, net	2,433	2,566
Accrued interest receivable	944	949
Other assets	691	683
	<u>\$ 223,420</u>	<u>\$ 225,078</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 164,161	\$ 162,934
Short-term borrowings	4,667	7,521
Long-term debt	30,450	30,450
Other liabilities	722	634
Total liabilities	<u>200,000</u>	<u>201,539</u>
Stockholders' equity;		
Preferred stock, no par value; 1,000,000 shares authorized; 5,448 shares issued and outstanding at March 31, 2009 and December 31, 2008; aggregate liquidation preference of \$5,448 at March 31, 2009 and December 31, 2008	5,448	5,448
Discount preferred stock	(575)	(604)
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,572,450 shares issued and outstanding at March 31, 2009 and December 31, 2008	3,572	3,572
Common stock warrants	1,405	1,405
Additional paid-in capital	29,801	29,780
Restricted stock unearned compensation	(110)	(141)
Retained deficit	(15,620)	(15,618)
Accumulated other comprehensive loss	(501)	(303)
Total stockholders' equity	<u>23,420</u>	<u>23,539</u>
	<u>\$ 223,420</u>	<u>\$ 225,078</u>