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CBT Ends 2004 with Strong Growth in Assets

(Hartford, CT, January 20, 2005) The Connecticut Bank and Trust Company (OTC BB: CTBC)

At December 31, 2004, total assets of The Connecticut Bank and Trust Company ("CBT") were \$78.3 million, an increase of \$15.3 million or 24% from total assets at September 30, 2004. Total deposits at quarter end amounted to \$63.5 million up from \$45.9 million at the start of the quarter. Total Shareholders' Equity at December 31, 2004 was \$ 14.1 million. The ratio of equity to assets at year-end was 18%.

Chairman and CEO David A. Lentini remarked that he was pleased with the strong growth in assets since the Bank opened in March 2004. He noted that it reinforced the Board's belief that local businesses and consumers would be attracted to a locally owned and managed Bank that was capable of meeting their financial services needs while providing superior service.

During the quarter CBT's growing staff of knowledgeable lenders closed on approximately \$12 million in new loans bringing total loans outstanding to \$21.2 million at December 31, 2004.

In the quarter ended December 31, 2004, CBT reported a net loss of \$989,000, or \$0.52 per share on both a basic and fully-diluted basis, compared to \$844,000 or \$0.46 per share for the quarter ended September 30, 2004. Net interest income amounted to \$290,000, compared to \$181,000 in the quarter ended September 30, 2004, an increase of \$109,000 or 60%. Noninterest income also showed a marked gain, rising \$19,000 to \$21,000 in the fourth quarter.

Increased spending for staff, equipment, facilities, and marketing resulted in operating expenses of \$1,168,000 in the fourth quarter, compared to \$978,000 in the previous quarter. Chairman Lentini noted that the Bank's infrastructure has been built to support strong growth. He went on to say that our aggressive investment in quality people, topline technologies, and market communications has already begun to benefit the Bank with rapidly growing loans and deposits and growth in both net interest and other income.

Since opening its doors on March 12, 2004, CBT has had net interest income of \$607,000 and noninterest income of \$25,000. Provisions for loan losses amounted to \$239,000, slightly more than 1.1% of outstanding loans at year-end, while operating expenses totaled \$3,628,000. The net loss for this period is \$3,235,000 or \$1.74 per share. During the period prior to opening, CBT incurred net expenses of \$963,000 for staff and the preparations for opening.

See financial statements accompanying this release for additional data.

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.

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THE CONNECTICUT BANK AND TRUST COMPANY

Balance Sheet Statements

Unaudited

December 31, 2004

(amounts in thousands except per share data)	December 31, 2004	September 30, 2004	March 31, 2004
Assets:			
Cash & Cash Equivalents			
Cash	\$ 521	\$ 520	\$ 406
Due from Banks	965	2,240	2,653
Funds held in Escrow			
Federal Funds	14,731	29,637	6,300
Total	<u>16,217</u>	<u>32,397</u>	<u>9,359</u>
Investment Securities			
Federal Reserve Stock	529	529	529
US Gov & Agency Securities	37,927	17,692	8,992
Total	<u>38,456</u>	<u>18,221</u>	<u>9,521</u>
Loans Outstanding	21,242	9,909	50
Less: Allowance for Losses	<u>239</u>	<u>107</u>	<u>50</u>
Net Loans	21,003	9,802	50
Other Assets			
Interest Receivable	328	218	70
Furniture & Equipment	898	617	152
Leasehold Improvements	846	977	898
Other Assets	<u>560</u>	<u>776</u>	<u>202</u>
Total Assets	<u>\$ 78,308</u>	<u>\$ 63,008</u>	<u>\$ 20,252</u>
Liabilities & Shareholders' Equity:			
Deposits			
Transaction Accounts	\$ 15,625	\$ 6,757	\$ 2,376
Savings	2,849	1,973	163
Time Deposits	44,981	37,161	294
Total	<u>63,455</u>	<u>45,891</u>	<u>2,833</u>
Other Liabilities			
Borrowed Funds	302	1,636	
Other Liabilities	208	131	360
Accrued Expenses	<u>235</u>	<u>137</u>	<u>7</u>
Total Liabilities	64,200	47,795	3,200
Shareholders' Equity			
Common Stock, par value \$1.00; authorized 2,500,000 shares; issued and outstanding December 31, 2004, 1,888,500 shares and March 31, 2004, 1,850,000	1,889	1,885	1,850
Surplus	17,037	17,001	16,542
Accumulated Deficit	(4,198)	(3,209)	(1,437)
Comprehensive Income	(215)	(20)	97
Unearned Compensation	<u>(405)</u>	<u>(444)</u>	<u>97</u>
Total Shareholders' Equity	<u>14,108</u>	<u>15,213</u>	<u>17,052</u>
Total Liabilities & Shareholders' Equity	<u>\$ 78,308</u>	<u>\$ 63,008</u>	<u>\$ 20,252</u>

Statement of Operations

Unaudited

December 31, 2004

(amounts in thousands except per share data)	Three Months Ended:		From March 12, 2004, Commencement of Operations Through
	December 31	September 30	December 31, 2004
Interest Income			
Interest & Dividends on Securities	\$ 316	\$ 86	\$ 484
Interest on Federal Funds Sold	97	33	165
Interest & Fees on Loans	192	119	342
Total Interest and Dividend Income	605	238	991
Interest Expense			
Interest on Deposits	311	50	373
Interest on Securities Sold with Agreements to Repurchase	4	7	11
Total Interest Expense	315	57	384
Net Interest and Dividend Income	290	181	607
Provision For Loan Losses	132	49	239
Net Interest and Dividend Income after Provision for Loan Losses	158	132	368
Noninterest Income			
Fees on Deposits	21	2	26
Loss on Sales of Securities	-	-	(2)
Other Noninterest Income	-	-	1
Total Noninterest Income	21	2	25
Operating Expense			
Salaries and Benefits	523	418	1,491
Occupancy and Equipment	230	136	546
Purchased Services	103	147	398
Marketing	124	101	371
Insurance	14	8	42
Printing & Supplies	22	21	72
Funding of Charitable Trust and Other Contributions	4	5	376
Telephone	50	38	111
Other Expenses	98	104	221
Total Operating Expense	1,168	978	3,628
Net Loss	\$ (989)	\$ (844)	\$ (3,235)
Net Loss per Share, Basic	\$ (0.52)	\$ (0.46)	\$ (1.74)
Average Shares Outstanding, Basic	1,889	1,850	1,863
Net Loss per Share, Diluted	\$ (0.52)	\$ (0.46)	\$ (1.74)
Average Shares Outstanding, Diluted	2,059	2,031	2,040