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## **CBT Passes \$100 Million in Assets; Strong Growth in Loans.**

Hartford, CT, July 25, 2006 - The Connecticut Bank and Trust Company, (Nasdaq: CTBC), reported total assets reached \$112 million at June 30, 2006, an increase of \$26 million or 30% compared to \$86 million a year ago. Loans outstanding increased \$45.2 million or 119% to \$83 million at June 30, 2006 compared to \$38 million one year ago.

President and CEO David A. Lentini stated "To pass the \$100 million mark in assets in just nine quarters of operation is very gratifying and indicates our acceptance into the marketplace. Loan growth remains strong with more and more commercial firms choosing CBT as their financial services partner."

The results for the quarter ended June 30, 2006 improved \$213,000 or 19% to a loss of \$908,000 or \$0.25 per share, compared to a loss of \$1,121,000 or \$0.59 per share for the same period in 2005. For the six months ended June 30, 2006, the net loss was \$1,784,000 or \$.50 per share compared to a loss of \$2,085,000 or \$1.10 per share for same period in 2005. The per-share results for the second quarter of 2006 reflect the issuance of 1.65 million shares of CBT common stock issued in September 2005.

**Results of Operations.** The results for the second quarter of 2006 were impacted by significant growth in net interest income. Net interest income rose \$416,000, or 76%, to \$965,000 for the quarter ended June 30, 2006 compared to \$549,000 for the quarter ended June 30, 2005. For the six months ended June 30, 2006, net interest income amounted to \$1,903,000, an increase of \$885,000 or 87% compared to \$1,018,000 in the first half of 2005. The growth in loans and an increase in the net interest margin to 3.86% in this quarter from 2.95% in the same period last year, were the main drivers of this performance. The operating results also reflect an increase of \$181,000 in noninterest expenses to \$1,720,000 for the quarter ended June 30, 2006 compared to \$1,539,000 in the second quarter of 2005. For the first half of 2006, noninterest expenses were \$3,470,000 compared to \$2,863,000 in the first half of 2005. This increase includes costs related to the opening and operation of the new banking centers in Vernon and Newington and staff additions in Lending, Operations and Administration.

**Balance Sheet Performance.** Loans outstanding increased \$26.0 million to \$83.0 million at June 30, 2006 in connection with our most successful quarter of loan production to date. Total assets were \$112.0 million at the end of the quarter compared to \$96.9 million at December 31, 2005. Total deposits were \$75.8 million at June 30, 2006, increasing \$5.1 million or 7.3% from \$70.7 million at December 31, 2005. Stockholders' equity at June 30, 2006 was \$23.0 million compared to \$25.0 million at December 31, 2005 primarily reflecting the second quarter 2006 operating loss and a decrease in the estimated market value of the Bank's available for sale securities portfolio.

**Asset Quality.** The allowance for loan losses at June 30, 2006 was \$1,136,000 compared to \$876,000 at December 31, 2005 and represented 1.37% and 1.53% of loans outstanding for the respective dates. The loans classified as nonaccrual amounted to \$9,000 and there were no loans past due 30 days or more at June 30, 2006.

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**Recent News.** Following our successful opening in Vernon at the start of this year, in June work was completed on renovations for CBT's fifth Banking Center. It is located at 66 Cedar Street, in Newington, CT, and opened July 10<sup>th</sup>. During the quarter, Management began finalizing plans to renovate the space formally occupied by Arthur's Drug in Windsor, CT. This office is expected to open in January 2007.

Also during the quarter, CBT established an office of Raymond James Financial Services, Inc. ("RJFS") in the Glastonbury Banking Center. Through this facility CBT customers have easy access to a full range of non-deposit investments such as bonds, stocks and annuities. CEO Lentini noted, "At CBT we know the importance of providing choices to both our business and personal customers in reaching their financial objectives. Additional RJFS locations are planned in the year ahead."

Selected Performance Data								
Dollar values in thousands except per share	Three months ended						Year ended	
	March 31, 2005	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	March 31, 2006	June 30, 2006	June 30, 2005	June 30, 2006
Total assets (EOP)	\$ 77,357	\$ 86,132	\$ 99,589	\$ 96,875	\$ 99,016	\$ 112,462	\$ 86,132	\$ 112,462
Net operating loss	\$ (964)	\$ (1,121)	\$ (861)	\$ (622)	\$ (877)	\$ (908)	\$ (2,085)	\$ (1,784)
Net interest margin	2.62%	2.95%	2.97%	3.69%	4.19%	3.86%	2.77%	4.02%
Ratio of total stockholders' equity to total assets (EOP)	16.70%	14.12%	25.84%	25.85%	24.25%	20.47%	14.12%	20.47%
Average shares outstanding	1,889	1,905	1,968	3,567	3,567	3,567	1,897	3,567
Loss per share (1)	\$ (0.51)	\$ (0.59)	\$ (0.44)	\$ (0.17)	\$ (0.25)	\$ (0.25)	\$ (1.10)	\$ (0.50)
Book value per share (EOP)	\$ 6.84	\$ 6.35	\$ 7.21	\$ 7.02	\$ 6.73	\$ 6.45	\$ 6.35	\$ 6.45
Allowance for loan losses to total loans (EOP)	1.17%	1.33%	1.45%	1.53%	1.36%	1.37%	1.33%	1.37%

(1) Issuance of Shares in Sept. 2005.

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.

See financial statements accompanying this release for additional data.

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**THE CONNECTICUT BANK AND TRUST COMPANY**  
**BALANCE SHEETS**  
**June 30, 2006**  
**(Dollars in Thousands)**

<b>ASSETS</b>			
	June 30, 2006 <u>(Unaudited)</u>	December 31, 2005	June 30, 2005 <u>(Unaudited)</u>
Cash and due from banks	\$ 4,596	\$ 1,406	\$ 2,296
Interest bearing asset	25	-	-
Federal funds sold	<u>50</u>	<u>11,027</u>	<u>13,939</u>
Cash and cash equivalents	4,671	12,433	16,235
Securities available for sale	21,083	23,908	29,502
Federal Reserve Bank stock, at cost	770	766	529
Federal Home Loan Bank stock, at cost	533	125	-
Loans	83,069	57,140	37,919
Less: allowance for loan losses	<u>(1,136)</u>	<u>(876)</u>	<u>(506)</u>
Loans, net	81,933	56,264	37,413
Premises and equipment, net	2,036	2,079	1,796
Accrued interest receivable	497	390	322
Other assets	939	910	335
<b>Total Assets</b>	<u><u>\$ 112,462</u></u>	<u><u>\$ 96,875</u></u>	<u><u>\$ 86,132</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Deposits	\$ 75,877	\$ 70,740	\$ 73,113
Short term borrowings	10,591	442	286
Long term debt	2,450	-	-
Other liabilities	<u>525</u>	<u>648</u>	<u>573</u>
Total liabilities	<u>89,443</u>	<u>71,830</u>	<u>73,972</u>
Stockholders' equity;			
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,567,450 shares issued and outstanding at June 30, 2006 and December 31, 2005, 1,913,250 as of June 30, 2005	3,567	3,567	1,914
Common stock warrants	853	853	853
Additional paid-in capital	29,553	29,536	16,478
Restricted stock unearned compensation	(523)	(618)	(666)
Retained deficit	(9,540)	(7,756)	(6,273)
Accumulated other comprehensive loss	(891)	(537)	(146)
Total stockholders' equity	<u>23,019</u>	<u>25,045</u>	<u>12,160</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$ 112,462</u></u>	<u><u>\$ 96,875</u></u>	<u><u>\$ 86,132</u></u>

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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
	(Unaudited)		(Unaudited)	
<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	<u>965</u>	<u>549</u>	<u>1,903</u>	<u>1,018</u>
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)

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