



**Contact: David A. Lentini**  
**860-748-4250**  
**dlentini@thecht.com**

## **CBT Reports Results for the Third Quarter**

Hartford, CT, October 19, 2006 - The Connecticut Bank and Trust Company, (Nasdaq: CTBC), reported a modest improvement in the net loss for the quarter ended September 30, 2006 of \$844,000 compared to a net loss of \$861,000 for the same period in 2005. For the nine months ended September 30, 2006, the net loss was \$2,628,000 compared to \$2,946,000 for the same period in 2005. Total assets for September 30, 2006 were \$123.3 million representing growth of 24% from the prior year end.

Per share results for the quarter ended September 30, 2006 were a loss of \$0.24 per share compared to a loss of \$0.44 per share for same period in 2005. The loss per share data is not comparable due to the issuance of 1,650,000 shares of common stock in September of 2005.

Chairman and CEO David A. Lentini remarked, "In general, the challenging interest rate environment and the flattening yield curve make this a difficult time for financial institutions. Despite the economic conditions and the costs associated with opening the branches in January (Vernon) and July (Newington), we were able to modestly improve results over the period."

**Results of Operations.** The results for the third quarter of 2006 improved \$17,000 compared to the third quarter of 2005. Interest income improved \$815,000 for the period ending September 30, 2006 to \$1,907,000 compared to \$1,092,000 for the same period in 2005. Interest expense paid on deposits and borrowed funds increased to \$871,000 for the period ending September 30, 2006 from \$467,000 for the comparable period in 2005.

Net interest income rose \$411,000, or 66%, to \$886,000 for the period ending September 30, 2006 compared to \$625,000 for the period ending September 30, 2005. The net interest margin (NIM) was 3.69% for the quarter ended September 30, 2006 compared to 2.97% for the same period in 2005. The NIM has declined from a high of 4.19% in the first quarter of 2006, and is 3.89% through year to date September 30, 2006. Chairman Lentini commented, "The increase in net interest income is a result of our ability to sustain loan growth from year end 2005. However, the pressure from rising interest rates and the rates paid on deposit accounts, mitigates the interest earned on expanded loan volume."

Noninterest expenses increased \$516,000, or 41% from September 30, 2005 to September 30, 2006. Noninterest expenses through September 30, 2006 totaled \$1,763,000 compared to \$1,247,000 for the period ending September 30, 2005. The increase is partially attributable to the costs related to the opening of the two new branches in 2006.

**Balance Sheet Performance.** Total assets were \$123.3 million as of September 30, 2006 compared to \$96.9 million as of December 31, 2005. Loans outstanding increased \$38.0 million, or 66%, to \$95.1 million at September 30, 2006 from the year ended December 31, 2005. Total deposits were \$87.4 million at September 30, 2006, increasing \$16.7 million or 24% from year end. Stockholders' equity at September 30, 2006 was \$22.6 million compared to \$25.0 million at December 31, 2005 primarily reflecting the operating losses during the period and a slight increase in the estimated market value of the Bank's available for sale securities portfolio.

CBT is a full service commercial bank headquartered in Hartford, CT, with branch offices conveniently located in Glastonbury, Newington, Vernon and West Hartford.

**Asset Quality.** The allowance for loan losses at September 30, 2006 was \$1,277,000 compared to \$876,000 at December 31, 2005 and represented 1.34% and 1.53% of total loans outstanding for the respective dates. There were no loans past due 30 days or more at September 30, 2006 and none classified as nonaccrual or nonperforming.

**Recent News.** CBT has formed a strategic business alliance with Savino, Sturrock & Sullivan Financial, LLC., a financial services firm which specializes in asset management. This relationship will allow CBT to provide investment advisory and financial planning to business owners and high net worth individuals.

Selected Performance Data								
Dollar values in thousands except per share	Three months ended						Year ended	
	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	March 31, 2006	June 30, 2006	Sept 30, 2006	Sept 30, 2005	Sept 30, 2006
Total assets (EOP)	\$ 86,132	\$ 99,589	\$ 96,875	\$ 99,016	\$ 112,462	\$ 123,325	\$ 99,589	\$ 123,325
Net operating loss	\$ (1,121)	\$ (861)	\$ (622)	\$ (877)	\$ (908)	\$ (844)	\$ (2,946)	\$ (2,628)
Net interest margin	2.95%	2.97%	3.69%	4.19%	3.86%	3.69%	2.84%	3.89%
Ratio of total stockholders' equity to total assets (EOP)	14.12%	25.84%	25.85%	24.25%	20.47%	18.35%	25.84%	18.35%
Average shares outstanding	1,905	1,968	3,567	3,567	3,567	3,567	1,920	3,567
Loss per share (1)	\$ (0.59)	\$ (0.44)	\$ (0.17)	\$ (0.25)	\$ (0.25)	\$ (0.24)	\$ (1.53)	\$ (0.74)
Book value per share (EOP)	\$ 6.35	\$ 7.21	\$ 7.02	\$ 6.73	\$ 6.45	\$ 6.34	\$ 7.21	\$ 6.34
Allowance for loan losses to total loans (EOP)	1.33%	1.45%	1.53%	1.36%	1.37%	1.34%	1.45%	1.34%

(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.

**THE CONNECTICUT BANK AND TRUST COMPANY**  
**Consolidated Statements of Operations**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands, except share data)</i>				
Interest and dividends				
Loans, including fees	\$ 1,661	\$ 690	\$ 4,195	\$ 1,618
Debt securities	233	290	732	966
Dividends	13	8	42	24
Federal funds sold	-	104	16	214
Total interest and dividend income	<u>1,907</u>	<u>1,092</u>	<u>4,985</u>	<u>2,822</u>
Interest expense:				
Deposits	650	465	1,598	1,176
Borrowed funds	221	2	448	3
Total interest expense	<u>871</u>	<u>467</u>	<u>2,046</u>	<u>1,179</u>
Net interest income	<u>1,036</u>	<u>625</u>	<u>2,939</u>	<u>1,643</u>
Provision for loan losses	150	211	410	478
Net interest income, after provision for loan losses	<u>886</u>	<u>414</u>	<u>2,529</u>	<u>1,165</u>
Non-interest income:				
Service charges and fees	33	17	76	47
Net losses from sales of available-for-sale securities	-	(45)	-	(48)
Total non-interest income/(loss)	<u>33</u>	<u>(28)</u>	<u>76</u>	<u>(1)</u>
Non-interest expenses:				
Salaries and benefits	1,012	694	2,846	1,989
Occupancy and equipment	313	214	876	648
Data processing	39	49	121	122
Marketing	138	118	568	621
Professional services	93	57	346	374
Other general and administrative	168	115	476	356
Total non-interest expenses	<u>1,763</u>	<u>1,247</u>	<u>5,233</u>	<u>4,110</u>
Net loss	<u>\$ (844)</u>	<u>\$ (861)</u>	<u>\$ (2,628)</u>	<u>\$ (2,946)</u>
Net loss per share:				
Basic	\$ (0.24)	\$ (0.44)	\$ (0.74)	\$ (1.53)
Diluted	\$ (0.24)	\$ (0.44)	\$ (0.74)	\$ (1.53)

CBT is a full service commercial bank headquartered in Hartford, CT, with branch offices conveniently located in Glastonbury, Newington, Vernon and West Hartford.

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

<b>ASSETS</b>			
	September 30, 2006 <u>(Unaudited)</u>	December 31, 2005 <u>(Unaudited)</u>	September 30, 2005 <u>(Unaudited)</u>
Cash and due from banks	\$ 3,088	\$ 1,406	\$ 2,608
Interest bearing deposit	76	-	-
Federal funds sold	40	11,027	20,343
Cash and cash equivalents	<u>3,204</u>	<u>12,433</u>	<u>22,951</u>
Securities available for sale	21,035	23,908	24,676
Federal Reserve Bank stock, at cost	770	766	529
Federal Home Loan Bank stock, at cost	739	125	125
Loans	95,109	57,140	49,465
Less: allowance for loan losses	<u>(1,277)</u>	<u>(876)</u>	<u>(717)</u>
Loans, net	93,832	56,264	48,748
Premises and equipment, net	2,261	2,079	1,736
Accrued interest receivable	641	390	418
Other assets	843	910	406
<b>Total Assets</b>	<u><u>\$ 123,325</u></u>	<u><u>\$ 96,875</u></u>	<u><u>\$ 99,589</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Deposits	\$ 87,453	\$ 70,740	\$ 72,822
Short term borrowings	10,071	442	276
Long term debt	2,450	-	-
Other liabilities	727	648	759
Total liabilities	<u>100,701</u>	<u>71,830</u>	<u>73,857</u>
Stockholders' equity;			
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,567,450 shares issued and outstanding at September 30, 2006 and December 31, 2005.	3,567	3,567	3,567
Common stock warrants	853	853	853
Additional paid-in capital	29,554	29,536	29,495
Restricted stock unearned compensation	(475)	(618)	(662)
Retained deficit	(10,384)	(7,756)	(7,134)
Accumulated other comprehensive loss	<u>(491)</u>	<u>(537)</u>	<u>(387)</u>
Total stockholders' equity	22,624	25,045	25,732
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$ 123,325</u></u>	<u><u>\$ 96,875</u></u>	<u><u>\$ 99,589</u></u>

CBT is a full service commercial bank headquartered in Hartford, CT, with branch offices conveniently located in Glastonbury, Newington, Vernon and West Hartford.