

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
Washington, D.C. 20551**

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2006

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

FDIC Certificate Number: 57690

THE CONNECTICUT BANK AND TRUST COMPANY

(Exact name of small business issuer as specified in its charter)

Connecticut

(State or other jurisdiction of incorporation or organization)

90-0115348

(I.R.S. Employer
Identification No.)

58 State House Square, Hartford, CT

(Address of principal executive offices)

06103-3902

(Zip Code)

(860) 246-5200

(Issuer's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check market whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of the issuer's common stock, par value \$1.00 per share, outstanding as of August 11, 2006: 3,567,450 shares.

Transitional Small Business Disclosure Format (check one): Yes No

**THE CONNECTICUT BANK AND TRUST COMPANY
FORM 10-QSB**

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THE CONNECTICUT BANK AND TRUST COMPANY
Consolidated Statements of Operations

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
<i>(Dollars in thousands except share data)</i>				
Interest and dividend income:				
Interest and fees on loans	\$ 1,386	\$ 539	\$ 2,534	\$ 928
Debt securities	239	317	499	676
Dividends	11	8	29	16
Federal funds sold	1	63	16	110
Total interest and dividend income	<u>1,637</u>	<u>927</u>	<u>3,078</u>	<u>1,730</u>
Interest expense:				
Deposits	530	377	948	710
Borrowed funds	142	1	227	2
Total interest expense	<u>672</u>	<u>378</u>	<u>1,175</u>	<u>712</u>
Net interest income	965	549	1,903	1,018
Provision for loan losses	178	147	260	267
Net interest income, after provision for loan losses	<u>787</u>	<u>402</u>	<u>1,643</u>	<u>751</u>
Non-interest income:				
Service charges and fees	25	19	43	30
Net losses from sales of available-for-sale securities	-	(3)	-	(3)
Total non-interest income	<u>25</u>	<u>16</u>	<u>43</u>	<u>27</u>
Non-interest expenses:				
Salaries and benefits	928	657	1,834	1,295
Occupancy and equipment	287	216	563	410
Data processing	40	37	82	73
Marketing	158	283	430	503
Professional services	146	191	253	305
Other general and administrative	161	155	308	277
Total non-interest expenses	<u>1,720</u>	<u>1,539</u>	<u>3,470</u>	<u>2,863</u>
Net loss	<u>\$ (908)</u>	<u>\$ (1,121)</u>	<u>\$ (1,784)</u>	<u>\$ (2,085)</u>
Net loss per share:				
Basic	\$ (0.25)	\$ (0.59)	\$ (0.50)	\$ (1.10)
Diluted	\$ (0.25)	\$ (0.59)	\$ (0.50)	\$ (1.10)

The accompanying notes are an integral part of these unaudited financial statements.

THE CONNECTICUT BANK AND TRUST COMPANY
Statements of Changes in Stockholders' Equity
Six Months Ended June 30, 2006 and 2005
(Unaudited)

<i>(Dollars in thousands)</i>	<u>Common Stock</u>	<u>Common Stock Warrants</u>	<u>Additional Paid-in Capital</u>	<u>Unearned Compensation</u>	<u>Retained Deficit</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total</u>
Balance at December 31, 2005	\$3,567	\$ 853	\$ 29,536	\$ (618)	\$(7,756)	\$ (537)	<u>\$ 25,045</u>
Comprehensive loss:							
Net loss	-	-	-	-	(1,784)	-	(1,784)
Change in net unrealized loss on securities available for sale	-	-	-	-	-	(354)	<u>(354)</u>
Total comprehensive loss							<u>(2,138)</u>
Activity related to stock option grants	-	-	17	-	-	-	17
Activity related to restricted stock awards	-	-	-	95	-	-	<u>95</u>
Balance at June 30, 2006	<u>\$3,567</u>	<u>\$ 853</u>	<u>\$ 29,553</u>	<u>\$ (523)</u>	<u>\$(9,540)</u>	<u>\$ (891)</u>	<u>\$ 23,019</u>
Balance at December 31, 2004	\$1,889	\$ 853	\$ 16,178	\$ (407)	\$(4,188)	\$ (215)	<u>\$ 14,110</u>
Comprehensive loss:							
Net loss	-	-	-	-	(2,085)	-	(2,085)
Change in net unrealized loss on securities available for sale	-	-	-	-	-	69	<u>69</u>
Total comprehensive loss							<u>(2,016)</u>
Issuance of restricted stock	25	-	300	(325)			-
Decrease in unearned compensation				<u>66</u>			<u>66</u>
Balance at June 30, 2005	<u>\$1,914</u>	<u>\$ 853</u>	<u>\$ 16,478</u>	<u>\$ (666)</u>	<u>\$(6,273)</u>	<u>\$ (146)</u>	<u>\$ 12,160</u>

The accompanying notes are an integral part of these unaudited financial statements.

THE CONNECTICUT BANK AND TRUST COMPANY
Statements of Cash Flows

	Six Months Ended	
	June 30,	
<i>(Dollars in thousands)</i>	2006	2005
	(Unaudited)	
Cash flows from operating activities:		
Net loss	\$ (1,784)	\$ (2,085)
Adjustment to reconcile net loss to net cash used by operating activities:		
Provision for loan losses	260	267
Net losses from sales of available-for-sale securities	-	3
Depreciation and amortization	189	134
Net amortization of premiums on available-for-sale securities	37	96
Accretion (amortization) of deferred loan fees, net of related costs	2	(18)
Amortization of unearned compensation	112	66
Increase in accrued interest receivable	(107)	-
Increase (decrease) in other assets	(29)	34
(Decrease) increase in other liabilities	(123)	148
Net cash used in operating activities	(1,443)	(1,355)
Cash flows from investing activities:		
Purchases of investment securities available for sale	-	(4,982)
Sales of investment securities available for sale	-	5,083
Principal payments on mortgage backed securities	934	746
Proceeds from maturities/calls of investment securities available for sale	1,500	7,548
Purchases of FRB stock	(4)	-
Purchases of FHLB stock	(408)	-
Net loan originations and purchases	(25,931)	(16,662)
Purchases of premises and equipment	(146)	(2)
Net cash used in investing activities	(24,055)	(8,269)
Cash flows from financing activities:		
Net increase in deposits	5,137	9,662
Net increase (decrease) in short term borrowings	10,149	(16)
Proceeds from issuance of long term debt	2,450	-
Net cash provided by financing activities	17,736	9,646
Net change in cash and cash equivalents	(7,762)	22
Cash and cash equivalents at beginning of period	12,433	16,213
Cash and cash equivalents at end of period	\$ 4,671	\$ 16,235
Supplemental disclosures of cash flow information:		
Interest paid	\$ 1,129	\$ 714

The accompanying notes are an integral part of these unaudited financial statements.

THE CONNECTICUT BANK AND TRUST COMPANY
Notes to Unaudited Financial Statements
June 30, 2006

(1) Organization

The Connecticut Bank and Trust Company (“CBT”) is a state chartered bank and trust company operating primarily in North Central Connecticut. CBT operates out of its main office at 58 State House Square, Hartford, Connecticut and branch offices at 7 Sycamore Street, Glastonbury, Connecticut, 66 Cedar Street, Newington, Connecticut, 435 Hartford Turnpike, Vernon, Connecticut and 68 South Main Street, West Hartford, Connecticut. CBT received regulatory approval in September 2005 to establish a branch in Windsor, Connecticut, which is scheduled to open in the first quarter of 2007. CBT is subject to competition from other financial institutions, including but not limited to commercial banks, savings banks, credit unions and mortgage banking companies. CBT is also subject to the regulations of, and periodic examinations by, the Connecticut Department of Banking (“DOB”) and the Board of Governors of the Federal Reserve System (“Fed”) through the Federal Reserve Bank of Boston (“FRBB”). The Federal Deposit Insurance Corporation (“FDIC”) insures CBT’s deposits for amounts up to \$100,000.

(2) Basis of Presentation

In the opinion of CBT’s management (“Management”), the accompanying unaudited financial statements contain all adjustments necessary to present fairly the financial position as of June 30, 2006 and December 31, 2005 and the results of operations, changes in stockholders’ equity and cash flows for the three and six month periods ended June 30, 2006 and 2005. These adjustments consist only of normal recurring adjustments. Certain amounts in prior periods have been reclassified to conform to the current presentation. The results of operations for the three or six month periods are not necessarily indicative of the results to be expected for the full year. The statements should be read in conjunction with the financial statements and accompanying notes found on pages F-1 through F-28 of CBT’s Annual Report on Form 10-KSB for the year ended December 31, 2005, filed with the Board of Governors of the Federal Reserve System on March 31, 2006.

(3) Earnings (Loss) Per Share

Basic earnings (loss) per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued. Potential common shares that may be issued by CBT are primarily associated with outstanding warrants and stock options and are determined using the treasury stock method.

Earnings (loss) per common share for the three and six months ended June 30, 2006 and 2005 have been computed based upon the following (dollars in thousands except per share amounts):

	Unaudited		Unaudited	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Net loss	\$ (908)	\$ (1,121)	\$ (1,784)	\$ (2,085)
Average number of common shares outstanding	3,567	1,905	3,567	1,897
Effect of dilutive potential common shares	-	-	-	-
Average number of common shares outstanding used to calculate diluted earnings per share	3,567	1,905	3,567	1,897
Net loss per share:				
Basic	\$ (0.25)	\$ (0.59)	\$ (0.50)	\$ (1.10)
Diluted	\$ (0.25)	\$ (0.59)	\$ (0.50)	\$ (1.10)

For the three and six months ended June 30, 2006 and 2005, common stock warrants and options were anti-dilutive and therefore not included in the earnings per share calculation.

(4) Loan Commitments

CBT is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets. CBT's commitments to extend credit include unfunded loans as well as unused lines of credit. CBT has commitments to originate loans totaling \$9.0 million at June 30, 2006 compared to \$4.9 million at December 31, 2005. CBT also has unfunded commitments under existing lines of credit aggregating \$26.9 million at June 30, 2006 and \$16.4 million at December 31, 2005.

(5) Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when Management believes that the collectibility of the principal is unlikely. The allowance is an amount that CBT's Management believes will be adequate to absorb losses inherent in existing loans and commitments to extend credit, based on evaluations of collectibility and prior loss experience of loans and commitments to extend credit. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentration, specific problem loans, commitments, current economic conditions that may affect the borrowers' ability to pay, and other factors related to the collectibility of loans in CBT's portfolio. Although Management reevaluates the allowance periodically, formal evaluations occur on a quarterly basis. The Loan Committee of the Board of Directors periodically evaluates and approves the adequacy of the allowance for loan losses and the loan loss reserve methodology.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis is designed to assist you in better understanding the financial condition, results of operations, liquidity and capital resources of CBT, as well as any significant changes and trends related thereto. This discussion should be read in conjunction with the accompanying unaudited financial statements and the notes appearing in Part I of this Form 10-QSB and the financial statements and accompanying notes found on pages F-1 through F-28 of CBT's Annual Report on Form 10-KSB for the year ended December 31, 2005, filed with the Fed on March 31, 2006.

General

CBT provides a broad range of banking services to both consumers and businesses in its market areas from its five banking centers and through its website, www.thecbt.com. CBT is a full service commercial bank providing a comprehensive set of loans and deposit services to local businesses, business owners, professionals, and other individuals. CBT actively seeks to finance the credit needs of local businesses and actively markets deposit and loan products to businesses and individuals. CBT also offers certain investment management products to its customers. An important dimension of CBT's strategy is to provide customers with access to well-trained, experienced bank personnel, including the senior management team.

Forward-Looking Statements Safe-harbor Statement

This report may contain forward-looking statements that are subject to numerous assumptions, risks and uncertainties. Statements pertaining to future periods are subject to numerous uncertainties because of the possibility of changes in underlying factors and assumptions. Actual results could differ materially from those contained in or implied by such forward-looking statements for a variety of factors including: sharp and rapid changes in interest rates; significant changes in the economic scenario from the current anticipated scenario which could materially change anticipated credit quality trends and the ability to generate loans; significant delay in or inability to execute strategic initiatives designed to grow revenues and/or control expenses; and significant changes in accounting, tax or regulatory practices or requirements. Because of the risks and uncertainties inherent in forward-looking statements, readers are cautioned not to place undue reliance on them, whether included in this report or made elsewhere from time to time by CBT or on its behalf. CBT assumes no obligation to update any forward-looking statements.

Critical Accounting Policies

In the ordinary course of business, Management makes a number of estimates and assumptions relating to reporting results of operations and financial condition in preparing its financial statements in conformity with accounting principals generally accepted in the U.S. Actual results could differ significantly from those estimates under different assumptions and conditions. Management believes that two of CBT's critical accounting policies rely on material estimates that are susceptible to significant differences between actual results and estimates - determination of allowance for loan losses and valuation of deferred tax assets. Management believes its accounting policy and estimates relating to the provision and allowance for loan losses is very important to the portrayal of CBT's financial condition and results and requires its most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management has reviewed this policy with its audit committee. A detailed description of the estimation processes and methodology related to the allowance for loan losses is included in CBT's accompanying unaudited financial statements and the notes appearing in Part I of this Form 10-QSB and the financial statements and accompanying notes of our Annual Report on Form 10-KSB for the year ended December 31, 2005, filed with the Fed on March 31, 2006. A description of the estimation process and methodology related to the valuation of deferred tax assets is included in CBT's financial statements and accompanying notes of our Annual Report on Form 10-KSB for the year ended December 31, 2005, filed with the Fed on March 31, 2006.

Comparison of Financial Condition at June 30, 2006 and December 31, 2005

Total assets expanded \$15.6 million, or 16.1%, to \$112.5 million at June 30, 2006 from \$96.9 million at December 31, 2005 mainly reflecting strong growth in commercial and commercial real estate loans. Total loans expanded \$26.0 million, or 45.4%, to \$83.1 million reflecting CBT's strategy to focus its efforts on attracting and retaining small business customers in the North-Central Connecticut market. Growth in loans was funded in large part by a \$10.6 million reduction in excess funds invested overnight in federal funds sold.

Total deposit balances increased \$5.1 million, or 7.3%, to \$75.9 million at June 30, 2006, which were impacted by new balances gained from the active promotion of higher rates offered for the tiered money market savings product and certain certificate of deposit accounts.

Investment securities

At June 30, 2006, CBT's investment securities portfolio, all of which was classified as available-for-sale, amounted to \$21.1 million, or 18.7% of assets. The following table sets forth at the dates indicated information regarding the amortized cost and market values of CBT's investment securities.

<i>(Dollars in thousands)</i>	June 30, 2006		December 31, 2005	
	Amortized		Amortized	
	Cost	Fair Value	Cost	Fair Value
Government-sponsored enterprises	\$ 15,255	\$ 14,660	\$ 16,768	\$ 16,408
Mortgage-backed securities	6,719	6,423	7,677	7,500
	<u>\$ 21,974</u>	<u>\$ 21,083</u>	<u>\$ 24,445</u>	<u>\$ 23,908</u>

Securities available-for-sale declined \$2.8 million, or 11.8%, to \$21.1 million at June 30, 2006 primarily due to the call of a \$1,500,000 government-sponsored enterprises security, mortgage-backed security principal payments amounting to \$934,000 and a \$354,000 increase in the unrealized loss.

Loans

Because loans generally produce higher yields than investment securities and other interest-earning assets, it is CBT's strategy to use deposit balances to fund loans within its market area as soon as practicable. Consistent with this strategy, CBT experienced significant growth in loans during the six months of 2006. At June 30, 2006, CBT's loan portfolio totaled \$83.1 million, or 73.9% of total assets.

The following table sets forth the composition of CBT's loan portfolio in dollar amounts and as a percentage of the respective portfolio at the dates indicated.

<i>(Dollars in thousands)</i>	June 30, 2006		December 31, 2005	
	Balance	Percent of Total	Balance	Percent of Total
Commercial	\$ 34,726	41.84%	\$ 26,423	46.30%
Commercial real estate	37,751	45.48%	23,493	41.16%
Construction	5,785	6.97%	3,516	6.16%
Home equity lines of credit	3,417	4.12%	2,955	5.18%
Closed end home equity	959	1.16%	487	0.85%
Consumer	362	0.43%	198	0.35%
Total loans	83,000	100.00%	57,072	100.00%
Net deferred loan costs	69		68	
Total loans, net	<u>\$ 83,069</u>		<u>\$ 57,140</u>	

CBT's loan portfolio grew \$26.0 million, or 45.4%, during the first six months of 2006 in connection with new loan originations totaling \$25.7 million, somewhat mitigated by amortization of the existing portfolio. Loan origination activity was strong in the commercial loan and commercial real estate mortgage loan portfolios as a result of several factors including demand from small and middle-market businesses, sales and promotional activities, a stable local economy and a historically low interest rate environment.

Loan Quality

CBT attempts to manage the risk characteristics of its loan portfolio through various control processes, such as credit evaluation of borrowers, establishment of lending limits and application of lending procedures, including the holding of adequate collateral. However, primary reliance is placed on the cash flow of the borrower as the principal source of repayment. Although credit policies are designed to minimize risk, management recognizes that loan losses will occur and the amount of these losses will fluctuate depending on the risk characteristics of the loan portfolio as well as general and regional economic conditions.

The allowance for loan losses represents a reserve for probable losses in the loan portfolio. Management regularly reevaluates the allowance, and a formal evaluation based on a review of significant loans, with a particular emphasis on non-accruing loans, past due and other loans that management believes require special attention is completed quarterly. The Loan Committee of the Board of Directors periodically evaluates and approves the adequacy of the allowance for loan losses and the loan loss reserve methodology.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income.

As of and for the six months ended June 30, 2006 and for the year ended December 31, 2005, CBT had classified loans as nonaccrual in the amount of \$9,000 and \$0, respectively. No loans have been charged-off as of or for the six months ended June 30, 2006 and for the year ended December 31, 2005.

Allowance for Loan Losses

The allowance for loan losses is established through provisions for loan losses charged to expense. Loans are charged against the allowance for loan losses when Management believes that the collectibility of the principal is unlikely. The allowance is an amount that CBT's Management believes will be adequate to absorb losses inherent in existing loans and commitments to extend credit, based on evaluations of collectibility and prior loss experience of loans and commitments to extend credit. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentration, specific problem loans, commitments, current economic conditions that may affect the borrowers' ability to pay, and other factors related to the collectibility of loans in CBT's portfolio. Although Management continuously reevaluates the allowance, formal evaluations occur on a quarterly basis. The Loan Committee of the Board of Directors periodically evaluates and approves the adequacy of the allowance for loan losses and the loan loss reserve methodology. The following table sets forth activity in CBT's allowance for loan losses for the periods set forth.

<i>(Dollars in thousands)</i>	Six Months Ended	
	June 30,	
	2006	2005
Balance, beginning of period	\$ 876	\$ 239
Provision for loan losses	260	267
Recoveries	-	-
Charge-offs	-	-
Balance, end of period	<u>\$ 1,136</u>	<u>\$ 506</u>
Allowance for loan losses to total loans	1.37%	1.33%
Allowance for loan losses to nonperforming loans and troubled debt restructurings	N/A	N/A

Deposits

To date, deposits from our primary market have provided a relatively stable funding source for CBT's loan portfolio and other earning assets. We offer a full range of interest bearing and non-interest bearing accounts with a range of maturity date options. The sources of deposits are businesses, owners and employees of businesses and residents of the North-Central Connecticut market area. The table below sets forth the composition of CBT's deposits in dollar amounts and as a percentage of total deposits.

<i>(Dollars in thousands)</i>	June 30, 2006		December 31, 2005	
	Balance	Percent of Total	Balance	Percent of Total
Demand	\$ 12,444	16.40%	\$ 21,159	29.91%
NOW accounts	3,561	4.69%	3,096	4.38%
Savings and money market	17,187	22.65%	14,815	20.94%
Time	42,685	56.26%	31,670	44.77%
Total deposits	<u>\$ 75,877</u>	<u>100.00%</u>	<u>\$ 70,740</u>	<u>100.00%</u>

Total deposits increased by \$5.1 million, or 7.3%, to \$75.9 million at June 30, 2006 from \$70.7 million at December 31, 2005. Demand balances declined \$8.7 million, or 41.2%, reflecting significant withdrawals from a few large accounts in connection with cash flow demands as well as seasonal balance variability. Excluding the impact of these factors, growth in demand, NOW and savings and money market balances primarily reflects new accounts opened as a result of sales and promotional activities, a high level of service and convenience, competitive products and pricing and an expanded market presence with the establishment of the Vernon branch in the fourth quarter of 2005. Total savings and money market deposits were also affected by the promotion of attractive rates offered for a tiered-rate money market savings product. Certificates of deposits balances expanded \$11.0 million, or 34.8%, as a result of the introduction and promotion of CD specials with above market rates to new and existing customers.

Comparison of Operating Results for the Three Months Ended June 30, 2006 and 2005

General

CBT reported a net loss of \$908,000 or \$0.25 per share in the second quarter of 2006, compared to \$1,121,000 or \$0.59 per share for the same period last year, a decline in the net loss of \$213,000 or 19.0%. The results for the second quarter of 2006 were favorably affected by growth in average loans and core deposits, net interest margin expansion and lower provisions for loan losses offset to some extent by increased non-interest expenses. The per share increase reflects improved operating results and a significant increase in weighted average shares in connection with the Bank's secondary offering completed in the third quarter of 2005.

Net Interest Income

Net interest income is the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends on the relative amounts of interest-earning assets and interest-bearing liabilities and the interest rate earned or paid on them.

The following table depicts the condensed averages of the major balance sheet categories that generate interest income or interest expense and the resulting asset yields or cost of funds for the three month periods ended June 30, 2006 and 2005. The difference between asset yields and the cost of funds equals the net interest spread. The difference between interest income and interest expense equals net interest income, which is divided into the average balance of interest earning assets to arrive at the net interest margin. The total dollar amount of interest income from assets and the subsequent yields are calculated on a taxable equivalent basis.

Three Months Ended June 30,

	2006		2005			
	(Dollars in Thousands)					
	Average Balance	Interest Income/ Expense	Average Yield Rate	Average Balance	Interest Income/ Expense	Average Yield Rate
Interest-earning assets						
Loans (including loans held for sale)	\$ 76,734	\$ 1,386	7.24%	\$ 33,971	\$ 539	6.43%
Investment securities	23,377	250	4.29%	32,724	325	4.03%
Federal funds sold	117	1	3.43%	8,888	63	2.87%
Total interest-earning assets	100,228	1,637	<u>6.55%</u>	75,583	927	<u>4.97%</u>
Allowance for loan losses	(1,020)			(420)		
Cash and due from banks	2,431			1,903		
Other assets	3,372			2,694		
Total assets	<u>\$ 105,011</u>			<u>\$ 79,760</u>		
Interest-bearing liabilities						
Savings, NOW and money market deposits	\$ 21,803	\$ 161	2.96%	\$ 8,085	\$ 27	1.35%
Time deposits	37,353	369	3.96%	48,301	350	2.94%
Borrowed funds	11,220	142	5.08%	335	1	1.21%
Total interest-bearing liabilities	70,376	672	<u>3.83%</u>	56,721	378	<u>2.70%</u>
Demand deposits	10,647			9,898		
Total deposits and borrowed funds	81,023			66,619		
Other liabilities	441			584		
Stockholders' equity	23,547			12,557		
Total liabilities and stockholders' equity	<u>\$ 105,011</u>			<u>\$ 79,760</u>		
Net interest income		<u>\$ 965</u>			<u>\$ 549</u>	
Interest rate spread			<u>2.72%</u>			<u>2.27%</u>
Net interest margin			<u>3.86%</u>			<u>2.95%</u>
Ratio of interest-earning assets to interest-bearing liabilities			<u>142.42%</u>			<u>133.25%</u>

- (1) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
- (2) Net interest margin represents annualized net interest income, based upon the actual number of days in the quarter and the year, divided by average interest-earning assets.

Rate/Volume Analysis

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected CBT's tax equivalent interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (i) changes attributable to changes in volume (changes in volume multiplied by prior rate); (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume); and (iii) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

	Three Months Ended June 30,		
	2006 compared to 2005		
	Increase (Decrease)		
	Due to		
	Volume	Rate	Net
	(In Thousands)		
Interest-earning assets:			
Loans	\$ 770	\$ 77	\$ 847
Investments securities	(131)	56	(75)
Federal funds sold	(93)	31	(62)
Total interest earning assets	<u>546</u>	<u>164</u>	<u>710</u>
Interest-bearing liabilities:			
Savings, NOW and money market deposits	\$ 79	\$ 55	\$ 134
Time deposits	(89)	108	19
Borrowed funds	129	12	141
Total interest-bearing liabilities	<u>119</u>	<u>175</u>	<u>294</u>
Increase in net interest income	<u><u>\$ 427</u></u>	<u><u>\$ (11)</u></u>	<u><u>\$ 416</u></u>

Net interest income increased \$416,000 to \$965,000 for the three months ended June 30, 2006 from \$549,000 in the same period last year mainly driven by growth in average interest-earning assets and net interest margin expansion. Total average interest-earning assets expanded \$24.6 million to \$100.2 million at June 30, 2006 reflecting growth in average loans, somewhat offset by reduced investments in securities available for sale and money market instruments. Average loans increased \$42.8 million primarily due to solid origination volume and advances on new and existing lines of credit, somewhat mitigated by amortization and prepayments of existing loans. Average investments declined \$9.3 million principally reflecting sales and calls of certain agency securities and principal payments on mortgage-backed securities. Net interest margin expanded 91 basis points to 3.86% for the three months ended June 30, 2006 from 2.95% in 2005 primarily resulting from the use of overnight fed funds balances, cash flows from investment securities and expanded deposit balances to support higher yielding loans, and to a lesser extent, the impact of higher short-term interest rates. In connection with rising short-term rates, CBT benefited from the repricing of certain variable rate assets to a greater degree than the impact on the cost of interest-bearing liabilities.

Provision for Loan Losses

CBT's provision for loan losses increased \$31,000 to \$178,000 during the second quarter of 2006 from \$147,000 for the same period last year reflecting the impact of significant loan growth. Management, based upon known circumstances and conditions related to individual loans, industry trends, regional and national economic conditions and estimates of the potential for losses, determines the necessary level of the allowance for loan losses.

Non-Interest Income

Total non-interest income increased \$9,000 to \$25,000 during the three month period ended June 30, 2006 primarily reflecting growth in service charges and fees. Service charges and fees increased \$6,000 for the second quarter of 2006 principally resulting from an expanded number of deposit accounts. The primary source of CBT's non-interest income is derived from fees on deposit accounts and other banking-related services.

Non-Interest Expenses

Non-interest expenses increased \$181,000, or 11.8%, to \$1.7 million for the second quarter of 2006 compared to \$1.5 million for the same period in 2005. Salaries and benefits expanded \$271,000 in connection with additional staff required to support and facilitate CBT's growth, costs associated with the new Vernon branch, which opened in the fourth quarter of 2005, annual merit increases and expanded stock-based incentive plan and employer payroll expenses. Occupancy and equipment costs grew \$71,000 principally due to the operation of the new branch in Vernon, increased rents related to lease escalation clauses, higher utility expenses and increased depreciation charges associated with additional capital expenditures. Marketing expenditures decreased \$125,000. Other general and administrative expenses were \$6,000 more than last year primarily reflecting costs associated with expanded business development efforts and a larger customer base. Professional services expenses declined \$45,000 largely as a result of reduced management consulting and legal activities.

Comparison of Operating Results for the Six Months Ended June 30, 2006 and 2005

General

CBT reported a net loss of \$1,784,000 or \$0.50 per share for the six months ended June 30, 2006, compared to \$2,085,000 or \$1.10 per share for the same period last year, a decline in the net loss of \$301,000 or 14.4%. The results for the first six months of 2006 were favorably affected by growth in average loans and core deposits, net interest margin expansion and lower provisions for loan losses offset to some extent by increased non-interest expenses. The per share increase reflects improved operating results and a significant increase in weighted average shares in connection with the Bank's secondary offering completed in the third quarter of 2005.

Net Interest Income

Net interest income is the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends on the relative amounts of interest-earning assets and interest-bearing liabilities and the interest rate earned or paid on them.

The following table depicts the condensed averages of the major balance sheet categories that generate interest income or interest expense and the resulting asset yields or cost of funds for the six month periods ended June 30, 2006 and 2005. The difference between asset yields and the cost of funds equals the net interest spread. The difference between interest income and interest expense equals net interest income, which is divided into the average balance of interest earning assets to arrive at the net interest margin. The total dollar amount of interest income from assets and the subsequent yields are calculated on a taxable equivalent basis.

Six Months Ended June 30,

	2006			2005		
	(Dollars in Thousands)					
	Average Balance	Interest Income/ Expense	Average Yield Rate	Average Balance	Interest Income/ Expense	Average Yield Rate
Interest-earning assets						
Loans (including loans held for sale)	\$ 70,893	\$ 2,534	7.21%	\$ 29,986	\$ 928	6.24%
Investment securities	24,001	528	4.44%	35,545	692	3.93%
Federal funds sold	623	16	5.18%	8,583	110	2.58%
Total interest-earning assets	95,517	3,078	<u>6.50%</u>	74,114	1,730	<u>4.71%</u>
Allowance for loan losses	(993)			(349)		
Cash and due from banks	2,189			1,604		
Other assets	3,373			2,778		
Total assets	<u>\$ 100,086</u>			<u>\$ 78,147</u>		
Interest-bearing liabilities						
Savings, NOW and money market deposits	\$ 19,946	\$ 277	2.80%	\$ 6,954	\$ 38	1.10%
Time deposits	35,155	671	3.85%	47,122	672	2.88%
Borrowed funds	9,299	227	4.92%	306	2	1.32%
Total interest-bearing liabilities	64,400	1,175	<u>3.68%</u>	54,382	712	<u>2.64%</u>
Demand deposits	11,239			10,098		
Total deposits and borrowed funds	75,639			64,480		
Other liabilities	382			492		
Stockholders' equity	24,065			13,175		
Total liabilities and stockholders' equity	<u>\$ 100,086</u>			<u>\$ 78,147</u>		
Net interest income		<u>\$ 1,903</u>			<u>\$ 1,018</u>	
Interest rate spread			<u>2.82%</u>			<u>2.07%</u>
Net interest margin			<u>4.02%</u>			<u>2.77%</u>
Ratio of interest-earning assets to interest-bearing liabilities			<u>148.32%</u>			<u>136.28%</u>

- (1) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
- (2) Net interest margin represents annualized net interest income, based upon the actual number of days in the quarter and the year, divided by average interest-earning assets.

Rate/Volume Analysis

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected CBT's tax equivalent interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (i) changes attributable to changes in volume (changes in volume multiplied by prior rate); (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume); and (iii) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

	Six Months Ended June 30, 2006 compared to 2005		
	Increase (Decrease)		
	Due to		
	Volume	Rate	Net
	(In Thousands)		
Interest-earning assets:			
Loans	\$ 1,442	\$ 164	\$ 1,606
Investments securities	(247)	83	(164)
Federal funds sold	(152)	58	(94)
Total interest earning assets	<u>1,043</u>	<u>305</u>	<u>1,348</u>
Interest-bearing liabilities:			
Savings, NOW and money market deposits	\$ 131	\$ 108	\$ 239
Time deposits	(195)	194	(1)
Borrowed funds	207	18	225
Total interest-bearing liabilities	<u>143</u>	<u>320</u>	<u>463</u>
Increase in net interest income	<u>\$ 900</u>	<u>\$ (15)</u>	<u>\$ 885</u>

Net interest income increased \$885,000 to \$1,903,000 for the six months ended June 30, 2006 from \$1,018,000 in the same period last year mainly driven by growth in average interest-earning assets and net interest margin expansion. Total average interest-earning assets expanded \$21.4 million to \$95.5 million at June 30, 2006 reflecting growth in average loans, somewhat offset by reduced investments in securities available for sale and money market instruments. Average loans increased \$40.9 million primarily due to solid origination volume and advances on new and existing lines of credit, somewhat mitigated by amortization and prepayments of existing loans. Average investments declined \$11.5 million principally reflecting sales and calls of certain agency securities and principal payments on mortgage-backed securities. Net interest margin expanded 125 basis points to 4.02% for the six months ended June 30, 2006 from 2.77% in 2005 primarily resulting from the use of overnight fed funds balances, cash flows from investment securities and expanded deposit balances to support higher yielding loans, and to a lesser extent, the impact of higher short-term interest rates. In connection with rising short-term rates, CBT benefited from the repricing of certain variable rate assets to a greater degree than the impact on the cost of interest-bearing liabilities.

Provision for Loan Losses

CBT's provision for loan losses decreased \$7,000 to \$260,000 for the six months ended June 30, 2006 from \$267,000 for the same period last year. Management, based upon known circumstances and conditions related to individual loans, industry trends, regional and national economic conditions and estimates of the potential for losses, determines the necessary level of the allowance for loan losses.

Non-Interest Income

Total non-interest income increased \$16,000 to \$43,000 during the six month period ended June 30, 2006 primarily reflecting growth in service charges and fees. Service charges and fees increased \$13,000 for the first six months of 2006 principally resulting from an expanded number of deposit accounts. The primary source of CBT's non-interest income is derived from fees on deposit accounts and other banking-related services.

Non-Interest Expenses

Non-interest expenses increased \$607,000, or 21.2%, to \$3.5 million for the six month period ended June 30, 2006 compared to \$2.9 million for the same period in 2005. Salaries and benefits expanded \$539,000 in connection with additional staff required to support and facilitate CBT's growth, costs associated with the new Vernon branch, which opened in the fourth quarter of 2005, annual merit increases and expanded stock-based incentive plan and employer payroll expenses. Occupancy and equipment costs grew \$153,000 principally due to the operation of the new branch in Vernon, increased rents related to lease escalation clauses, higher utility expenses and increased depreciation charges associated with additional capital expenditures. Marketing expenditures decreased \$73,000, as a result of less promotional spending. Other general and administrative expenses were \$31,000 more than last year primarily reflecting costs associated with expanded business development efforts and a larger customer base. Professional services expenses declined \$52,000 largely as a result of reduced management consulting and legal activities.

Liquidity

Liquidity and funding strategies are the responsibility of CBT's Asset Liability Management Committee ("ALCO"). The ALCO is responsible for establishing liquidity targets and implementing strategies to meet desired goals. Liquidity management refers to CBT's ability to provide funds on an ongoing basis to satisfy fluctuations in deposit levels, other maturing financial obligations and loan commitments.

The primary investing activities of CBT are the origination of commercial loans and commercial mortgages, and, to a lesser extent, the origination of consumer loans, primarily home equity loans and lines of credit, and other types of loans, and investments in mortgage-backed and government-sponsored enterprise securities. During the six months ended June 30, 2006, CBT's loan originations totaled \$25.7 million. At June 30, 2006, CBT's investments in federal agency mortgage-backed and government-sponsored enterprise securities totaled \$21.1 million.

Historically CBT has used excess reserves invested in Fed Funds to fund a large portion of its balance sheet growth. Given strong loan growth and deposit runoff, the Bank's Fed Funds sold balance declined to \$50,000 at June 30, 2006. In the future we will rely on principal and interest payments on loans and investment securities, deposit growth and alternative funding sources to fund lending and investing activities. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit outflows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. CBT experienced a \$5.1 million net increase in total deposits during the six months ended June 30, 2006. Deposit flows are affected by the overall level of interest rates, the interest rates and products offered by CBT and its local competitors and other factors. CBT closely monitors its liquidity position on a daily basis. If CBT requires funds beyond its ability to generate them internally, additional sources of funds are available through Federal Home Loan Bank of Boston ("FHLB-Boston") advances and a \$2.0 million Federal Funds borrowing line of credit from Bankers' Bank Northeast. At June 30, 2006, CBT had \$11.2 million of borrowings outstanding with the FHLB-Boston and had not drawn on the Federal Funds line of credit. CBT has approximately \$10 million of unused borrowing capacity at the FHLB.

CBT has commitments to originate loans totaling \$9.0 million at June 30, 2006. CBT also has unfunded commitments under existing lines of credit aggregating \$26.9 million at June 30, 2006. These commitments relate primarily to commercial and commercial real estate loans, including construction lines of credit. Management of CBT anticipates that it will have sufficient funds available to meet its current loan commitments. CBT relies primarily on competitive rates, customer service and customer relationships to retain deposits. Based upon CBT's limited experience with deposit retention and current retention strategies, Management believes that, although it is not possible to predict future terms and conditions upon renewal, a significant portion of such deposits will remain with CBT.

At June 30, 2006, the net ratio of liquid assets not pledged for collateral and other purposes to interest-bearing liabilities and demand deposits was 18.1%. The ratio of gross loans to deposits, another key liquidity ratio, was 109.4% at June 30, 2006. Management believes that CBT's short-term assets, combined with access to alternative funding sources such as the FHLB, provide sufficient liquidity to cover potential fluctuations in deposit accounts and loan demand and to meet other anticipated operating cash and investment requirements.

Interest Rate Sensitivity Management

CBT's asset liability management ("ALM") process consists of quantifying, analyzing and controlling interest rate risk ("IRR") to maintain stability in net interest income ("NII") under varying interest rate environments. The principal objective of ALM is to maximize net interest income while operating within acceptable limits established for interest rate risk and maintaining adequate levels of liquidity.

CBT's net earnings are dependent on its net interest income. Net interest income is susceptible to IRR to the degree that interest-bearing liabilities mature or reprice on a different basis and timing than interest-earning assets. This timing difference represents a potential risk to CBT's future earnings. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a given period, a significant increase in market rates of interest could adversely affect CBT's NII. Similarly, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could result in a decrease in CBT's NII.

Management and the ALCO direct CBT's IRR management through a Risk Management policy that is designed to produce a stable net interest margin ("NIM") in periods of interest rate fluctuation. By adjusting CBT's asset/liability position, the Board and Management attempt to direct CBT's IRR while enhancing the NIM. At times, depending on the general level of interest rates, the relationship between long-term and short-term interest rates, market conditions and competitive factors, CBT's Board of Directors and Management may establish and implement strategies that could add to the level of IRR in order to increase its NIM. Notwithstanding CBT's IRR management activities, the potential for changing interest rates is an uncertainty that can have an adverse effect on net earnings.

Interest-sensitive assets and liabilities are those that are subject to maturity or repricing within a given time period. Management attempts to administer this sensitivity through the development and implementation of investment, lending, funding and pricing strategies designed to achieve NII performance goals while minimizing the potential negative variations in NII under different interest rate scenarios. Investment strategies, including portfolio durations and cash flows, are formulated and continually adjusted during the implementation to assure attainment of objectives in the most effective manner. Loan and deposit pricing are adjusted weekly to reflect current interest rate and competitive market environments, with duration targets on both loan pricing and deposit pricing reviewed monthly.

NII at-risk measures the risk of a decline in earnings due to potential short-term and long-term changes in interest rates. The table below presents an analysis of the CBT's IRR as measured by the estimated changes in NII resulting from an instantaneous and sustained parallel shift in the yield curve (+ 200 and -200 basis points) at June 30, 2006 and December 31, 2005.

Net Interest Income At-Risk

Change in Interest Rates (Basis Points)	Estimated Increase (Decrease) in NII (June 30, 2006)	Estimated Increase (Decrease) in NII (December 31, 2005)
-200	-1.2%	-15.9%
Stable	0.0%	0.0%
+200	-2.7%	9.3%

Off-Balance Sheet Arrangements

Information relating to Off-Balance Sheet Arrangements is presented in CBT's Annual Report on Form 10-KSB for the year ended December 31, 2005 (see Note 8 to the Consolidated Financial Statements). There have been no material changes in CBT's off-balance sheet arrangements since December 31, 2005.

Regulatory Capital

Federal law defines specific capital categories for depository institutions. The capital categories, in declining order, are: (i) well capitalized; (ii) adequately capitalized; (iii) undercapitalized; (iv) significantly undercapitalized; and (v) critically undercapitalized. To be considered "adequately capitalized," an institution must generally have a leverage ratio of at least 4%, a Tier 1 capital to risk-weighted assets ratio of at least 4% and total Tier 1 and Tier 2 capital to risk-weighted assets ratio of at least 8%. To be considered "well capitalized," an institution must generally have a leverage ratio of at least 8%, a Tier 1 capital to risk-weighted assets ratio of at least 6% and total Tier 1 and Tier 2 capital to risk-weighted assets ratio of at least 10%. As of June 30, 2006, the most recent notification from the FDIC categorized CBT as "well capitalized." To be categorized as "well capitalized," CBT must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below.

Currently, CBT is required to maintain minimum Tier 1 leverage ratios of at least 9.0%. At June 30, 2006, CBT's capital balances were in excess of current regulatory minimum requirements. As indicated in the following table, the actual regulatory capital ratios of CBT at June 30, 2006 exceeded the minimum required ratios. There are no conditions that Management believes have changed CBT's category since its June 30, 2006 notification from regulators that it is "well capitalized." CBT's actual capital amounts and ratios as of June 30, 2006 and December 31, 2005 are presented in the table.

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)						
June 30, 2006						
Total capital (to risk weighted assets)	\$ 24,996	27.50%	\$ 7,271	8.00%	\$ 9,088	10.00%
Tier 1 capital (to risk weighted assets)	23,860	26.25%	3,635	4.00%	5,453	6.00%
Tier 1 capital (to average assets)	23,860	22.56%	9,518	9.00% *	9,518	9.00% *
December 31, 2005:						
Total capital (to risk weighted assets)	\$ 26,383	38.80%	\$ 5,447	8.00%	\$ 6,808	10.00%
Tier 1 capital (to risk weighted assets)	25,532	37.50%	2,723	4.00%	4,085	6.00%
Tier 1 capital (to average assets)	25,532	26.90%	8,538	9.00% *	8,538	9.00% *

* Although the minimum, as well as the minimum to be considered well capitalized under prompt corrective action provisions, tier 1 capital to average assets ratios are generally 4% and 8%, respectively, pursuant to CBT's charter and its de novo status, since its inception, CBT has been subject to, and has complied with a 9% Tier 1 capital ratio. This requirement will be in effect for thirty-six months from the date of opening, March 12, 2004.

Item 3. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

CBT's Management, including CBT's principal executive officer and principal financial officer, have evaluated the effectiveness of CBT's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon their evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, CBT's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that CBT files or submits under the Exchange Act with the FRBB (1) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (2) is accumulated and communicated to CBT's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

As used herein, "disclosure controls and procedures" means controls and other procedures of CBT that are designed to ensure that information required to be disclosed by CBT in the reports that it files or submits pursuant to the Exchange Act is recorded, processed, summarized and reported, within the relevant time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by CBT in the reports that it files or submits under the Exchange Act is accumulated and communicated to CBT's Management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decision regarding required disclosures.

(b) Changes in Internal Controls

There have been no significant changes in CBT's internal controls over financial reporting or in other factors identified in connection with the evaluation required by Rule 13a-15 that occurred during CBT's quarter ended June 30, 2006 that have materially affected, or are reasonably likely to materially affect, CBT's internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

CBT is not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business. Such routine legal proceedings, in the aggregate, are believed by management to be immaterial to the financial condition and results of operations of CBT.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

In connection with its Annual Meeting of Shareholders held on May 16, 2006, CBT solicited by proxy the vote of its shareholders on the election of four directors to the Bank's Board of Directors, each to serve for a three year term.

The following table summarizes the voting for the Board of Directors:

	<u>For</u>	<u>Withheld</u>
Anson C. Hall	3,162,336	0
Peter deWilde Shapiro	3,162,336	0
J. Brian Smith	3,162,336	0
John M. Watkins, Jr.	3,162,336	0

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

<u>No.</u>	<u>Description</u>
3(i)	Amended Certificate of Incorporation of The Connecticut Bank and Trust Company (incorporated by reference to Exhibit 3.1 to The Connecticut Bank and Trust Company's Registration Statement on Form 10-SB dated April 29, 2005)
3(ii)	Amended Bylaws of The Connecticut Bank and Trust Company (incorporated by reference to Exhibit 3.2 to The Connecticut Bank and Trust Company's Registration Statement on Form 10-SB dated April 29, 2005)
4.1	Form of Warrant of The Connecticut Bank and Trust Company (incorporated by reference to Exhibit 4.1 to The Connecticut Bank and Trust Company's Registration Statement on Form 10-SB dated April 29, 2005)
11.1	Statement Re: Computation of Per Share Earnings (incorporated by reference to Part 1 of this Quarterly Statement on Form 10-QSB – Earnings Per Share)
31.1	Rule 13a-14(a)/15d-14(a) Certification by Chairman and Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification by Secretary and Chief Financial Officer
32.1	Section 1350 Certification by Chairman and Chief Executive Officer
32.2	Section 1350 Certification by Secretary and Chief Financial Officer

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT BANK AND TRUST COMPANY

Dated: August 11, 2006

By: /s/ David A. Lentini
David A. Lentini
Chairman of the Board, President and
Chief Executive Officer

Dated: August 11, 2006

By: /s/ Anson C. Hall
Anson C. Hall
Treasurer, Secretary and
Chief Financial Officer

EXHIBIT INDEX

<u>No.</u>	<u>Description</u>
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31.2	Rule 13a-14(a)/15d-14(a) Certification by Secretary and Chief Financial Officer
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32.2	Section 1350 Certification by Secretary and Chief Financial Officer

EXHIBIT 31.1

CERTIFICATIONS PURSUANT TO RULE 13a-14(a)/15d-14(a)

CERTIFICATION

I, David A. Lentini, Chairman of the Board, President and Chief Executive Officer of The Connecticut Bank and Trust Company, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of The Connecticut Bank and Trust Company for the period ended June 30, 2006;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of The Connecticut Bank and Trust Company as of, and for, the periods presented in this report;
4. The Connecticut Bank and Trust Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for The Connecticut Bank and Trust Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to The Connecticut Bank and Trust Company is made known to us by others within The Connecticut Bank and Trust Company, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of The Connecticut Bank and Trust Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in The Connecticut Bank and Trust Company's internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting; and
5. The Connecticut Bank and Trust Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to The Connecticut Bank and Trust Company's auditors and the audit committee of The Connecticut Bank and Trust Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect The Connecticut Bank and Trust Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in The Connecticut Bank and Trust Company's internal control over financial reporting.

Date: August 11, 2006

/s/ David A. Lentini
David A. Lentini
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Anson C. Hall, Treasurer, Secretary and Chief Financial Officer of The Connecticut Bank and Trust Company, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of The Connecticut Bank and Trust Company for the period ended June 30, 2006;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of The Connecticut Bank and Trust Company as of, and for, the periods presented in this report;
4. The Connecticut Bank and Trust Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for The Connecticut Bank and Trust Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to The Connecticut Bank and Trust Company is made known to us by others within The Connecticut Bank and Trust Company, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of The Connecticut Bank and Trust Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in The Connecticut Bank and Trust Company's internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting; and
5. The Connecticut Bank and Trust Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to The Connecticut Bank and Trust Company's auditors and the audit committee of The Connecticut Bank and Trust Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect The Connecticut Bank and Trust Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in The Connecticut Bank and Trust Company's internal control over financial reporting.

Date: August 11, 2006

/s/ Anson C. Hall
Anson C. Hall
Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2004**

In connection with the Quarterly Report of The Connecticut Bank and Trust Company (“CBT”) on Form 10-QSB for the period ending June 30, 2006 as filed with the Federal Reserve Bank of Boston (the “Report”), I, David A. Lentini, Chief Executive Officer of CBT, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CBT as of and for the period covered by the Report.

/s/ David A. Lentini
David A. Lentini
Chief Executive Officer
August 11, 2006

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2004**

In connection with the Quarterly Report of The Connecticut Bank and Trust Company (“CBT”) on Form 10-QSB for the period ending June 30, 2006 as filed with the Federal Reserve Bank of Boston (the “Report”), I, Anson C. Hall, Chief Financial Officer of CBT, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CBT as of and for the period covered by the Report.

/s/ Anson C. Hall
Anson C. Hall
Chief Financial Officer
August 11, 2006