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CBT Announces Results for the Second Quarter of 2005

Hartford, CT, August 8, 2005 -The Connecticut Bank and Trust Company, (OTC: CTBC), reported strong deposit growth during the quarter ended June 30, 2005. Total deposits increased \$9.6 million or 15.2% to \$73.1 million. In a related note, Chairman & CEO David A. Lentini stated "I am pleased with the community response to CBT that this growth demonstrates."

The net loss from operations for the quarter ended June 30, 2005 was \$1,121,000 or \$0.59 per share compared to a net loss of \$934,000 or \$0.50 per share in the quarter ended June 30, 2004.

For the six months ended June 30, 2005 the net loss from operations amounted to \$2,085,000 or \$1.10 per share compared to \$1,604,000 or \$1.32 per share for the same period in 2004.

Balance sheet performance

At June 30, 2005, total assets were \$86.1 million compared to \$78.3 million at December 31, 2004. During the six months ended June 30, 2005, loans outstanding increased \$16.7 million, or 79%, to \$37.9 million. Total deposits were \$73.1 million at June 30, 2005, an increase of \$9.6 million or 15.2% from \$63.5 million at December 31, 2004. Stockholders' equity at June 30, 2005 was \$12.2 million, compared to \$14.1 million at December 31, 2004.

Asset quality

The allowance for loan losses at June 30, 2005 was \$506,000 compared to \$239,000 at December 31, 2004 and represented 1.3% and 1.1% of loans outstanding for the respective dates. There were no loans past due 30 days or more at June 30, 2005 and no loans have been classified as nonaccruing or nonperforming.

Revenues and expenses

In the quarter ended June 30, 2005, total revenues, consisting of net interest income and noninterest income, amounted to \$565,000, an increase of \$439,000 compared to \$126,000 in 2004. Noninterest expenses were \$1,539,000 compared to \$1,002,000, an increase of \$537,000 or 54%, compared to the same quarter in 2004. Provisions for loan losses during the quarter were \$147,000 compared to \$58,000 in the quarter ended June 30, 2004.

For the first half of 2005, total revenues were \$1,045,000, an increase of \$852,000 or 441% from \$193,000 reported in the first half of 2004. Noninterest expenses were \$2,863,000 in the six months ended June 30, 2005, compared to \$1,739,000 in the same period in 2004.

Net interest income

During the quarter ended June 30, 2005, net interest income amounted to \$549,000 compared to \$125,000 in 2004. This increase reflected both the rapid growth in loans outstanding and the rising prime interest rate. The net interest margin for the quarter was 2.95% compared to 2.46% in the quarter ended June 30, 2004.

For the six months ended June 30, 2005, net interest income amounted to \$1,018,000, compared to \$192,000 for the six months ended June 30, 2004. This marked increase reflects the fact that CBT began operation in March 2004. The net interest margin thus far in 2005 is 2.77% compared to 2.16% for the same period in 2004.

Noninterest expenses

Total expenses increased \$537,000 or 54% in the quarter ended June 30, 2005 compared to the quarter ended June 30, 2004. The largest change occurred in salaries and benefits which increased \$161,000 and resulted from staff additions and higher employee benefits expenses. Marketing expense increased \$137,000, reflecting production costs and media usage for ongoing marketing programs. Professional services expense increased \$134,000 on increased use of audit and legal services increased. All other expenses as a group increased \$105,000 during the quarter.

For the six months ended June 30, 2005, total expenses increased \$1,124,000 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 (\$599,000), marketing, (\$357,000) occupancy & equipment (\$155,000), and professional services (\$211,000.) The \$360,000 contribution to the CBT Charitable Trust in 2004 did not recur and all other expenses as a group increased \$162,000.

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

For or as of:	Quarter ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Net interest margin	2.95%	2.46%	2.77%	2.16%
Equity/Assets	14.1%	64.3%	14.1%	64.3%
Book value (dollars per share)	\$ 6.36	\$ 8.64	\$ 6.36	\$ 8.64
Allowance for loan losses/total loans	1.3%	0.98%	1.3%	0.98%

THE CONNECTICUT BANK AND TRUST COMPANY

BALANCE SHEETS

<i>(amounts in thousands)</i>	June 30, 2005 (Unaudited)	March 31, 2005 (Unaudited)	June 30, 2004 (Unaudited)
ASSETS			
Cash and due from banks	\$ 2,296	\$ 1,310	\$ 565
Federal funds sold	13,939	8,306	6,914
Cash & cash equivalents	<u>16,235</u>	<u>9,616</u>	<u>7,479</u>
Securities available for sale	29,502	34,167	8,600
Federal Reserve Bank stock, at cost	529	529	529
Loans	37,919	30,713	5,927
Allowance for loan losses	(506)	(359)	(58)
Loans, net	<u>37,413</u>	<u>30,354</u>	<u>5,869</u>
Premises and equipment, net	1,796	1,857	1,938
Accrued interest receivable	322	422	109
Other assets	335	412	333
Total assets	<u>\$ 86,132</u>	<u>\$ 77,357</u>	<u>\$ 24,857</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits			
Demand deposits	\$ 10,684	\$ 10,722	\$ 5,175
NOW accounts	5,277	3,437	-
Savings	8,101	2,959	1,266
Time deposits	49,051	46,549	2,332
Total deposits	<u>73,113</u>	<u>63,667</u>	<u>8,773</u>
Repurchase agreements	286	266	50
Other liabilities	573	508	43
Total liabilities	<u>73,972</u>	<u>64,441</u>	<u>8,866</u>
Stockholders' equity			
Common Stock, \$1.00 par; 10,000,000 shares authorized and 1,913,250 shares issued and outstanding at June 30, 2005, 1,888,550 shares at March 31, 2005 and 1,850,000 at March 31, 2004	1,914	1,889	1,850
Common stock warrants	853	853	903
Additional paid-in capital	16,478	16,178	15,640
Restricted stock unearned compensation	(666)	(378)	-
Retained deficit	(6,273)	(5,152)	(2,365)
Accumulated other comprehensive loss	(146)	(474)	(36)
Total stockholders' equity	<u>12,160</u>	<u>12,916</u>	<u>15,991</u>
Total liabilities and stockholders' equity	<u>\$ 86,132</u>	<u>\$ 77,357</u>	<u>\$ 24,857</u>

THE CONNECTICUT BANK AND TRUST COMPANY
Consolidated Statements of Operations

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
<i>(Dollars in thousands except share data)</i>				
Interest and dividend income:				
Interest and fees on loans	\$ 539	\$ 31	\$ 928	\$ 31
Debt securities	317	74	676	127
Dividends	8	-	16	-
Federal funds sold	63	33	110	47
Total interest and dividend income	<u>927</u>	<u>138</u>	<u>1,730</u>	<u>205</u>
Interest expense:				
Deposits	377	8	710	8
Borrowed funds	1	5	2	5
Total interest expense	<u>378</u>	<u>13</u>	<u>712</u>	<u>13</u>
Net interest income	549	125	1,018	192
Provision for loan losses	147	58	267	58
Net interest income, after provision for loan losses	<u>402</u>	<u>67</u>	<u>751</u>	<u>134</u>
Non-interest income:				
Service charges and fees	19	3	30	3
Net losses from sales of available-for-sale securities	(3)	(2)	(3)	(2)
Total non-interest income	<u>16</u>	<u>1</u>	<u>27</u>	<u>1</u>
Non-interest expenses:				
Salaries and benefits	657	496	1,295	696
Occupancy and equipment	216	182	410	255
Data processing	37	64	73	64
Marketing	283	146	503	146
Professional services	191	57	305	94
Contribution to fund CBT Charitable Foundation	-	-	-	360
Other general and administrative	155	57	277	124
Total non-interest expenses	<u>1,539</u>	<u>1,002</u>	<u>2,863</u>	<u>1,739</u>
Net loss	<u>\$ (1,121)</u>	<u>\$ (934)</u>	<u>\$ (2,085)</u>	<u>\$ (1,604)</u>
Net loss per share:				
Basic	\$ (0.59)	\$ (0.50)	\$ (1.10)	\$ (1.32)
Diluted	\$ (0.59)	\$ (0.50)	\$ (1.10)	\$ (1.32)