March 13, 2009

Mr. Neil M. Barofsky, Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, DC 20220

RE: **<u>Responses to Information Requested regarding TARP</u>**

Via mail and electronic submission to SIGTARP.response@do.treas.gov

Dear Mr. Barofsky:

The Connecticut Bank and Trust Company ("CBT") is a young and still relatively small commercial bank. Our Bank was classified as "well-capitalized" as reflected in the Call Report dated September 30, 2008. We received the news of availability of the Capital investment as potentially enhancing our ability to make loans within our community. Our analysis revealed that the approximate five million dollars we were eligible to receive would permit as much as fifty million dollars in added lending power. We concluded that this opportunity was both affordable and desirable for both our community and our shareholders.

The discussion following is in response to the information requested in your letter of February 5, 2009:

1a.) <u>Anticipated use of TARP Funds</u>. The Funds are intended to be used in support of CBT's lending within the Greater Hartford market area. As a commercial bank, CBT makes loans to businesses and individual borrowers to meet many different needs. CBT intends to grow deposits and other fund sources to enable it to continue to support the need for loans in our marketplace.

1b.) <u>Were TARP funds segregated from other Funds</u>. TARP funds were not segregated from other funds in possession of the bank.

1c.) <u>Actual use of TARP funds to date</u>. Since the receipt of TARP funds, CBT has increased its loans outstanding by $10 million

1d.) <u>Expected use of unspent funds</u>. The addition of the TARP capital investment will permit continued growth of our loan portfolio in the coming months.

2a.) Status of addressing executive compensation requirements associated with funds. CBT's executive officers have entered into letter agreements with the Bank complying with the new rules which address no golden parachute payments, recovery of bonus and incentive compensation, and compensation program amendments as outlined under the various agreements required by the Treasury under the TARP Capital Purchase Program. Management and the Board have reviewed both our loan policies and practices, concluding that it has been and continues to conform to prudent lending to qualified borrowers. CBT has not and does not engage in lending activities such as sub-prime or other high risk forms of lending. We believe that following such guidance conforms fully with the requirements and intend as set forth under TARP.

Supporting documents:

I am enclosing our news release announcing our preliminary approval to receive the TARP funds.

I certify the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Very truly yours,

Anson C. Hall

Anson C. Hall
CFO and Treasure

cc: David A. Lentini, Chairman, President & CEO

Encl. P/R

U.S. DEPARTMENT OF TREASURY TO INVEST IN CBT

HARTFORD, CT, DEC 3, 2008 -- The U.S. Department of the Treasury gave preliminary approval on November 25 for an investment of $5.4 million in The Connecticut Bank and Trust Company (NASQAQ:CTBC). CBT is one of Connecticut's early adopters of the Treasury's program. The proceeds of the program will strengthen the Company's already strong capital position.

"Since we opened our doors in 2004, our goal has always been to support the communities in which we operate. The Treasury's investment will bolster our lending ability to expand our already deep commitment to provide capital to the businesses and individuals in the communities we serve," said David A Lentini, CBT's Chairman and CEO. "We see the Treasury's investment as an important recognition of our prudent growth, strength and stability and our good standing as a strong and healthy financial institution."

CBT's total risk-based capital ratio of 11.52 percent as of September 30, 2008 is already well above the regulatory requirements of 10.0 percent for a "well capitalized" institution. With this new capital, CBT's total risk-based capital ratio would increase to approximately 14.25 percent.

To allow the Company to participate in the Treasury program, CBT will call a special meeting of the Shareholders on December 16, 2008 to seek approval to change its charter to allow the institution to issue preferred stock. To be eligible for participation in the program, the Treasury requires financial institutions to issue preferred stock to the Treasury.

About the Treasury Program
On October 14, 2008, the U.S. government announced a series of initiatives to strengthen market stability, improve the strength of financial institutions, and enhance market liquidity. The Treasury's Capital Purchase Program was designed to encourage U.S. financial institutions to build capital, to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. Under the program, the Treasury will purchase up to $250 billion of senior preferred shares on standardized terms

Under the Treasury Capital Purchase Program, eligible institutions like CBT can sell equity interest to the Treasury in amounts equal to one to three percent of their risk-weighted assets. These equity interests will constitute Tier 1 capital for the Bank.

About CBT
CBT is a Connecticut-based full-service commercial bank headquartered in Hartford, Connecticut. The Bank has branches in Hartford, Glastonbury, Newington, Rocky Hill, Vernon, West Hartford and Windsor. The Bank opened for business in March 2004 and reported total assets of $223 million on September 30, 2008. To find out more about CBT, visit www.thecbt.com or call the main number 860-246-5200.

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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 risk 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 effect of competition and other factors that could cause actual results to differ materially from those provided in any such forward-looking statements.

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