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CBT Reports Profit For 2009

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Connecticut Bank and Trust Co. — a community bank opened in 2004 with a name resurrected from the history books — marked a major milestone last year in spite of the recession.

It made money.

Hartford-based CBT reported Wednesday its first-ever annual profit in 2009, ending a year in which it was profitable in three out of

four quarters.

“When you have a profitable year for a bank, going against one of the worst recessions since the Great Depression, you have to be gratified,” said David A. Lentini,

BANKING

CBT's chairman and chief executive, who also worked for the old CBT.

Unlike its giant forebear, CBT is a tiny player in the region's economy, with its seven branches. But the bank's challenge — to stomach enough risk to contribute to economic recovery and still grow profitably — mirrors the struggle of many small banks.

Since it opened in 2004, CBT has endured a long slog. Its organizers initially had forecast becoming profitable in the first quarter of 2007 — but that milestone wasn't reached until two years later. CBT had to slow the growth of its business lending in the recession, Lentini said.

Accepting \$5.4 million from the federal government's capital assistance program — part of the Troubled Asset Relief Program, or TARP — helped. The bank was able to bolster

CBT, A10

CBT

CONTINUED FROM A9

its already strong capital reserves further and build up its commercial loans.

Before preferred dividends, net income for all of 2009 was \$357,000, or 10 cents a share, compared with a net loss of \$2.5 million, or 69 cents a share, in 2008. In the fourth quarter, net income was \$232,000, or 6 cents a share, compared with a net loss of \$298,000, or 8 cents a share.

The rebirth of CBT came more than a decade after the original CBT collapsed as part of the Bank of New England Corp. failure. BNE's demise was the largest bank failure in New England history.

Despite that fiery end, Lentini and the

organizers of the new CBT, which had three branches when it opened, believed the name still carried some cachet in the state.

In the past five years, CBT has grown from two dozen employees to 70. Lentini said he doesn't expect to add more branches this year, but may look at locations in 2011 or 2012.

Although the bank has reached a profitability milestone, it still faces an uncertain economic recovery and has yet to pay a shareholder dividend.

CBT shares, which are thinly traded, also are trading far below their initial offering price of \$10. CBT closed at \$4.01, up 1 cent Tuesday, the day the stock last traded.

Lentini said he is optimistic that establishing a record of profitability will help the stock.

"As the positive quarters mount up, there's going to be a greater appreciation for the bank's stock," Lentini said.