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CBT Announces Results for the Third Quarter of 2005

Hartford, CT, October 20, 2005 -The Connecticut Bank and Trust Company, (OTC: CTBC), reported strong loan growth during the quarter ended September 30, 2005. Total loans increased \$11.6 million or 30.5% to \$49.5 million. The net loss from operations for the quarter ended September 30, 2005 was \$861,000 or \$0.44 per share compared to net losses of \$1,121,000 or \$0.59 per share for the quarter ended June 30, 2005 and \$843,000 or \$0.46 per share in the quarter ended September 30, 2004. For the nine months ended September 30, 2005 the net loss from operations amounted to \$2,946,000 or \$1.53 per share compared to \$2,447,000 or \$1.78 per share for the same period in 2004.

During the quarter ended September 30, 2005, CBT raised \$14.6 million in additional equity. These funds will be used to support CBT's expansion in the North-Central Connecticut market through the establishment of additional branches, to strengthen CBT's capital level in anticipation of continued growth and for general working capital purposes.

In September, CBT received regulatory approval for branch offices in Vernon and Windsor, CT. Development of these locations is well underway. The Bank expects to open Vernon in November and Windsor in the first quarter of 2006.

Chairman and CEO David A. Lentini remarked "The continued strong growth in loans combined with the reduction in our operating loss over the preceding quarter brought CBT nearer to our goal of growing the franchise while also becoming profitable."

Balance sheet performance At September 30, 2005, total assets were \$99.6 million compared to \$78.3 million at December 31, 2004. During the nine months ended September 30, 2005, loans outstanding increased \$28.2 million, or 132.9%, to \$49.5 million. Total deposits were \$72.8 million at September 30, 2005, an increase of \$9.3 million or 14.8% from \$63.5 million at December 31, 2004. Stockholders' Equity at September 30, 2005 was \$25.7 million compared to \$14.1 million at December 31, 2004 reflecting the completion of the secondary offering of common stock in which CBT sold 1,650,000 shares worth \$14.6 million and the year to date results of operation.

Asset quality The allowance for loan losses at September 30, 2005 was \$717,000 compared to \$239,000 at December 31, 2004 and represented 1.45% and 1.13% of loans outstanding for the respective dates. There were no loans past due 30 days or more at September 30, 2005 and no loans have been classified as nonaccruing or nonperforming.

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

Net interest income During the quarter ended September 30, 2005, net interest income amounted to \$625,000 compared to \$181,000 in 2004. This increase reflected both the continued growth in loans outstanding and the rising prime interest rate. The net interest margin for the quarter was 2.97% compared to 2.53% in the quarter ended September 30, 2004.

For the nine months ended September 30, 2005, net interest income amounted to \$1,643,000 compared to \$373,000 for the nine months ended September 30, 2004. This marked increase reflects the fact that CBT began operation in March 2004. The net interest margin thus far in 2005 is 2.84% compared to 2.32% for the same period in 2004.

Noninterest expenses Total expenses increased \$269,000 or 27.5% in the quarter ended September 30, 2005, from \$978,000 in the quarter ended September 30, 2004. The largest change occurred in salaries and benefits which increased \$276,000 and resulted from staff additions and higher employee benefits expense. Occupancy expense increased \$77,000 reflecting escalated branch maintenance and depreciation charges. Professional services expense decreased \$88,000 largely as a result of reduced management consulting and legal services fees. All other expenses as a group increased \$4,000 during the quarter.

For the nine months ended September 30, 2005, total expenses increased \$1,393,000 compared to the same period in 2004. This increase included the effect of a full period of operation in 2005. Expense increases included salaries & benefits \$875,000, marketing, \$374,000, occupancy & equipment \$256,000, and professional services \$135,000. The \$360,000 contribution to the CBT Charitable Trust in 2004 did not recur and all other expenses as a group increased \$113,000.

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.

THE CONNECTICUT BANK AND TRUST COMPANY
Selected Performance Measures

SELECTED PERFORMANCE MEASURES				
For or as of the:	Quarter ended Sep. 30,		Nine months ended Sep 30,	
	2005	2004	2005	2004
Net interest margin	2.97%	2.53%	2.84%	2.32%
Ratio of total stockholders' equity to total assets	25.8%	24.1%	25.8%	24.1%
Average shares outstanding (in thousands)	1,968	1,850	1,920	1,375
Loss per share (diluted)	\$ (0.44)	\$ (0.46)	\$ (1.53)	\$ (1.78)
Book value	\$ 7.21	\$ 8.07	\$ 7.21	\$ 8.07
Allowance for loan losses/total loans	1.45%	1.08%	1.45%	1.08%

THE CONNECTICUT BANK AND TRUST COMPANY
Consolidated Balance Sheets

ASSETS

	September 30, 2005	December 31, 2004
<i>(Dollars in thousands)</i>	(Unaudited)	
Cash and due from banks	\$ 2,608	\$ 1,482
Federal funds sold	20,343	14,731
Cash and cash equivalents	<u>22,951</u>	<u>16,213</u>
Securities available for sale	24,676	37,927
Federal Reserve Bank stock, at cost	529	529
Federal Home Loan Bank stock, at cost	125	-
Loans	49,465	21,239
Less: allowance for loan losses	<u>(717)</u>	<u>(239)</u>
Loans, net	48,748	21,000
Premises and equipment, net	1,736	1,928
Accrued interest receivable	418	322
Other assets	406	369
Total Assets	<u><u>\$ 99,589</u></u>	<u><u>\$ 78,288</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 72,822	\$ 63,451
Repurchase agreements	276	302
Other liabilities	759	425
Total liabilities	<u>73,857</u>	<u>64,178</u>
Stockholders' eEquity;		
Common stock, \$1.00 par value; 10,000,000 shares authorized; shares issued and outstanding: 3,566,650 at September 30, 2005 and 1,888,250 at December 31, 2004	3,567	1,889
Common stock warrants	853	853
Additional paid-in capital	29,495	16,178
Restricted stock unearned compensation	(662)	(407)
Retained deficit	(7,134)	(4,188)
Accumulated other comprehensive loss	(387)	(215)
Total stockholders' equity	<u>25,732</u>	<u>14,110</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 99,589</u></u>	<u><u>\$ 78,288</u></u>

THE CONNECTICUT BANK AND TRUST COMPANY
Consolidated Statements of Operations

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands except share data)</i>				
Interest and dividend income:				
Interest and fees on loans	\$ 690	\$ 119	\$ 1,618	\$ 150
Debt securities	290	85	966	212
Dividends	8	-	24	-
Federal funds sold	104	33	214	80
Total interest and dividend income	<u>1,092</u>	<u>237</u>	<u>2,822</u>	<u>442</u>
Interest expense:				
Deposits	465	54	1,176	66
Borrowed funds	2	2	3	3
Total interest expense	<u>467</u>	<u>56</u>	<u>1,179</u>	<u>69</u>
Net interest income	625	181	1,643	373
Provision for loan losses	211	49	478	107
Net interest income, after provision for loan losses	<u>414</u>	<u>132</u>	<u>1,165</u>	<u>266</u>
Non-interest income:				
Service charges and fees	15	3	45	6
Net losses from sales of available-for-sale securities	(45)	-	(48)	(2)
Net gains on sales of loans	2	-	2	-
Total non-interest income	<u>(28)</u>	<u>3</u>	<u>(1)</u>	<u>4</u>
Non-interest expenses:				
Salaries and benefits	694	418	1,989	1,114
Occupancy and equipment	214	137	648	392
Data processing	49	2	122	66
Marketing	118	101	621	247
Professional services	57	145	374	239
Contribution to fund CBT Charitable Foundation	-	-	-	360
Other general and administrative	115	175	356	299
Total non-interest expenses	<u>1,247</u>	<u>978</u>	<u>4,110</u>	<u>2,717</u>
Net loss	<u>\$ (861)</u>	<u>\$ (843)</u>	<u>\$ (2,946)</u>	<u>\$ (2,447)</u>
Net loss per share:				
Basic	\$ (0.44)	\$ (0.46)	\$ (1.53)	\$ (1.78)
Diluted	\$ (0.44)	\$ (0.46)	\$ (1.53)	\$ (1.78)