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CBT Continues Strong Growth; Shrinks Losses

Hartford, CT, July 23, 2007 - The Connecticut Bank and Trust Company (Nasdaq: CTBC) today announced its financial results for the second quarter of 2007. CBT reported that total assets rose \$33.3 million from December 31, 2006 to \$169.8 million on June 30, 2007. CBT also reported a reduction of \$316,000, or 35%, in the net loss for the second quarter. The net loss for the quarter ending June 30, 2007 was \$592,000 or \$0.17 per share compared to a net loss of \$908,000 or \$0.26 per share for comparable period a year earlier.

The results of operation for the six months ended June 30, 2007 also reflected improvement with a reduction in the loss of \$554,000, or 31%, to a loss of \$1,230,000 or \$0.35 per share compared to a loss of \$1,784,000 or \$0.51 per share for the six months ended June 30, 2006.

Chairman and CEO David A. Lentini commented, "I am pleased that the results continue to show improvement while we expand our geographic reach. We marked the opening of our newest banking center in Windsor, CT with an open house and reception held on May 8. Our entrance into that community has been well received. The Business Development Officers have been increasing the number of customer relationships in that area and our new facility provides a service base to build upon." Lentini went on to add, "We received regulatory approval to open our 7th banking center in Rocky Hill later this year. This will complete the current expansion phase to support our footprint as the fastest growing bank in CT."

Results of Operations. For the quarter ended June 30, 2007, net interest income totaled \$1,324,000 compared to \$965,000 for the quarter ended June 30, 2006. Net interest increased \$359,000 and noninterest income grew \$89,000. Noninterest expense increased \$243,000 while the provision for loan losses decreased \$111,000.

The increase in net interest is due to growth in interest earning assets which contributed \$356,000 to net interest income, with the remaining \$3,000 comprised of rate changes. The net interest margin (NIM) was 3.46% for the quarter ending June 30, 2007 compared to 3.86% for the comparable period a year earlier. The NIM has been negatively impacted by the rapid growth in average earning assets expanding at a quicker rate than net interest income.

CEO Lentini remarked, "The yield curve and the competitive market continue to put pressure on net interest income, and ultimately the net interest margin. We raised funds through a CD promotion, which coincided with our opening of the Windsor banking center. These funds provide liquidity and will continue to support loan growth, but are temporarily held in short term investments."

The net interest spread declined 23 basis points from 2.72% at June 30, 2006 to 2.49% at June 30, 2007. The net interest spread measures the difference between the average rate earned on earning assets and the average rate paid for interest bearing liabilities. The funds raised through the CD promotion are invested in Federal funds, and the yield is comparable to the cost on the certificates of deposit, which lowers the overall net interest spread.

Noninterest income increased \$89,000, or 356%, from \$25,000 for the quarter ended June 30, 2006 to \$114,000 for the quarter ended June 30, 2007. Service charges and fees on deposit accounts increased \$18,000 to \$43,000 for the quarter ended June 30, 2007. Brokerage commission revenue contributed \$70,000 for the quarter ended June 30, 2007. CBT commenced offering retail brokerage services to its customers in the third quarter of 2006.

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Noninterest expenses increased \$243,000 to \$1,963,000 in the quarter ended June 30, 2007 compared to \$1,720,000 for the quarter ended June 30, 2006. Compensation costs rose due to staff additions and occupancy costs rose as a result of branch expansion and the related costs of goods and services. Expenses for marketing, professional services and other management discretionary expenses were flat from the same period a year earlier.

Balance Sheet Performance. Total assets at June 30, 2007, were \$169.8 million, an increase of \$33.3 million from the \$136.4 million reported at December 31, 2006. The loan portfolio totaled \$123.7 million at June 30, 2007 with a \$16.7 million increase in loans from year end. Additionally, there was a \$16.6 million increase in cash and cash equivalents which will be used for funding future loan growth and our daily operating needs. The increase in assets was completely funded through deposits raised in the market. Total deposits increased \$33.3 million to \$133 million at June 30, 2007. Stockholders' equity at June 30, 2007 was \$20.8 million compared to \$22.1 million at December 31, 2006 primarily reflective of the operating losses for the period ending June 30, 2007.

Asset Quality. The allowance for loan losses at June 30, 2007 was \$1,511,000 compared to \$1,384,000 at December 31, 2006. This represented 1.22% and 1.29% of outstanding loans at the respective dates and reflects the risk in the portfolio. There were no charge-offs during the quarter.

At June 30, 2007, three loans totaling \$621,000 were classified as nonperforming loans compared to two loans totaling \$597,000 at December 31, 2006. The coverage ratio which measures the allowance for loan and lease losses to total nonperforming loans was 243% at June 30, 2007 compared to 242% at March 31, 2007.

Dollar values in thousands except per share	Selected Performance Data							
	Three months ended						Year ended	
	March 31, 2006	June 30, 2006	Sept. 30, 2006	Dec. 31, 2006	March 31, 2007	June 30, 2007	June 30, 2006	June 30, 2007
Total assets (EOP)	\$ 99,016	\$ 112,462	\$ 123,325	\$ 136,434	\$ 155,554	\$ 169,816	\$ 112,462	\$ 169,816
Net operating loss	\$ (876)	\$ (908)	\$ (844)	\$ (610)	\$ (638)	\$ (592)	\$ (1,784)	\$ (1,230)
Net interest margin	4.19%	3.86%	3.69%	3.74%	3.70%	3.46%	4.02%	3.57%
Net interest spread	2.90%	2.72%	2.57%	2.59%	2.57%	2.49%	2.82%	2.54%
Ratio of total stockholders' equity to total assets (EOP)	24.25%	20.47%	18.35%	16.19%	13.92%	12.25%	20.47%	12.25%
Weighted avg shrs outstanding	3,517	3,521	3,524	3,531	3,531	3,534	3,518	3,532
Loss per share	\$ (0.25)	\$ (0.26)	\$ (0.24)	\$ (0.17)	\$ (0.18)	\$ (0.17)	\$ (0.51)	\$ (0.35)
Book value per share (EOP)	\$ 6.73	\$ 6.45	\$ 6.34	\$ 6.19	\$ 6.07	\$ 5.83	\$ 6.45	\$ 5.83
Allowance for loan losses to total loans (EOP)	1.36%	1.37%	1.34%	1.29%	1.24%	1.22%	1.37%	1.22%

Caution concerning forward-looking statements:

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. CBT does not undertake to update its 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		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands except share data)</i>				
Interest and dividend income:				
Interest and fees on loans	\$ 2,254	\$ 1,386	\$ 4,285	\$ 2,534
Debt securities	245	239	495	499
Dividends	25	11	45	29
Federal funds sold	137	1	144	16
Total interest and dividend income	<u>2,661</u>	<u>1,637</u>	<u>4,969</u>	<u>3,078</u>
Interest expense:				
Deposits	1,185	530	2,089	948
Borrowed funds	152	142	343	227
Total interest expense	<u>1,337</u>	<u>672</u>	<u>2,432</u>	<u>1,175</u>
Net interest income	<u>1,324</u>	<u>965</u>	<u>2,537</u>	<u>1,903</u>
Provision for loan losses	67	178	127	260
Net interest income, after provision for loan losses	<u>1,257</u>	<u>787</u>	<u>2,410</u>	<u>1,643</u>
Non-interest income:				
Service charges and fees	43	25	83	43
Brokerage commissions	70	-	124	-
Net gain/(loss) from sales of available-for-sale securities	1	-	(42)	-
Total non-interest income	<u>114</u>	<u>25</u>	<u>165</u>	<u>43</u>
Non-interest expenses:				
Salaries and benefits	1,112	928	2,172	1,834
Occupancy and equipment	345	287	681	563
Data processing	50	40	99	82
Marketing	106	158	221	430
Professional services	116	200	221	253
Telecommunications	44	54	91	98
Other general and administrative	190	53	320	210
Total non-interest expenses	<u>1,963</u>	<u>1,720</u>	<u>3,805</u>	<u>3,470</u>
Net loss	<u>\$ (592)</u>	<u>\$ (908)</u>	<u>\$ (1,230)</u>	<u>\$ (1,784)</u>
Net loss per share:				
Basic	\$ (0.17)	\$ (0.26)	\$ (0.35)	\$ (0.51)
Diluted	\$ (0.17)	\$ (0.26)	\$ (0.35)	\$ (0.51)

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THE CONNECTICUT BANK AND TRUST COMPANY
BALANCE SHEETS
(Dollars in Thousands)

ASSETS

	June 30, 2007 (Unaudited)	December 31, 2006	June 30, 2006 (Unaudited)
Cash and due from banks	\$ 5,407	\$ 4,589	\$ 4,596
Interest bearing asset	76	76	25
Federal funds sold	16,274	475	50
Cash and cash equivalents	<u>21,757</u>	<u>5,140</u>	<u>4,671</u>
Securities available for sale	20,125	20,738	21,083
Federal Reserve Bank stock, at cost	675	693	770
Federal Home Loan Bank stock, at cost	914	728	533
Loans	123,665	106,910	83,069
Less: allowance for loan losses	<u>(1,511)</u>	<u>(1,384)</u>	<u>(1,136)</u>
Loans, net	122,154	105,526	81,933
Premises and equipment, net	2,689	2,217	2,036
Accrued interest receivable	765	613	497
Other assets	737	779	939
Total Assets	<u><u>\$ 169,816</u></u>	<u><u>\$ 136,434</u></u>	<u><u>\$ 112,462</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 133,091	\$ 99,745	\$ 75,877
Short term borrowings	1,839	1,453	10,591
Long term debt	12,450	12,450	2,450
Other liabilities	1,628	701	525
Total liabilities	<u>149,008</u>	<u>114,349</u>	<u>89,443</u>
Stockholders' equity;			
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,572,450 shares issued and outstanding at June 30, 2007 and 3,567,450 issued and outstanding at December 31, 2006	3,572	3,567	3,567
Common stock warrants	853	853	853
Additional paid-in capital	29,657	29,582	29,553
Restricted stock unearned compensation	(367)	(426)	(523)
Retained deficit	(12,224)	(10,994)	(9,540)
Accumulated other comprehensive loss	<u>(683)</u>	<u>(497)</u>	<u>(891)</u>
Total stockholders' equity	<u>20,808</u>	<u>22,085</u>	<u>23,019</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 169,816</u></u>	<u><u>\$ 136,434</u></u>	<u><u>\$ 112,462</u></u>

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