



THE CONNECTICUT BANK AND TRUST COMPANY

CBT DIRECTORS

August 15, 2005

David A. Lentini
Chairman, President
& CEO

Geno Auriemma

Frank A. Falvo

P. Anthony Giorgio

John A. Green

Anson C. Hall

Solomon Kerensky

Karl J. Krapek

Joan L. Rusconi

Philip J. Schulz

Peter D. Shapiro

J. Brian Smith

John M. Watkins, Jr.

Dear CBT Stockholder;

From my office in downtown Hartford, I see signs of growth in every direction. The new Convention Center, high rise housing, and new retail ventures mirror our experience since we opened 16 months ago. With assets of \$86 million, CBT has become Connecticut's fastest growing De Novo bank. Our plan for growth continues with recently filed applications for branches in Vernon and Windsor CT. I think we have assembled the best group of lenders in the area. The lenders and I are supported by able administrators and a competent staff.

We have invested significant time and resources to ensure that our products will meet the needs of our customers as technologies continually change. Training our staff involves more than product knowledge and task learning. We stress the importance of listening to what a customer says to ensure that the answer fits the question. The security of customer information is everyone's responsibility at CBT.

Results of Operations. 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. 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%. The additional funds were principally used to expand the lending team, increase the commitment to marketing our products, and professional services and other costs related to registration and reporting requirements. Provisions for loan losses during the quarter were \$147,000 compared to \$58,000 in the quarter ended June 30, 2004.

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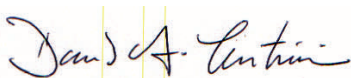
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Balance Sheet Performance. During the quarter ended June 30, 2005, deposits increased \$9.4 million or 15%. A substantial portion of these funds was used to increase loans outstanding \$7.1 million and bring total loans to nearly \$38 million. The remaining funds, \$2.2 million and additional funds from sales and repayments of investment securities were used to increase federal funds sold by \$5.6 million to \$13.9 million. Federal funds sold are the most liquid of the banks reserves and as such are immediately available to make loans and respond to depositors needs.

Looking Ahead. We have filed applications to open branches in Vernon and Windsor, CT and hope to have approvals shortly. Our expectation is to open Vernon in the 4th quarter and Windsor early in 2006. We are also busy preparing the stock offering I spoke of at the annual stockholders' meeting. An offering circular should be available in early September for examination by stockholders and others.

Next time you are in Hartford or near on of our branches stop in. The staff will be happy to show you how banking with CBT can be a breeze. All of us at CBT, the directors, the officers and staff want to thank you for your continued support.

Sincerely,



David A. Lentini

SELECTED PERFORMANCE MEASURES				
<i>For or as of the:</i>	Quarter ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Net interest margin	2.95%	2.46%	2.77%	2.16%
Ratio of total stockholders' equity to total assets	14.1%	64.3%	14.1%	64.3%
Average shares outstanding (in thousands)	1,905	1,850	1,897	1,211
Loss per share (diluted)	\$ (0.59)	\$ (0.50)	\$ (1.10)	\$ (1.32)
Book value per share	\$ 6.35	\$ 8.64	\$ 6.35	\$ 8.64
Allowance for loan losses/total loans	1.33%	0.98%	1.33%	0.98%

THE CONNECTICUT BANK AND TRUST COMPANY
Statements of Operations

<i>(dollars in thousands except share data)</i>	Three months ended		Six Months ended	
	June 2005	June 2004	June 2005	June 2004
Interest and dividend income:				
Loans, including fees	\$ 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	927	138	1,730	205
Interest expense:				
Deposits	377	8	710	8
Repurchase agreements	1	5	2	5
Total interest expense	378	13	712	13
Net interest income:	549	125	1,018	192
Provisions for loan losses	147	58	267	58
Net interest income, after provision for loan losses	402	67	751	134
Noninterest income:				
Service charges and fees	19	3	30	3
Net losses on sales of investment securities	(3)	(2)	(3)	(2)
Total noninterest income	16	1	27	1
Subtotal	418	68	778	135
Noninterest 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
Other operating expenses	155	57	277	484
Total expenses	1,539	1,002	2,863	1,739
Net loss	\$(1,121)	\$ (934)	\$ (2,085)	\$ (1,604)
Loss per share:				
Basic	\$ (0.59)	\$ (0.50)	\$ (1.10)	\$ (1.32)
Diluted	\$ (0.59)	\$ (0.50)	\$ (1.10)	\$ (1.32)
Average shares outstanding	1,905	1,850	1,897	1,211

THE CONNECTICUT BANK AND TRUST COMPANY
BALANCE SHEET STATEMENTS

<i>(Dollars 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	37,860	30,713	5,927
Allowance for loan losses	<u>(506)</u>	<u>(359)</u>	<u>(58)</u>
Loans, net	37,354	30,354	5,869
Premises and equipment, net	1,796	1,857	1,938
Accrued interest receivable	322	422	109
Other assets	<u>335</u>	<u>412</u>	<u>333</u>
Total assets	<u>\$ 86,073</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	<u>49,051</u>	<u>46,549</u>	<u>2,332</u>
Total deposits	73,113	63,667	8,773
Repurchase agreements	286	266	50
Other liabilities	<u>514</u>	<u>508</u>	<u>43</u>
Total liabilities	73,913	64,441	8,866
Stockholders' equity			
Common Stock, \$1.00 par; 10,000,000 shares authorized and 1,913,550 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	<u>(146)</u>	<u>(474)</u>	<u>(36)</u>
Total stockholders' equity	12,160	12,916	15,991
Total liabilities and stockholders' equity	<u>\$ 86,073</u>	<u>\$ 77,357</u>	<u>\$ 24,857</u>