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The Connecticut Bank and Trust Company Continues Growth; Assets Top \$180 Million

Hartford, CT, October 18, 2007 - The Connecticut Bank and Trust Company (Nasdaq: CTBC) today announced its financial results for the third quarter of 2007. The net loss for the quarter ending September 30, 2007 was \$530,000 or \$0.15 per share, decreasing \$344,000 or 37%, compared to a net loss of \$844,000 or \$0.24 per share for comparable period a year earlier. The quarterly net loss also improved from the immediately preceding quarter decreasing \$62,000, or 10%. CBT also reported that total assets rose \$45 million from December 31, 2006 to \$181.5 million at September 30, 2007.

The results of operation for the nine months ended September 30, 2007 also reflected improvement with a reduction in the loss of \$868,000, or 33%, to a loss of \$1.8 million or \$0.50 per share compared to a loss of \$2.6 million or \$0.75 per share for the nine months ended September 30, 2006.

Chairman and CEO David A. Lentini remarked, "CBT's financial results have shown improvement throughout 2007. I am confident that our results will continue to improve as our asset base continues to expand." Lentini added, "Our financial results to date reflect the considerable planned expenditures of our just completed branch expansion plan. This month we opened our 7th banking center, located in Rocky Hill. Our locations provide us with a geographic footprint from which we can meet the financial services needs of both business owners and consumers."

Results of Operations. For the three month period ended September 30, 2007, net interest income increased \$442,000 to \$1.5 million compared to \$1.0 million for the quarter ended September 30, 2006. Noninterest income increased \$76,000 to \$109,000, and noninterest expense increased \$243,000 to \$2,006,000 for the same period a year earlier. The provisions for loan losses were \$111,000, decreasing \$39,000 from a year earlier.

The net interest margin (NIM) was 3.58% for the three month period ending September 30, 2007 compared to 3.69% for the comparable period a year earlier. The overall yield on assets improved 25 basis points to 7.03% while the costs associated with interest bearing liabilities rose 28 basis points to 4.49%, resulting in an overall decline in the net interest spread of 3 basis points.

CEO Lentini commented, "There are significant competitive pressures for both the origination of commercial loans and the gathering of deposits to support our growth. Net interest income, one of our key financial metrics, has tightened over the past year as a result. We remain focused on gathering low cost core deposits to ensure a net interest spread that will lead to profitability."

Noninterest income totaled \$109,000 for the quarter ended September 30, 2007 compared to \$33,000 for the quarter ended September 30, 2006. Service charges and fees on deposit accounts increased \$19,000 to \$44,000 and retail brokerage commission revenue increased \$57,000 to \$65,000 for the quarter ended September 30, 2007 compared to the comparable period a year earlier. CBT commenced offering retail brokerage services to its customers in the third quarter of 2006.

Noninterest expenses increased \$243,000, or 14%, to \$2.0 million in the quarter ended September 30, 2007 compared to \$1.8 million for the comparable period a year earlier. The further development of the branch network are principally responsible for increased compensation costs of \$92,000 to \$1.1 million and increased occupancy costs of \$73,000 to \$386,000 for the quarter ending September 30, 2007. Professional services increased \$45,000

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resulting from consulting services, and other expenses increased \$34,000 primarily as a result of FDIC insurance premiums compared to the same period a year earlier.

Balance Sheet Performance. Total assets at September 30, 2007, were \$181.5 million, an increase of \$45.1 million from the \$136.4 million reported at December 31, 2006. The loan portfolio totaled \$132.2 million at September 30, 2007 with a \$25.3 million increase in loans from year end 2006. Cash and cash equivalents increased \$18.9 million from year end 2006 and provide liquidity and a source for funding future loan growth. Deposits totaled \$140.6 million, increasing \$40.8 million from year end 2006. Management also added \$5 million in long term debt. Stockholders' equity at September 30, 2007 was \$20.1 million compared to \$22.1 million at December 31, 2006 and primarily reflects the operating losses for the period ending September 30, 2007.

Asset Quality. The allowance for loan losses at September 30, 2007 was \$1.6 million compared to \$1.4 million at December 31, 2006. This represents 1.23% 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 September 30, 2007, three loans totaling \$621,000 were classified as nonperforming loans, unchanged from the prior quarter, and 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 261% at September 30, 2007 compared to 243% at June 30, 2007.

Selected Performance Data								
Dollar values in thousands except per share	Three months ended						Nine months ended	
	June 30, 2006	Sept. 30, 2006	Dec. 31, 2006	March 31, 2007	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007
Total assets (EOP)	\$112,462	\$123,325	\$136,434	\$155,554	\$169,816	\$ 181,457	\$ 123,325	\$181,457
Net operating loss	\$ (908)	\$ (844)	\$ (610)	\$ (638)	\$ (592)	\$ (530)	\$ (2,628)	\$ (1,760)
Net interest margin	3.86%	3.69%	3.74%	3.70%	3.46%	3.58%	3.89%	3.57%
Net interest spread	2.72%	2.57%	2.59%	2.57%	2.49%	2.54%	2.69%	2.54%
Ratio of total stockholders' equity to total assets (EOP)	20.47%	18.35%	16.19%	13.92%	12.25%	11.35%	18.35%	11.35%
Weighted avg shrs outstanding	3,521	3,524	3,531	3,531	3,534	3,537	3,520	3,533
Loss per share	\$ (0.26)	\$ (0.24)	\$ (0.17)	\$ (0.18)	\$ (0.17)	\$ (0.15)	\$ (0.75)	\$ (0.50)
Book value per share (EOP)	\$ 6.45	\$ 6.34	\$ 6.19	\$ 6.07	\$ 5.83	\$ 5.77	\$ 6.34	\$ 5.77
Allowance for loan losses to total loans (EOP)	1.37%	1.34%	1.29%	1.24%	1.22%	1.23%	1.34%	1.23%

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		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands except per share data)</i>				
Interest and dividend income:				
Loans, including fees	\$ 2,423	\$ 1,661	\$ 6,708	\$ 4,195
Debt securities	254	233	749	732
Federal funds sold	196	-	340	16
Other	26	13	71	42
Total interest and dividend income	<u>2,899</u>	<u>1,907</u>	<u>7,868</u>	<u>4,985</u>
Interest expense:				
Deposits	1,236	650	3,325	1,598
Borrowed funds	185	221	528	448
Total interest expense	<u>1,421</u>	<u>871</u>	<u>3,853</u>	<u>2,046</u>
Net interest income	1,478	1,036	4,015	2,939
Provision for loan losses	111	150	238	410
Net interest income, after provision for loan losses	<u>1,367</u>	<u>886</u>	<u>3,777</u>	<u>2,529</u>
Non-interest income:				
Service charges and fees	44	25	127	68
Brokerage commissions	65	8	189	8
Net gain/(loss) from sales of available-for-sale securities	-	-	(42)	-
Total non-interest income	<u>109</u>	<u>33</u>	<u>274</u>	<u>76</u>
Non-interest expenses:				
Salaries and benefits	1,104	1,012	3,276	2,846
Occupancy and equipment	386	313	1,067	876
Data processing	58	39	157	121
Marketing	118	138	339	568
Professional services	138	93	359	346
Other general and administrative	202	168	613	476
Total non-interest expenses	<u>2,006</u>	<u>1,763</u>	<u>5,811</u>	<u>5,233</u>
Net loss	<u>\$ (530)</u>	<u>\$ (844)</u>	<u>\$ (1,760)</u>	<u>\$ (2,628)</u>
Net loss per share:				
Basic	\$ (0.15)	\$ (0.24)	\$ (0.50)	\$ (0.75)
Diluted	\$ (0.15)	\$ (0.24)	\$ (0.50)	\$ (0.75)

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

ASSETS

	September 30, 2007 (Unaudited)	December 31, 2006	September 30, 2006 (Unaudited)
Cash and due from banks	\$ 6,383	\$ 4,589	\$ 3,088
Federal funds sold	17,609	475	40
Cash and cash equivalents	<u>23,992</u>	<u>5,064</u>	<u>3,128</u>
Securities available for sale	21,089	20,738	21,035
Interest bearing asset	76	76	76
Federal Reserve Bank stock, at cost	635	693	770
Federal Home Loan Bank stock, at cost	914	728	739
Loans	132,172	106,910	95,109
Less: allowance for loan losses	<u>(1,622)</u>	<u>(1,384)</u>	<u>(1,277)</u>
Loans, net	130,550	105,526	93,832
Premises and equipment, net	2,652	2,217	2,261
Accrued interest receivable	820	613	641
Other assets	729	779	843
Total Assets	<u><u>\$ 181,457</u></u>	<u><u>\$ 136,434</u></u>	<u><u>\$ 123,325</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 140,607	\$ 99,745	\$ 87,453
Short term borrowings	2,028	1,453	10,071
Long term debt	17,450	12,450	2,450
Other liabilities	777	701	727
Total liabilities	<u>160,862</u>	<u>114,349</u>	<u>100,701</u>
Stockholders' equity;			
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,572,450 shares issued and outstanding at September 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	29,678	29,582	29,554
Restricted stock unearned compensation	(318)	(426)	(475)
Retained deficit	(12,754)	(10,994)	(10,384)
Accumulated other comprehensive loss	<u>(436)</u>	<u>(497)</u>	<u>(491)</u>
Total stockholders' equity	<u>20,595</u>	<u>22,085</u>	<u>22,624</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 181,457</u></u>	<u><u>\$ 136,434</u></u>	<u><u>\$ 123,325</u></u>

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