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

Hartford, CT, January 26, 2007 - The Connecticut Bank and Trust Company, (Nasdaq: CTBC), reported a net loss for the quarter ended December 31, 2006 of \$610,000 or \$0.17 per share compared to a net loss of \$844,000 or \$0.24 per share in the immediately preceding quarter. The results also reflected modest improvement compared to \$622,000 or \$0.17 per share reported for the quarter ended December 31, 2005. During the quarter, CBT passed the \$100 million mark in loans outstanding. CBT has attained this threshold faster than that of any de novo institution in the history of the State of Connecticut.

For the year ended December 31, 2006, the net loss was \$3,238,000 or \$0.91 per share compared to a net loss of \$3,568,000 or \$1.53 per share for the year ended December 31, 2005. The per-share results reflect the issuance of 1.65 million shares of CBT common stock issued in September 2005. During 2006, total assets increased \$39.5 million to end the year at \$136.4 million.

The results for both the quarter and all of 2006 reflect growth in total assets and the increased costs of operations. During 2006, the Bank continued to invest in its expanding network of banking centers, opening facilities in Vernon and Newington and developing the home-office team to support them. Chairman and CEO David A. Lentini noted, "In 2007, we intend to complete this phase of our development with offices in Windsor and Rocky Hill, subject to all necessary approvals. With the start-up costs of our seven banking centers behind us, we will then be positioned to optimize marketing dollars, technology and the best team of bankers in greater Hartford to attain profitability."

**Results of Operations.** The results for the fourth quarter of 2006 improved \$12,000 compared to the fourth quarter of 2005. Interest income improved \$920,000 for the quarter ending December 31, 2006 to \$2,165,000 compared to \$1,245,000 for the same period in 2005. Interest expense paid on deposits and borrowed funds increased to \$1,007,000 for the period ending December 31, 2006 from \$408,000 for the comparable period in 2005.

Net interest income rose \$321,000, or 38%, to \$1,158,000 for the three month period ending December 31, 2006 compared to \$837,000 for the period ending December 31, 2005. For the quarter ending December 31, 2006 the net interest margin was 3.74%, a modest improvement from 3.69% for the quarter ending December 31, 2005

Chairman Lentini remarked, "As our financial statements illustrate, we have been emphasizing loan growth, and in particular our loan yields. Interest income continues to rise in relation to loans outstanding; however, developing our core deposit base by attracting business customers will alleviate the effects of this narrow interest rate environment."

Non-interest expenses totaled \$1,762,000 for the quarter ended December 31, 2006 compared to \$1,335,000 for the quarter ending December 31, 2005. The increase in non-interest expenses is largely attributable to the opening of the two new branches in 2006.

**Balance Sheet Performance.** Total assets were \$136.4 million as of December 31, 2006 compared to \$96.9 million as of December 31, 2005. Total loans outstanding grew \$49.8 million, or 87%, to \$106.9 million at year end December 31, 2006 compared to \$57.1 million for the year ended December 31, 2005.

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

Total deposits of \$99.7 million at December 31, 2006 represented a \$29.0 million increase from the prior year end of \$70.7 million. Stockholders' equity at December 31, 2006 was \$22.1 million compared to \$25.0 million at December 31, 2005 primarily reflecting the operating losses for the year ended December 31, 2006.

**Asset Quality.** The allowance for loan losses at December 31, 2006 was \$1,384,000 compared to \$876,000 at December 31, 2005 and represented 1.29% and 1.53% of total loans outstanding for the respective dates. There are two loans past due 30 days or more totaling \$151,000 and two loans are classified as nonaccrual totaling \$597,000. At the prior year end, there were no loans past due more than 30 days or more other than one consumer loan on nonaccrual for \$25,000.

Selected Performance Data								
Dollar values in thousands except per share	Three months ended				Year ended			
	Sept. 30, 2005	Dec. 31, 2005	March 31, 2006	June 30, 2006	Sept 30, 2006	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006
Total assets (EOP)	\$ 99,589	\$ 96,875	\$ 99,016	\$112,462	\$123,325	\$ 136,434	\$ 96,875	\$136,434
Net operating loss	\$ (861)	\$ (622)	\$ (877)	\$ (908)	\$ (844)	\$ (610)	\$ (3,568)	\$ (3,238)
Net interest margin	2.97%	3.69%	4.19%	3.86%	3.69%	3.74%	3.08%	3.85%
Ratio of total stockholders' equity to total assets (EOP)	25.84%	25.85%	24.25%	20.47%	18.35%	16.19%	25.85%	16.19%
Average shares outstanding	1,968	3,567	3,567	3,567	3,567	3,547	2,336	3,541
Loss per share (1)	\$ (0.44)	\$ (0.17)	\$ (0.25)	\$ (0.25)	\$ (0.24)	\$ (0.17)	\$ (1.53)	\$ (0.91)
Book value per share (EOP)	\$ 7.21	\$ 7.02	\$ 6.73	\$ 6.45	\$ 6.34	\$ 6.19	\$ 7.02	\$ 6.19
Allowance for loan losses to total loans (EOP)	1.45%	1.53%	1.36%	1.37%	1.34%	1.29%	1.53%	1.29%

(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		Year Ended	
	December 31,		December 31,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands, except share data)</i>				
Interest and dividends:				
Loans, including fees	\$ 1,859	\$ 896	\$ 6,054	\$ 2,514
Debt securities	231	231	963	1,197
Dividends	40	10	82	34
Federal funds sold	35	108	51	322
Total interest and dividend income	<u>2,165</u>	<u>1,245</u>	<u>7,150</u>	<u>4,067</u>
Interest expense:				
Deposits	866	405	2,469	1,581
Borrowed funds	141	3	584	6
Total interest expense	<u>1,007</u>	<u>408</u>	<u>3,053</u>	<u>1,587</u>
Net interest income	<u>1,158</u>	<u>837</u>	<u>4,097</u>	<u>2,480</u>
Provision for loan losses	<u>106</u>	<u>159</u>	<u>516</u>	<u>637</u>
Net interest income, after provision for loan losses	<u>1,052</u>	<u>678</u>	<u>3,581</u>	<u>1,843</u>
Non-interest income:				
Service charges and fees	30	21	98	66
Brokerage fee income	87	-	95	-
Net gains on sales of loans	-	14	-	16
Net losses from sales of available-for-sale securities	<u>(17)</u>	<u>-</u>	<u>(17)</u>	<u>(48)</u>
Total non-interest income	<u>100</u>	<u>35</u>	<u>176</u>	<u>34</u>
Non-interest expenses:				
Salaries and benefits	1,043	793	3,890	2,782
Occupancy and equipment	326	251	1,202	899
Data processing	53	61	174	183
Marketing	81	176	649	797
Professional services	99	21	444	395
Other general and administrative	160	33	636	389
Total non-interest expenses	<u>1,762</u>	<u>1,335</u>	<u>6,995</u>	<u>5,445</u>
Net loss	<u>\$ (610)</u>	<u>\$ (622)</u>	<u>\$ (3,238)</u>	<u>\$ (3,568)</u>
Net loss per share:				
Basic	\$ (0.17)	\$ (0.17)	\$ (0.91)	\$ (1.53)
Diluted	\$ (0.17)	\$ (0.17)	\$ (0.91)	\$ (1.53)

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**THE CONNECTICUT BANK AND TRUST COMPANY**  
**Balance Sheets**  
**December 31, 2006 and 2005**  
**(Dollars in Thousands)**

ASSETS

	2006	2005
Cash and due from banks	\$ 4,589	\$ 1,406
Federal funds sold	475	11,027
Cash and cash equivalents	5,064	12,433
Securities available for sale, at fair value	20,738	23,908
Certificates of deposit	76	-
Federal Reserve Bank stock, at cost	693	766
Federal Home Loan Bank stock, at cost	728	125
Loans	106,910	57,140
Allowance for loan losses	(1,384)	(876)
Loans, net	105,526	56,264
Premises and equipment, net	2,217	2,079
Accrued interest receivable	613	390
Other assets	779	910
	\$136,434	\$96,875

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 99,745	\$70,740
Short-term borrowings	1,453	442
Long-term debt	12,450	-
Other liabilities	701	648
Total liabilities	114,349	71,830

Stockholders' equity;

Common stock, \$1.00 par value; 10,000,000 shares authorized;  
shares issued and outstanding: 3,567,450 at December 31, 2006  
and December 31, 2005

	3,567	3,567
Common stock warrants	853	853
Additional paid-in capital	29,582	29,536
Restricted stock unearned compensation	(426)	(618)
Retained deficit	(10,994)	(7,756)
Accumulated other comprehensive loss	(497)	(537)
Total stockholders' equity	22,085	25,045

	\$136,434	\$96,875
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