

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
Washington, D.C. 20551**

FORM 10-SB

**GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS
Under Section 12(b) or (g) of the Securities Exchange Act of 1934**

The Connecticut Bank and Trust Company
(Name of Small Business Issuer in its charter)

Connecticut
(State or other jurisdiction of incorporation or organization)

90-0115348
(I.R.S. Employer Identification No.)

58 State House Square, Hartford, Connecticut
(Address of principal executive offices)

06103
(Zip Code)

Issuer's telephone number, including area code: (860) 246-5200

Securities to be registered pursuant to Section 12(b) of the Act:

Title of Each Class To Be So Registered	Name of Each Exchange on Which Each Class Is To Be Registered
None	N/A

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$1.00

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PART I

FORWARD LOOKING STATEMENTS

This Registration Statement includes “forward-looking statements,” as that term is used in the securities laws. All statements regarding our expected financial position, business and strategies are forward-looking statements. In addition, throughout this Registration Statement the words “anticipates,” “believes,” “estimates,” “seeks,” “expects,” “plans,” “intends” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, and we have based these expectations on our beliefs as well as the assumptions we have made, those expectations may prove to be incorrect. Important factors that could cause actual results to differ materially from our expectations include, without limitation, failure of a significant number of borrowers to repay their loans, failure of our community banking strategy, changes in general economic conditions or the economic conditions in the State of Connecticut, the monetary policies of the Federal Reserve, changes in interest rates, and restrictions imposed on us by regulations or the banking industry regulators.

For information about factors that could cause our actual results to differ from our expectations, you should carefully read “ITEM 1 – DESCRIPTION OF BUSINESS - Certain Business Risks” herein. We urge you to consider these factors carefully in evaluating the forward-looking statements contained in this Registration Statement. All future written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this Registration Statement are made only as of the date of this Registration Statement. We have no intention, and do not assume any obligation, to update these forward-looking statements.

ITEM 1. DESCRIPTION OF BUSINESS.

General

The Connecticut Bank and Trust Company (“CBT,” the “Bank,” or “we” or “us”) is a Connecticut-chartered bank. CBT received a Final Certificate of Authority from the State of Connecticut Department of Banking (the “DOB”) on March 12, 2004. The Bank commenced banking operations on March 12, 2004. Our main office is located at 58 State House Square, Hartford, Connecticut. We currently have two additional offices, one in West Hartford and one in Glastonbury.

Our strategic objective is to be a premier community-based commercial bank, focused on serving the banking needs of individuals and small to medium-sized businesses in the greater Hartford market.

In March 2004, we received \$18.5 million from a common stock and warrant offering. Proceeds of the offering were used to renovate and equip the Bank’s initial three offices; acquire, install and test the necessary computer systems for the commencement of operation; recruit and hire employees; and provide working capital to support our growth. CBT intends to conduct another common stock offering in the second quarter of 2005 on terms that will be detailed in an offering memorandum. This offering will be made to all existing stockholders and, to the extent that stockholders do not subscribe for the entire offering, to other interested investors. No assurance can be given that such an offering could be made on terms favorable to the company or at all.

Strategy

CBT is a full service commercial bank providing a comprehensive set of loans, deposit services and investment management products to local businesses, business owners, professionals, and other individuals. CBT actively seeks to finance the credit needs of local businesses and actively markets deposit and loan products to individuals within our geographic market. Our strategy is to expand CBT’s presence in our primary geographic market, the City of Hartford, and our secondary market of the six communities of West Hartford, East Hartford, Manchester, Glastonbury, Windsor and South Windsor, Connecticut, collectively known as the 7-town market (the “7-town market” or the “Region”). We anticipate that key components in successfully penetrating our geographic

market include expanding our branch network in the 7-town market as well as providing other convenient services such as electronic banking.

An important dimension of CBT's strategy is to provide our customers with access to well-trained, experienced bank personnel, including our senior management team.

We do not seek a major market share but, rather, a significant relationship with each of our customers. By offering commercial banking, investment management and, as appropriate, fiduciary services to each customer, we believe that CBT can be profitable with a modest market share. A substantial amount of personal time, described in the banking industry as "high touch," is committed by our banking officers to help our customers plan for their financial needs, execute banking transactions, manage individual assets and simplify the day-to-day management of their finances.

Recognizing the needs of CBT's target market, we offer a range of financial products that includes traditional deposit and loan facilities, investment management services, trust and third party investment and insurance products (e.g., mutual funds and annuities). Most loan requests to date have been real estate related, commercial and residential. We have developed formal and informal alliances with lawyers, accountants and other professionals in the Hartford area to lead to new business opportunities and referrals.

In the ordinary course of business, from time to time we engage in transactions with members of our Board of Directors and with entities related to members of our Board. During 2004, we entered into an endorsement contract with director Geno Auriemma for services relating to the endorsement of the Bank's banking and financial services; we entered into an agency agreement with Smith Brothers, Inc., an insurance company of which director J. Brian Smith is a principal; and we have used the services of Kahan, Kerensky & Caposella, LLP, a law firm of which director Solomon Kerensky is a founding partner. See "PART I - ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" and Note 15 to the accompanying financial statements of CBT for additional information regarding the value of each of these related party transactions for the year ended December 31, 2004.

The CBT Foundation

In connection with our opening, CBT established The CBT Foundation (the "Foundation") and contributed \$360,000 from the proceeds raised in our 2004 offering to the Foundation. The purpose of the Foundation is to support charitable and cultural events throughout the Hartford area. CBT intends to donate a portion of our annual profits to the Foundation. We believe that the support provided by the Foundation to the communities that CBT serves increases CBT's visibility and enhances CBT's reputation in the region to the benefit of our shareholders, clients and community.

General Market Description

CBT's primary market is the City of Hartford and our secondary market is the 7-town market. The market area is noteworthy because of the many entrepreneurial businesses and economic diversity of its residents. According to materials prepared for CBT in 2003 by third parties, CBT's primary market of Hartford is comprised of approximately 122,000 people, 45,000 households and approximately 3,900 business entities. Approximately 4% of all households earn over \$100,000. The secondary market consists of 374,000 people and approximately 145,000 households and approximately 11,750 business entities. Approximately 15% of households earn in excess of \$100,000. The median household income for the 7-town market is approximately \$48,000. CBT may in the future pursue business opportunities in neighboring communities.

Including credit unions, 49 depository institutions compete for loans and deposits through a total of 154 office facilities in the 7-town market. As of June 2002, the total deposit market of the 7-town market was approximately \$12.5 billion.

Access and Service

Our main office in Hartford and branch facilities in West Hartford and Glastonbury are intended to provide market-wide coverage and convenience for the Bank's customers throughout the Region. Our targeted demographic segment demands a high level of service, convenience, and easy access to CBT's decision makers. We seek to provide our customers with unprecedented levels of access to our executive officers, directors and customer service representatives. The banking officers of CBT, as well as our executive officers, lead customer contacts. Our banking officers establish a highly personalized service relationship with our customers. This high-touch strategy is a key point of differentiation from our competitors.

We believe that CBT's commitment to service surpasses anything now offered in the Region. CBT has been built around a customer service model where our banking officers are deployed in our offices to provide a level of customer contact not typically available in the Region.

Products and Services

CBT offers deposit, loan and investment management products. A key point of differentiation of CBT from its competitors is our products and services.

Deposits

The depository services offered by CBT include:

- Checking accounts for individuals and businesses,
- NOW accounts for individuals and not-for-profit organizations,
- Sweep accounts for commercial checking clients,
- Regular savings,
- Money Market Deposit Accounts ("MMDA"), and
- Certificate of Deposit accounts ("CD") with multiple terms.

These deposit-based products have product feature variations and CBT offers bundled accounts for client relationships. CBT offers NOW, MMDA, and CD accounts with special terms and conditions rewarding clients for size of balances and number of account relationships with CBT. CBT provides combined statements and integrated fee structures to clients with multiple accounts.

Loans

CBT's loan portfolio consists primarily of variable-rate and short- and intermediate-term, fixed-rate loans, with an emphasis on local residential and commercial real estate mortgages. While most credit facilities are appropriately collateralized, loan underwriting emphasis is on loan-to-value ratios, the financial condition of the borrower and the borrower's cash flow. Because all financial lending entails some degree of risk, interest rates on CBT's loans attempt to reflect the risk factors involved. These include the term of the loan, the value of collateral, if any, the reliability of the projected source of repayment, and the amount of the loan requested.

Loan products offered by CBT include:

- Commercial lines of credit,
- Commercial mortgages,
- Commercial term loans,
- Home-equity loans and lines,
- Residential mortgages,
- Consumer loans.

CBT's lending activities are subject to a variety of lending limits imposed by state and federal law as well as our Board of Directors. Differing limits will apply based on the type of loan or type of borrower. In general,

CBT is able to loan to any one borrower a maximum amount equal to either 15% of CBT's capital and surplus or 25% of its capital and surplus if the excess over 15% is appropriately secured within applicable guidelines. CBT from time to time sells individual loans, loan participations or a portion of its loan portfolio to meet the needs of clients requiring loans above these limits or to satisfy other liquidity needs.

We employ an independent, third party to provide a detailed, objective analysis of CBT's loan portfolio. Periodically, and not less than annually, this outside loan review provides an independent evaluation of our loan portfolio and credit criteria to allow management to make adjustments to our loan policy, assure conformance to regulations and evaluate our loan loss reserve requirements.

Other Services

The investment management services offered by CBT, either directly or through third-party providers, include:

- Personal financial planning,
- Investment products such as mutual funds, annuities, and life insurance,
- Actively managed individual portfolios,
- Retirement accounts: IRAs, SEPs and Defined Contribution Plans, and
- Trust services.

CBT has developed and offers products which link the client's investment accounts with their bank account statements. By using the established expertise, experience and capabilities of third parties, CBT believes that we are competitive in terms of our products, capabilities and services. CBT utilizes the latest Windows-based PC technology to provide both customers and employees with a responsive system for banking and investment activities.

Marketing and Advertising

Our 40 founders, including all of our Board of Directors (the "Founders"), generated a significant number of potential investors for capital raising during our initial public offering, and a number of these individuals have established banking relationships with CBT. These contacts are also a marketing database for CBT to foster an ongoing communications program with potential customers. This referral concept is key to our ongoing business strategy and community success.

These individuals represent medium to high net worth households who typically have relatively large balance deposit accounts and investment management accounts. In addition, many of these initial target customers are local business owners who may consider shifting some or all of their commercial banking relationships to CBT. Anecdotal evidence suggests that our investment in the high touch approach and the resulting satisfaction of our customers has created relationship-based "soft marketing" that benefits CBT and business is generated through the referrals of our satisfied customers to their business and personal contacts.

Another major element of our overall marketing strategy is high visibility community involvement. Through participation of the Bank's directors, our management team and employees, we are actively involved within our communities. CBT backs those organizations which support the positive growth of the Region. A cornerstone of our commitment is The CBT Foundation established by CBT and funded with a portion of the 2004 offering proceeds. Once profitable, we intend to donate a portion of our annual profits to the Foundation. Through the Foundation and other charitable efforts, CBT intends to create a meaningful opportunity to give back to the community.

We have also engaged Mr. Geno Auremma, one of our directors who is the head coach of the University of Connecticut women's basketball team, as a spokesperson for CBT to endorse our products and services.

CBT filed an intent-to-use application with the United State Patent and Trademark Office to protect our stylized CBT logo, and the application has been approved pending evidence of use of the logo in commerce. We

received our Notice of Allowance Date on January 6, 2004. We anticipate continuing to evaluate and pursue additional protection of CBT's service marks in the future in order to preserve the value of CBT's marketing and branding efforts. We believe that it is incumbent upon our management and Board of Directors to ensure that the name "CBT" is, and continues to be, identified with the highest levels of service and customer satisfaction.

Asset and Liability Management

Interest rate risk measures the impact that changing interest rates have on current and future earnings. Our goal is to optimize long-term profitability while minimizing our exposure to interest rate fluctuations. We monitor our exposure to interest rate risk through our asset liability committee of the Board of Directors ("ALCO"), with the participation of members of the Bank's senior management personnel. ALCO reviews the interrelationships within the balance sheet to maximize net interest income within acceptable levels of risk. ALCO reports to the board of directors on a quarterly basis regarding the status of ALCO activities within CBT.

Competition

There are numerous banks and other financial institutions serving the Region posing significant competition to attract deposits and loans. We compete for loans and deposits with other commercial banks, savings and loan associations, finance companies, money market funds, credit unions and other financial institutions, a number of which are much larger than CBT. To grow, we will have to win existing customers away from existing banks and financial institutions as well as successfully compete for new customers from growth in the Region.

The greater Hartford market is currently serviced by approximately 21 offices of commercial banks, many of which are substantially larger than CBT expects to be in the near future and are able to offer products and services which may be impracticable for CBT to provide at this time. CBT also experiences competition from out-of-state financial institutions with little or no traditional bank branches in Hartford. Many of such banks and financial institutions are well established and better capitalized than CBT, allowing them to provide a greater range of services.

Intense market demands, economic pressures and significant legislative and regulatory actions have eroded traditional banking industry classifications and have increased competition among banks and other financial institutions. Market dynamics as well as legislative and regulatory changes have resulted in a number of new competitors offering services historically offered only by commercial banks, non-bank corporations offering services traditionally offered only by banks, increased customer awareness of product and service differences among competitors and increased merger activity.

Over the past ten years, the Connecticut banking market has been characterized by significant consolidation among financial institutions. Since January 2000, there have been 31 completed acquisitions of Connecticut based banks and thrifts. Although our competitors are currently much larger than us, we believe that the corporate service, culture and operational infrastructure at large banks often does not provide the type of personalized service that many of our small to medium-sized business clients desire and that we strive to provide.

Employees

As of April 20, 2005, CBT had 29 employees. Our employees are not represented by any union or other collective bargaining agreement, and we consider our relations with our employees to be excellent.

Technology and Operations

CBT owns and operates a fully integrated state-of-the-art computer system to service the needs of its customers and its employees. Trust systems and operations are provided to CBT's customers by partnering with a nonaffiliated provider of such services. CBT also contracts with selected outside firms to provide capabilities and processes necessary to meet specific needs, including online banking, ATM network management, website management, and corporate cash management.

Network communications equipment and employee work stations have been purchased or leased for all locations and employees. The banking officers and other branch based personnel are expected to have access to the customer's entire relationship with CBT to foster an effective customer service process and support efficient operations. CBT's back office personnel support our private banking officers and branch personnel.

Legal Proceedings

As of the date of this Registration Statement, there were no material legal proceedings to which CBT, or any of its properties or proposed senior executive officers, were subject.

Certain Business Risks

The considerations listed below represent certain important factors we believe could cause our actual results of operations to differ materially from our expectations. These considerations are not intended to represent a complete list of the general or specific risks that may affect our future results of operations or stock price and should be considered carefully.

Risks Related to the Company

We have a limited operating history. We have only been operating since March 12, 2004. Therefore, we have a limited operating history. Although our board of directors and our management are generally pleased with our progress through the date of this Registration Statement, we still remain subject to the risks inherently associated with a new business enterprise in general, and a new financial institution in particular.

We do not have a history of profitability. We did not earn a profit for the year ended December 31, 2004. The losses that we incurred were from anticipated start-up costs associated with developing our operating infrastructure, coupled with an initially low volume of earnings assets, which are expected in new banks. There is no assurance that we will earn a profit in the future.

Departures of our key personnel or directors may impair our profitability. We are a relationship-driven organization. We depend upon the skills and reputations of our executive officers, key employees and directors for our future success. These senior officers have primary contact with our customers and are extremely important in maintaining personalized relationships with our customer base, in increasing our market presence and to key aspects of our business strategy. The loss of any of these key persons, including, without limitation, Mr. Lentini, our Chairman, President and Chief Executive Officer, or Mr. Hall, our Chief Financial Officer, or the inability to attract and retain other key personnel, could adversely affect our results of operations. Although we have entered into employment agreements with Messrs. Lentini and Hall, we cannot be assured of their continued service. Additionally, our directors' community involvement, diverse backgrounds and extensive local business relationships are important to our success. Our growth could be adversely affected if the composition of our Board of Directors were to change significantly or if our directors were unable to devote sufficient time to our affairs. See "PART I - ITEM 5 - DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS."

Our level of assets and quarterly net interest income may not continue to grow as rapidly as they have in the past year. Since opening for business in early 2004, our asset level has increased rapidly. Our quarterly net interest income has increased from \$126,000 in the second quarter of 2004 (our first full quarter of operations) to \$290,000 in the fourth quarter of 2004, an increase of over 130%, and our total assets have increased from \$24.9 million as of June 30, 2004, to \$78.3 million as of December 31, 2004, an increase of approximately 214%. Future increases in our profitability will depend on our continued ability to grow our assets while maintaining asset quality and controlling costs. We cannot assure you that we will continue to achieve comparable results in future years. As our asset size and earnings increase, it may become more difficult to achieve high rates of increase in assets and earnings.

Key components of our growth plans are subject to regulatory approvals, including the opening of additional branches. We have opened two new branches since commencing operations. We also anticipate

applying to the State of Connecticut and the Federal Reserve Board to open additional branches in the future. If any of these applications are denied, or if future applications to establish additional branches in Connecticut are denied, our growth strategy could be adversely affected.

Our growth strategy involves risks that may adversely impact our net income. We have pursued and continue to pursue a growth strategy which depends on generating an increasing level of loans and deposits at acceptable risk levels. We have also pursued growth through new branches and by establishing new products. We may not be able to sustain our planned growth without establishing additional new branches or more new products. This expansion may require significant investments in equipment, technology, personnel and site locations. We cannot assure you of our success in implementing our growth strategy without corresponding increases in our non-interest expenses.

Our business is concentrated in the City of Hartford and six surrounding communities and adverse economic conditions in this region may adversely affect our business. Our primary market is the City of Hartford and the surrounding communities, including West Hartford, East Hartford, Manchester, Glastonbury, Windsor and South Windsor, Connecticut. As a result, our financial condition and results of operations may be affected by changes in the Hartford, Connecticut economy. The economy of the State of Connecticut has been growing slowly for the past five years and a continuation of this slow rate of economic growth, or other adverse economic conditions in Connecticut, may result in decreases in demand for our services, increases in nonpayment of loans and decreases in the value of collateral securing loans. The occurrence of adverse economic conditions in the Hartford, Connecticut area could have a material adverse effect on our business, future prospects, financial condition or results of operations.

We will be competing primarily in our market area with a number of larger financial institutions which have greater financial resources. We will be competing primarily with other financial institutions in and around our market area, and also with Internet banks and financial institutions located throughout the United States for products such as certificates of deposit, loans and non-banking products and services. All of our local competitors actively solicit business from residents and businesses in our market area. Some of these institutions are not subject to the same degree of regulation as CBT and most have greater resources than are available to CBT. In addition, we compete with numerous other lenders and deposit-takers, including other commercial banks, savings and loan associations, Internet banks, credit unions, finance companies, mortgage companies, registered investment advisors, mutual funds, insurance companies and brokerage and investment banking firms. See "PART I - ITEM 1. DESCRIPTION OF BUSINESS - Competition."

A relatively high percentage of our loan portfolio consists of commercial loans, primarily to small- to medium-sized businesses, which may be impacted more severely than larger businesses during periods of economic weakness. A substantial focus of our marketing and business strategy is to serve small to medium-sized businesses located in the greater Hartford area. During periods of economic weakness, small to medium-sized businesses may be impacted more severely than larger businesses, and consequently the ability of such businesses to repay their loans may deteriorate. As a result, our results of operations and financial condition may be adversely affected.

We could experience credit losses which exceed our allowance for loan losses. The risk of credit losses on loans varies with, among other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower, and, in the case of a collateralized loan, the value and marketability of the collateral. We maintain an allowance for loan losses based upon, among other things, historical experience, an evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. Based upon such factors, we make various assumptions and determinations about the ultimate collectibility of our loan portfolio and provide an allowance for losses based upon a percentage of the outstanding balances and for specific loans where their collectibility is considered to be questionable.

As of December 31, 2004, our allowance for loan losses was \$239,000. This represents 1.14% of gross outstanding loans. Although we believe that this allowance is adequate, we cannot assure you that it will be sufficient to cover probable loan losses. Although we use the best information available to make our determinations with respect to this allowance, future adjustments may be necessary if economic conditions change substantially from the assumptions used or if negative developments occur with respect to non-performing or performing loans.

If our assumptions or conclusions prove to be incorrect and the allowance for loan losses is not adequate to absorb probable losses, or if bank regulatory agencies require us to increase our allowance, our earnings, and potentially our capital, could be significantly and adversely impacted.

Lack of seasoning of our loan portfolio may increase the risk of credit defaults in the future. All of the loans in our loan portfolio were originated within the past year. In general, loans do not begin to show signs of credit deterioration or default until they have been outstanding for some period of time, a process referred to as “seasoning.” As a result, a portfolio of older loans will usually behave more predictably than a newer portfolio. Because our loan portfolio is new, the current level of delinquencies and defaults may not be representative of the level that will prevail when the portfolio becomes more seasoned. Additionally, because of the relatively small size of our loan portfolio, one or more loan defaults or loan prepayments could have an adverse effect on our earnings.

Our lending limit is lower than that of many of our competitors, which may discourage potential customers and restrict our growth. Our legally mandated lending limit is lower than those of many of our competitors because we have less capital than those competitors. Currently, we have a legal lending limit for loans of approximately \$2 million to any one borrower and affiliated entities. In the early years of our operations, our actual lending limit depends, to a significant extent, on the amount of capital raised by CBT. Our lower lending limit may discourage potential borrowers who have lending needs that exceed our limits, which may restrict our ability to grow. To date, we have tried to serve the needs of these borrowers by selling loan participations to other institutions and intend to continue to do so in the future, but this strategy may not always succeed. See “PART I - ITEM 1. DESCRIPTION OF BUSINESS - Loans.”

The operation of CBT may in the future require more capital than we have raised to date and we may not be able to obtain additional capital on terms which are favorable to investors. In the future, should we need additional capital, we may not be able to raise additional funds through the issuance of additional shares of CBT common stock or other securities. Even if we were able to obtain additional capital through the issuance of additional shares of CBT common stock or other securities, we may not issue these securities at prices or on terms better than or equal to the price in our initial public offering or our anticipated 2005 offering. The issuance of new securities could dilute current shareholders’ ownership interest in CBT.

Risks to Our Common Stock and Warrants

Concentrated ownership of our common stock creates a risk of sudden changes in our share price and may make it more difficult to obtain shareholder approval of potential takeovers that management opposes. As of March 25, 2005, directors and members of our executive management team beneficially owned approximately 14.98% of our common stock. Investors who purchase our common stock may be subject to certain risks due to the concentrated ownership of our common stock. The sale by any of our large shareholders of a significant portion of that shareholder’s holdings could have a material adverse effect on the market price of our common stock. In addition, the sale and issuance of any significant amount of additional shares of common stock will have the immediate effect of increasing the public float of our common stock and any such increase may cause the market price of our common stock to decline or fluctuate significantly.

Further, by voting against a proposal submitted to shareholders, the directors and officers, as a group, may be able to make approval more difficult for proposals requiring the vote of shareholders, such as some mergers, share exchanges, asset sales, and amendments to the Certificate of Incorporation. See “PART I - ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNER AND MANAGEMENT - Management” and “PART I - ITEM 8. DESCRIPTION OF SECURITIES.”

Warrants held by our Founders and future awards of restricted stock or grants of stock options to CBT’s employees, officers and directors would, if exercised, reduce an individual investor’s percentage ownership in CBT. In connection with our initial public offering, we granted to our Founders an aggregate of 180,500 warrants to purchase additional shares of CBT common stock in recognition of the financial risks undertaken by them in forming CBT.

To attract and retain quality employees to each position in the Bank, our Board of Directors adopted and is proposing to our stockholders at our annual meeting to be held on May 17, 2005 The Connecticut Bank and Trust

Company 2005 Stock Option and Award Plan (the “2005 Stock Option Plan” or the “Plan”) under which we will reserve 225,000 shares of common stock for stock awards and stock options to our employees, officers and directors. Any future award of stock or exercise of warrants or options would dilute current stockholders’ percentage of ownership interest in CBT. If all of the warrants and the maximum number of options were granted and exercised, employees, officers and directors would beneficially own approximately 14.60% of CBT’s outstanding common stock. See “PART I - ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT - Management” and “PART II - ITEM 1. MARKET PRICE AND DIVIDENDS ON THE CONNECTICUT BANK AND TRUST COMPANY’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS - Securities Authorized for Issuance Under Equity Compensation Plan.”

Our ability to pay dividends is limited and we do not expect to pay dividends for at least several years. Connecticut state-chartered banks are subject to regulatory restrictions on the payment of cash dividends. In light of these restrictions, and our intention to retain and build capital, our policy is to reinvest earnings for a period of time to help support the success of CBT’s operations. As a result, CBT does not plan to pay dividends until we are able to do so from retained earnings. See “PART I - ITEM 1. DESCRIPTION OF BUSINESS - REGULATION AND SUPERVISION - Payment of Dividends” and “PART II - ITEM 1. MARKET PRICE AND DIVIDENDS ON THE CONNECTICUT BANK AND TRUST COMPANY’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS - Dividends.”

While we intend to seek to have shares of CBT Common Stock listed on Nasdaq, we cannot be sure that our application will be approved. We intend to seek to have the shares of the Bank’s common stock listed on the Nasdaq quotation system during the third quarter of 2005. There are no assurances that this application for listing will be approved. If an active trading market does not develop, a shareholder may not be able to sell his or her shares promptly or perhaps at all.

The market price of CBT common stock may be volatile. Currently there is only a limited trading market for our common stock, and significant market price volatility may be experienced. Factors that may affect the price of CBT common stock include its liquidity, investor perception of our financial strength, conditions in the banking industry such as credit quality and monetary policies, and general economic and market conditions. Our quarterly operating results, changes in analysts’ perceptions of CBT’s earnings projections, or other developments affecting us could cause the market price of CBT common stock to fluctuate substantially. In addition, from time to time, the stock market experiences extreme price and volume fluctuations. This volatility may significantly affect the market price of CBT common stock for reasons unrelated to our operating performance.

Risks Relating to Our Industry

Our profitability and growth could be adversely affected by changes in banking laws. As a Connecticut bank, we are subject to extensive state and federal government supervision and regulation. Our ability to achieve profitability and to grow could be adversely affected by banking laws and regulations. These and other requirements limit the manner in which we may conduct our business and obtain financing, including our ability to attract deposits, make loans, gather investment management accounts and achieve satisfactory profitability. Many of these regulations are intended to protect depositors, the public, and the insurance fund of the Federal Deposit Insurance Corporation (“FDIC”), not shareholders. In addition, the burden imposed by state and federal regulations may place us at a competitive disadvantage compared to competitors who are less regulated. Applicable laws, regulations, interpretations and enforcement policies have been subject to significant changes in recent years, and may be subject to significant future changes. Future legislation or government policy may also adversely affect the banking industry or our operations. We cannot predict the effects of any potential changes, but they could adversely affect our future operations. See “PART I - ITEM 1. DESCRIPTION OF BUSINESS - SUPERVISION AND REGULATION.”

Rapidly rising or falling interest rates could significantly reduce CBT’s profitability. A rapid increase or decrease in interest rates could significantly reduce our net interest income, capital and liquidity. Our profitability depends substantially on our net interest income, which is the difference between the interest income earned on our interest-earning assets (such as loans and investment securities) and the interest expense paid on our interest-bearing liabilities (such as deposits and borrowings). To the extent that the maturities of these assets and liabilities differ, rapidly rising or falling interest rates could significantly and adversely affect our earnings and liquidity. See “PART

I - ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS - Liquidity and - Interest Rate Sensitivity Management.”

SUPERVISION AND REGULATION

CBT operates in a highly regulated environment, and our business activities are governed by statute, regulation and administrative policies. The following is a brief summary of certain statutes, rules and regulations which affect CBT. This summary is qualified in its entirety by reference to the particular statutory and regulatory provisions referred to below and is not intended to be an exhaustive description of the statutes or regulations which are applicable to the business of CBT. Supervision, regulation and examination of CBT by regulatory agencies is intended primarily for the protection of depositors rather than shareholders of CBT.

General

As a Connecticut bank, CBT is supervised, regulated and regularly examined by the Connecticut Department of Banking (“DOB”). CBT’s deposits are insured by the FDIC up to applicable limits. The operation of CBT is subject generally to state and federal statutes and regulations applicable to FDIC-insured state-chartered banks. Such statutes and regulations relate to required reserves, investments, loans, mergers and consolidations, issuances of securities, payment of dividends, establishment of branches and other aspects of a bank’s operations.

Connecticut banks are required to have an annual audit of their financial statements. CBT annually will provide a copy of its audited financial statements to each shareholder.

Federal Reserve Membership

CBT is a member of the Federal Reserve System. The Federal Reserve Bank of Boston (“FRBB”) is CBT’s primary Federal regulator and the FRBB regularly conducts examinations of CBT.

Payment of Dividends

Statutory and regulatory limitations apply to CBT’s payment of dividends to shareholders. If, in the opinion of the FRBB, CBT was engaged in or about to engage in an unsafe or unsound practice, the FRBB could require, after notice and a hearing, CBT to cease and desist from the practice. The federal banking agencies have indicated that paying dividends that deplete a depository institution’s capital base to an inadequate level would be an unsafe and unsound banking practice. Further, a depository institution may not pay any dividend if payment would cause it to become undercapitalized or if it already is undercapitalized.

The prior approval of the DOB is required if the total of all dividends declared by a bank in any calendar year exceeds the bank’s net profits, as defined, for that year combined with its retained net profits for the preceding two calendar years. The payment of dividends by CBT may also be affected by other factors, such as the requirement to maintain adequate capital above regulatory guidelines.

Capital Adequacy

Regulatory agencies measure capital adequacy within a framework that makes capital requirements sensitive to the risk profile of the individual banking institutions. The guidelines define capital as either Tier 1 capital (primarily shareholders’ equity) or Tier 2 capital (certain debt instruments and a portion of the reserve for loan losses). There are two measures of capital adequacy for banks: the Tier 1 leverage ratio and the risk-based capital requirements. Most banks must maintain a minimum Tier 1 leverage ratio of 4%. In addition, Tier 1 capital must equal 4% of risk-weighted assets, and total capital (Tier 1 plus Tier 2) must equal 8% of risk-weighted assets. These are minimum requirements, however, and institutions expecting internal growth (like CBT) or making acquisitions, as well as institutions with supervisory or operational weaknesses, will be expected to maintain capital positions well above these minimum levels. For the first three years of operations, the FRBB requires CBT to maintain a Tier 1 leverage ratio of 9%.

Failure to meet capital guidelines could subject a bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on the taking of brokered deposits, and certain other restrictions on its business. As described below, substantial additional restrictions can be imposed on FDIC-insured depository institutions that fail to meet applicable capital requirements. See “Prompt Corrective Action,” below.

Prompt Corrective Action

Federal banking laws establish a system of prompt corrective action to resolve the problems of undercapitalized institutions. Under this system, the federal banking regulators have established five capital categories (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized), are required to take certain mandatory supervisory actions, and are authorized to take other discretionary actions, with respect to institutions in the three undercapitalized categories. The severity of the action will depend upon the capital category in which the institution is placed. Generally, subject to a narrow exception, the banking regulator must appoint a receiver or conservator for an institution that is critically undercapitalized. The federal banking agencies have specified by regulation the relevant capital level for each category.

An institution that is categorized as undercapitalized, significantly undercapitalized, or critically undercapitalized is required to submit an acceptable capital restoration plan to its appropriate federal banking agency. An undercapitalized institution is also generally prohibited from increasing its average total assets, making acquisitions, establishing any branches or engaging in any new line of business, except under an accepted capital restoration plan or with regulatory approval. In addition, the appropriate federal banking agency may test an undercapitalized institution in the same manner as it treats a significantly undercapitalized institution if it determines that those actions are necessary.

FDIC Insurance Assessments

The FDIC has adopted a risk-based assessment system for insured depository institutions that takes into account the risks attributable to different categories and concentrations of assets and liabilities. The system assigns an institution to one of three capital categories: (i) well capitalized; (ii) adequately capitalized; and (iii) undercapitalized. These three categories are substantially similar to the prompt corrective action categories described above, with the “undercapitalized” category including institutions that are undercapitalized, significantly undercapitalized, and critically undercapitalized for prompt corrective action purposes. The FDIC also assigns an institution to one of three supervisory subgroups within each capital group. The supervisory subgroup to which an institution is assigned is based on a supervisory evaluation that the institution’s primary federal regulator provides to the FDIC and information that the FDIC determines to be relevant to the institution’s financial condition and the risk posed to the deposit insurance funds. The FDIC then determines an institution’s insurance assessment rate based on the institution’s capital category and supervisory category. Under the risk-based assessment system, there are nine combinations of capital groups and supervisory subgroups to which different assessment rates are applied. Assessments range from 0 to 27 cents per \$100 of deposits, depending on the institution’s capital group and supervisory subgroup.

The FDIC may terminate its insurance of deposits if it finds that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC.

Community Reinvestment Act

CBT is subject to the provisions of the Community Reinvestment Act of 1977 (the “CRA”), which requires the bank regulators, in connection with their regular examinations of a bank, to assess the bank’s record of meeting the credit needs of the communities it serves, including low- and moderate-income neighborhoods, consistent with safe and sound banking practices.

Regulations promulgated under the CRA are intended to set distinct assessment standards for financial institutions. The regulations provide for streamlined procedures for institution’s with assets of less than \$250

million. The regulations contain the following three evaluation tests:

- A lending test, which compares the institution's market share of loans in low- and moderate- income areas to its market share of loans in its entire service area;
- A service test, which evaluates the provision of services that promote the availability of credit to low- and moderate-income areas; and
- An investment test, which evaluates the institution's record of investments in organizations designed to foster community development, small- and minority-owned businesses and affordable housing lending, including state and local government housing or revenue bonds.

Institutions are required to make public disclosure of their written CRA evaluations made by regulatory agencies. This promotes enforcement of CRA requirements by providing the public with the status of a particular institution's community investment record. In addition to public disclosure of an institution's CRA assessment, regulatory authorities are required to consider an institution's CRA assessment when an institution applies for approval to establish a new branch which will accept deposits, to relocate an existing branch, or to merge with another federally regulated financial institution.

Safety and Soundness Standards

Federal law requires each federal banking agency to prescribe for depository institutions under its jurisdiction standards relating to, among other things: internal controls; information systems and audit systems; loan documentation; credit underwriting; interest rate risk exposure; asset growth; compensation; fees and benefits; and such other operational and managerial standards as the agency deems appropriate. The federal banking agencies have adopted regulations and Interagency Guidelines Establishing Standards for Safety and Soundness (the "Guidelines") to implement these safety and soundness standards. The Guidelines set forth the safety and soundness standards that the federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. The Guidelines address internal controls and information systems; internal audit system; credit underwriting; loan documentation; interest rate risk exposure; asset quality; earnings and compensation; fees and benefits. If the appropriate federal banking agency determines that an institution fails to meet any standards prescribed by the Guidelines, the agency may require the institution to submit to the agency an acceptable plan to achieve compliance with the standard set by the Federal Deposit Insurance Act. The regulations establish deadlines for submission and review of such safety and soundness compliance plans.

The federal banking agencies also have adopted regulations for real estate lending prescribing uniform guidelines for real estate lending. The regulations require insured depository institutions to adopt written policies establishing standards, consistent with such guidelines, for extensions of credit secured by real estate. The policies must address loan portfolio management, underwriting standards and loan to value limits that do not exceed the supervisory limits prescribed by the regulations.

Monetary Policy

CBT's earnings are affected by domestic and foreign economic conditions, particularly by the monetary and fiscal policies of the United States government and its agencies. The Federal Reserve has had, and will continue to have, an important impact on the operating results of commercial banks through its power to implement national monetary policy in order, among other things, to mitigate recessionary and inflationary pressures by regulating the national money supply. The techniques used by the Federal Reserve include setting the reserve requirements of member banks and establishing the discount rate on member bank borrowings. The Federal Reserve also conducts open market transactions in United States government securities.

Gramm-Leach-Bliley Act

The Gramm-Leach-Bliley Act (the "GLB Act") was enacted in November of 1999. The GLB Act addresses concerns relating to the competitiveness and the safety and soundness of the financial services industry and alters the structure, regulation, and competitive relationships of the nation's financial institutions. Among other things, the GLB Act:

- Repeals portions of the Glass-Steagall Act of 1933 that separated commercial and investment banking and eliminates the prohibition on insurance underwriting activities under the Bank Holding Company Act of 1956.
- Creates “financial holding companies” that may conduct a broad list of financial activities, including insurance and securities underwriting, and real estate development and investment.
- Allows financial holding companies to conduct activities that are “complementary” to banking.
- Allows banks to underwrite securities through direct subsidiaries and use direct subsidiaries for insurance or securities sales or other low-risk activities.
- Prohibits a bank holding company from merging with insurance or securities firms or embarking on new powers if any of its banks earned less than a “satisfactory” CRA rating on its most recent exam. A company would be barred from additional powers or acquisitions if one of its bank’s CRA rating dropped below “satisfactory” later.
- Requires financial institutions to establish privacy policies and disclose them at the start of a customer relationship and once a year thereafter.
- Requires banks to give customers a chance to block sharing of confidential information with third parties except in cases of marketing agreements between financial institutions and some other marketing agreements.
- Prohibits credit card and account numbers from being shared with third-party marketers.

Although the GLB Act is one of the most significant banking laws enacted in recent years, because of CBT’s relatively small size and recent organization, we do not expect the GLB Act to materially affect our products, services or other business activities.

The USA PATRIOT Act

The USA PATRIOT Act of 2001 is omnibus legislation that enhances the powers of domestic law enforcement organizations and makes numerous other changes aimed at countering the international terrorist threat to the security of the United States. Title III of the legislation, the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 (the “Act”), is the portion of the legislation that most directly affects the financial services industry. It is intended to enhance the federal government’s ability to fight money laundering by monitoring currency transactions and suspicious financial activities. The Act has significant implications for depository institutions and other businesses involved in the transfer of money. A number of the important provisions of the Act are described in greater detail below.

- A financial institution must establish due diligence policies, procedures and controls reasonably designed to detect and report money laundering through correspondent accounts and private banking accounts.
- No bank may establish, maintain, administer or manage a correspondent account in the United States for a foreign shell bank.
- Financial institutions must follow regulations adopted by the Treasury Department to encourage financial institutions, their regulatory authorities, and law enforcement authorities to share information about individuals, entities, and organizations engaged in or suspected of engaging in terrorist acts or money laundering activities.
- Financial institutions must follow regulations adopted by the Treasury Department setting forth minimum standards regarding customer identification. These regulations require financial institutions to implement reasonable procedures for verifying the identity of any person seeking to open an account, maintain records of the information used to verify the person’s identity, and consult lists of known or suspected terrorists and terrorist organizations provided to the financial institution by government agencies.
- Every financial institution must establish anti-money laundering programs, including the development of internal policies and procedures, designation of a compliance officer, employee training, and an independent audit function.

Passage of the Act will increase the compliance burdens imposed on the Bank.

Sarbanes-Oxley Act of 2002

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "SOA"). The stated goals of the SOA are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws.

The SOA includes specific disclosure requirements and new corporate governance rules and requires the Securities Exchange Commission (the "SEC") to adopt extensive additional disclosure, corporate governance and other related rules.

The SOA addresses, among other matters:

- the composition and activities of audit committees;
- certification of financial statements by chief executive officers and the chief financial officers;
- the forfeiture of bonuses or other incentive-based compensation and profits from the sale of an issuer's securities by directors and senior officers in the twelve-month period following initial publication of any financial statements that later require restatement;
- a prohibition on insider trading during pension plan black out periods;
- disclosure of off-balance sheet transactions;
- requirements for auditor independence; and
- increased criminal penalties for violations of securities laws.

The SOA contains provisions which became effective upon enactment on July 30, 2002 and provisions which will become effective from within 30 days to one year from enactment. The SEC has been delegated the task of adopting rules to implement various of the provisions with respect to, among other matters, disclosures in periodic filings. The Federal Reserve has adopted, by reference, almost all of the requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and of SOA adopted by the SEC, which will be applicable to the Bank.

Reports to Security Holders

As a result of the filing of this registration statement, we are obligated to file with the Board of Governors of the Federal Reserve System (the "Fed") certain interim and periodic reports including an annual report containing audited financial statements pursuant to Section 12(i) of the Exchange Act. We anticipate that we will continue to file such reports as required under the Exchange Act. Unlike the SEC, the Fed does not maintain an electronic database of reports, proxies and information statements and other information regarding issuers that file electronically. Instead, interested persons should visit our website at www.thecbt.com, where we will post copies of all of our Exchange Act filings with the Fed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS.

The following discussion and analysis is designed to assist you in better understanding the financial condition, results of operations, liquidity and capital resources of The Connecticut Bank and Trust Company, as well as any significant changes and trends related thereto. This discussion should be read in conjunction with the financial statements and accompanying notes found on pages F-1 through F-22 of our registration statement on Form 10-SB.

General

CBT was granted a temporary charter by the Connecticut Department of Banking on May 12, 2003 and was incorporated as The Connecticut Bank and Trust Company on May 22, 2003. The refurbishing of locations to serve as the Bank's first three banking centers in Hartford, Glastonbury and West Hartford commenced almost immediately and CBT commenced operations on March 12, 2004. The Bank completed an initial sale of common

stock on August 26, 2003, raising \$18.5 million in gross proceeds.

CBT provides a broad range of banking services to both consumers and businesses in its market area from its three banking centers and through its website, www.thecbt.com. CBT is a full service commercial bank providing a comprehensive set of loans, deposit services and investment management products to local businesses, business owners, professionals, and other individuals. CBT actively seeks to finance the credit needs of local businesses and actively markets deposit and loan products to individuals. An important dimension of CBT's strategy is to provide our customers with access to well-trained, experienced bank personnel, including our senior management team.

CBT derives revenues principally from interest earned on loans and fees from other banking-related services. The operations of CBT are influenced significantly by general economic conditions and by policies of financial institution regulatory agencies, primarily the Connecticut Banking Commissioner, the Federal Reserve Bank of Boston and the FDIC. Bancorp's cost of funds is influenced by interest rates on competing investments and general market interest rates. Lending activities are affected by the demand for financing of business and personal loans, which in turn is affected by the interest rates at which such financings may be offered.

CBT commenced operations in March 2004. During 2003, our only activities were raising capital and incurring expenses as we prepared for the commencement of operations, and CBT was considered a development stage company for the period November 1, 2002 (date of inception) through December 31, 2003. Accordingly, comparisons to our results of operations for our fiscal year ended December 31, 2003 are not meaningful and we generally provide information below solely as of December 31, 2004 and for the year then ended. Our net loss for the year ended December 31, 2004 was \$3.4 million, or \$2.29 per diluted share.

CBT intends to conduct a rights offering of shares of its common stock to its current stockholders in the second quarter of 2005 through which it anticipates raising up to \$20 million depending on market conditions, to provide additional liquidity primarily to support CBT's expansion in the 7-town market, through the development of additional branch locations, to strengthen CBT's capital level in anticipation of our potential growth as well as for general working capital purposes. No assurance can be given that such an offering could be made on terms favorable to the company or at all.

Financial Condition

Assets. At December 31, 2004, total assets were \$78.3 million. Total loans were 27% of assets or \$21.2 million; investment securities were 48% of assets or \$37.9 million; and cash and equivalents were 21% of assets or \$16.2 million. Other assets including CBT's investment in banking facilities, equipment and systems were 4% of assets or \$3.0 million. See Note 2 to the accompanying financial statements of CBT for additional information regarding the amortized cost and fair value of securities available for sale and of debt securities by contractual maturity at December 31, 2004.

Loans. CBT grants commercial and consumer mortgage loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout Connecticut. The ability of CBT's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area. See Note 3 to the accompanying financial statements for additional information regarding the composition of our loan portfolio at December 31, 2004. Management believes its loan portfolio is adequately diversified. Management believes its loan portfolio is adequately diversified. Management believes that the rate of growth of CBT's loan portfolio during 2004 affirms CBT's "high touch" strategy which commits a substantial amount of our banking officers' time and attention to help our banking customers.

Liabilities and Stockholders' Equity. CBT's assets were supported by \$63.5 million in deposits and \$14.1 million in stockholders' equity, which represented 81% and 18% of total assets respectively. Other liabilities amounted to \$0.7 million or 1% of assets. The table below presents an analysis of deposits by type and percentage of each deposit type as a percentage of total deposits and total assets.

Deposit Type	Amount (in thousands)	Percentage of Deposits	Percentage of Total Assets
Time deposits less than \$100,000	\$ 28,934	45.5%	37.0%
Time deposits \$100,000 or greater	\$ 16,047	25.3%	20.5%
Savings and NOW accounts	\$ 6,444	10.2%	8.2%
Total Interest bearing deposits	\$ 51,425	81.0%	65.7%
Non interest Checking	\$ 12,026	19.0%	15.4%
Total Deposits	\$ 63,451	100.0%	81.0%

Results of Operations

The net loss for the year ended December 31, 2004 was \$3.4 million or \$2.29 per diluted share. Net interest income is the amount by which interest earned on various earning assets, primarily loans, exceeds interest paid on deposits and other interest bearing liabilities. It is the most significant component of our earnings. Net interest and dividend income for the year was \$640,000 and non-interest income was \$26,000, consisting primarily of service charges and fees. See "PART I - ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS - Interest Rate Sensitivity Management" for a discussion of our net interest income sensitivity under various interest rate scenarios.

Provisions for the allowance for loan losses during this initial operating period were \$239,000. Non-interest expenses were \$3,858,000, representing 579% of our net revenues for 2004. Non-interest expense consisted primarily of salaries and benefits to our employees of \$1.67 million, general and administrative expenses of \$657,000, rent and other occupancy expenses of \$804,000, professional services of \$312,000 and marketing expenses of \$328,000. Management believes that CBT's high non-interest expense level reflects in part our high touch strategy which requires the commitment of significant senior-level time to provide personal service to our bank customers.

Critical Accounting Policies

In the ordinary course of business, CBT makes a number of estimates and assumptions relating to reporting results of operations and financial condition in preparing its financial statements in conformity with accounting principals generally accepted in the U.S. Actual results could differ significantly from those estimates under different assumptions and conditions. CBT believes that two of CBT's critical accounting policies rely on material estimates that are susceptible to significant differences between actual results and estimates - determination of allowance for loan losses and valuation of deferred tax assets. CBT believes the following discussion of its accounting policy and estimates relating to the provision and allowance for loan losses addresses the policy that is most important to the portrayal of CBT's financial condition and results and requires management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. CBT has reviewed this policy with its audit committee. Refer to the discussion below under "Allowance for Loan Losses" and Note 1 to the financial statements for a detailed description of our estimation process and methodology related to the allowance for loan losses. See Note 1 and Note 7 to the accompanying financial statements for a detailed description of our estimation process and methodology relating to the valuation of deferred tax assets.

Provision and Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. The allowance is an amount that CBT's management ("Management") believes will be adequate to absorb losses inherent in existing loans and commitments to extend credit, based on evaluations of collectibility and prior loss experience of loans and commitments to extend credit. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentration, specific problem loans, commitments, current economic conditions that may affect the borrowers' ability to pay, and other factors related to the collectibility of loans in the Bank's portfolio. Although management continuously reevaluates the allowance, formal evaluations occur on a quarterly basis.

The allowance for loan losses is maintained at a level that Management considers adequate to provide for the loan losses inherent in CBT's loans. The provisions for loan losses in 2004 were \$239,000.

The accrual of interest on loans is discounted at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. As of and for the year ended December 31, 2004, CBT had no impaired loans or loans on non-accrual status.

Liquidity

Liquidity management refers to CBT's ability to provide funds on an ongoing basis to meet fluctuations in deposit levels and other maturing financial obligations as well as the credit needs and requirements of its customers promptly and fully in accordance with their terms.

Both assets and liabilities contribute to CBT's liquidity position. Federal Funds lines, short-term investments and securities, and loan repayments contribute to liquidity, as do deposit increases, while loan funding and deposit withdrawals decrease liquidity. Commitments to fund loans at December 31, 2004 were approximately \$18 million. These commitments relate primarily to commercial loans, real estate construction loans and revolving lines of credit and other loans.

To meet liquidity needs, CBT maintains a portion of its funds in available-for-sale securities, cash and due from banks, overnight funds sold. At December 31, 2004, the net ratio of liquid assets not pledged for collateral and other purposes to deposits and other borrowings was 26.9%. The ratio of gross loans to deposits, another key liquidity ratio, was 33.5% at year-end 2004.

CBT has a Federal Funds borrowing line of credit from Bankers' Bank Northeast in the amount of \$2,000,000.

Management believes that CBT's short-term assets provide sufficient liquidity to cover potential fluctuations in deposit accounts and loan demand and to meet other anticipated operating cash and investment requirements. An important component of CBT's strategy is to expand our presence in our geographic market, including by the opening of new branches. CBT has considered in the past, and continues to consider, opportunities to acquire new branches in Hartford and the 7-town market, subject to applicable regulatory approval. As noted under the heading "General" above, CBT intends to conduct a rights offering of shares of its common stock to its current stockholders in the second quarter of 2005, through which it anticipates raising up to \$20 million depending on market conditions, to provide additional liquidity primarily to support CBT's expansion in the 7-town market, through the development of additional branch locations, to strengthen CBT's capital level in anticipation of our potential growth as well as for general working capital purposes. No assurance can be given that such an offering could be made on terms favorable to the company or at all.

Interest Rate Sensitivity Management

CBT's asset liability management ("ALM") process consists of quantifying, analyzing and controlling interest rate risk ("IRR") to maintain stability in net interest income ("NII") under varying interest rate environments. The principal objective of ALM is to maximize net interest income while operating within acceptable limits established for interest rate risk and maintaining adequate levels of liquidity.

The Bank's net earnings are dependent on its net interest income. Net interest income is susceptible to IRR to the degree that interest-bearing liabilities mature or reprice on a different basis and timing than interest-earning assets. This timing difference represents a potential risk to the Company's future earnings. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a given period, a significant increase in market rates of interest could adversely affect CBT's NII. Similarly, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could result in a decrease in CBT's NII.

Management and the ALCO direct CBT's IRR management through a Risk Management policy that is designed to produce a stable net interest margin ("NIM") in periods of interest rate fluctuation. By adjusting CBT's asset/liability position, the Board and Management attempt to direct CBT's IRR while enhancing the NIM. At times, depending on the general level of interest rates, the relationship between long-term and short-term interest rates, market conditions and competitive factors, CBT's Board of Directors and management may determine strategies that could add to the level of IRR in order to increase its NIM. Notwithstanding CBT's IRR management activities, the potential for changing interest rates is an uncertainty that can have an adverse effect on net earnings.

Interest-sensitive assets and liabilities are those that are subject to maturity or repricing within a given time period. Management attempts to administer this sensitivity through the development and implementation of investment, lending, funding and pricing strategies designed to achieve NII performance goals while minimizing the potential negative variations in NII under different interest rate scenarios. Investment strategies, including portfolio durations and cash flows, are formulated and continually adjusted during the implementation to assure attainment of objectives in the most effective manner. Loan and deposit pricing are adjusted weekly to reflect current interest rate and competitive market environments, with duration targets on both loan pricing and deposit pricing reviewed monthly.

Management believes that CBT's results of operations and net portfolio values are well positioned for a rising interest rate environment. CBT has sought to control asset durations to avoid extension risk in such an environment. To further control IRR, the Company emphasizes non-certificate of deposit accounts. The Board and Management believe that such accounts carry a lower interest cost than certificate accounts, and that a material portion of such accounts may be more resistant to changes in interest rates.

NII at-risk measures the risk of a decline in earnings due to potential short-term and long-term changes in interest rates. The table below presents an analysis of the Company's IRR as measured by the estimated changes in NII resulting from an instantaneous and sustained parallel shift in the yield curve (+ 300 and -100 basis points, measured in 100 basis point increments) at December 31, 2004. Current interest rate levels make it improbable that rates would fall in excess of 100 basis points; therefore, those scenarios are not presented. The table indicates that the Company's level of NII increases under rising rates and declines under falling rates.

NET INTEREST INCOME AT-RISK

Change in Interest Rates (Basis Points)	Estimated Increase (Decrease) in NII (December 31, 2004)
-100	-16.5%
Stable	0.0%
+ 100	7.5%
+ 200	8.7%
+ 300	11.9%

The static gap report shown below measures the net amounts of assets and liabilities that reprice within a given time period over the remaining lives of those instruments. CBT ended 2004 in an asset-sensitive position. Based on this static position, combined with the NII at-risk scenarios noted in the preceding table, management believes that CBT would benefit from a rising rate environment.

	Rate Sensitive Activities					Non-sensitive	
	up to 3	3 months	1 year to	3 years to	Greater than	Assets/ & Equity	Total
	Months	to 1 year	3 years	5 years	5 years		
Interest Sensitive Assets	26,302	7,728	9,676	7,272	23,667	3,643	78,288
Interest Sensitive Liabilities	873	42,869	6,005	1,177	801	26,563	78,288
Gap	25,429	(35,141)	3,671	6,095	22,866	(22,920)	
Cumulative Gap	25,429	(9,712)	(6,041)	54	22,920		-

Capital

A strong capital position, which is vital to CBT's continued profitability, also promotes depositor and investor confidence and provides a solid foundation for the future growth. Federal banking regulators establish minimum capital levels.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") defines specific capital categories based upon an institution's capital ratios. The capital categories, in declining order, are: (i) well capitalized; (ii) adequately capitalized; (iii) undercapitalized; (iv) significantly undercapitalized; and (v) critically undercapitalized. To be considered "adequately capitalized," an institution must generally have a leverage ratio of at least 4%, a Tier 1 capital to risk-weighted assets ratio of at least 4% and total Tier 1 and Tier 2 capital to risk-weighted assets ratio of at least 8%. As of December 31, 2004, the most recent notification from the Federal Deposit Insurance Corporation categorized CBT as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," CBT must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below.

Currently, CBT is required to maintain minimum Tier 1 leverage ratios of at least 9.0%. At December 31, 2004, CBT's capital balances were in excess of current regulatory minimum requirements. As indicated in the following Table, the actual regulatory capital ratios of CBT at December 31, 2004 far exceeded the minimum required ratios. There are no conditions that management believes have changed CBT's category since its December 31, 2004 notification from regulators that it is "well capitalized."

	Required for Classification as "Well Capitalized"	CBT Actual
Total capital (to risk weighted assets)	10.0%	39.6%
Tier 1 capital (to risk weighted assets)	6.0%	38.9%
Tier 1 leverage	5.0%*	29.9%

* Although the minimum Tier 1 capital to average assets ratio is generally 4%, pursuant to the Bank's charter and its de novo status, since its inception, the Bank has been subject to, and has complied with a 9% Tier 1 capital ratio. This requirement will be in effect for thirty-six months from the date of opening, March 12, 2004.

Off-Balance Sheet Arrangements

CBT is a party to credit related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets.

See Note 8 to the accompanying financial statements for required disclosure regarding off-balance arrangements.

ITEM 3. DESCRIPTION OF PROPERTY.

As of March 1, 2005, CBT conducts business from our main office located at 58 State House Square, Hartford, Connecticut; our West Hartford Office at 68 South Main Street, West Hartford, Connecticut; and our Glastonbury Office at 7 Sycamore Street in Glastonbury, Connecticut. See Note 4 to the Financial Statements for more information regarding the premises and equipment.

Main Office. CBT's main office is located at 58 State House Square, Hartford, Connecticut. CBT leases approximately 15,000 square feet on the street level and mezzanine level floors of a multistory office building at that location. CBT operates automated teller machines (ATM) at this location. The executive offices, operations and staff departments are housed at this location, as well as the commercial lenders not otherwise assigned to a branch location. The property previously housed the main office of a bank and was easily adapted to meet the needs of CBT in providing services to its customers.

West Hartford Office. CBT leases a 3,400 square foot building located at 68 South Main Street in West Hartford, Connecticut as the location for its West Hartford Office. Additionally, CBT intends to provide an ATM, drive-through banking service and safe deposit boxes to potential customers at this location.

Glastonbury Office. CBT leases a 4,600 square foot building located at 7 Sycamore Street in Glastonbury, Connecticut as the location for its Glastonbury office. The location provides for drive-through banking service, ATM access, safe-deposit boxes and parking for approximately 20 vehicles.

We paid an aggregate of \$280,000 in rental payments during 2004.

Our Investment Policy permits the Bank to invest in mortgage and bonds backed by real estate, as well as in governmental organizations, such as the Federal Home Loan Mortgage Corporation, and the equity stock of such organizations.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Beneficial Owners

As of March 25, 2005, we had 1,888,550 shares of our common stock outstanding. The following table sets forth, as of March 25, 2005, the beneficial ownership of common stock by all persons and groups who are known to CBT to be the beneficial owners of more than five percent of our common stock. Other than as noted below, we know of no person or group that beneficially owns more than five percent of the outstanding shares of our common stock.

<u>Name and Address</u>	<u>Number of Shares Owned (1)</u>	<u>Percent of Common Stock Outstanding (2)</u>
Mendon Capital Advisors 150 Allens Creek Road Rochester, NY 14618	170,500	9.0%
PWMCO, LLC 310 S. Michigan Avenue, Suite 2600 Chicago, IL 60604	105,000	5.6%
Northaven Management Advisors 200 Park Avenue, 39th Floor New York City, NY 10166	100,000	5.3%
The Endicott Group 239 Park Avenue, Suite 801 New York City, NY 10017	176,200	9.3%

(1) Aggregate holdings have been confirmed via telephone with all listed shareholders.

(2) Percentages are based on a total of 1,888,550 shares of common stock outstanding on March 25, 2005.

Management

The following table sets forth, as of March 25, 2005, the beneficial ownership of our outstanding common stock: (i) by each of our directors and executive officers; and (ii) all of our directors and executive officers as a group.

Name	Number of Shares Owned (excluding Options and Warrants)	Number of Shares That May Be Acquired Within 60 Days By Exercising Options/Warrants	Percent of Common Stock Outstanding (1)
David A. Lentini	23,500	5,000	1.51%
Geno Auriemma	20,000	5,000	1.32%
Frank A. Falvo	3,000	600	*
P. Anthony Giorgio	18,000 (2)	5,000	1.21%
John A. Green	8,500	5,000	*
Anson C. Hall	15,000 (3)	5,000	1.06%
Solomon Kerensky	15,000 (4)	5,000	1.06%
Karl J. Krapek	40,000 (5)	10,000	2.63%
Joan L. Rusconi	15,000 (6)	5,000	1.06%
Philip J. Schulz	15,000	5,000	1.06%
Peter D. Shapiro	5,100 (7)	1,000	*
J. Brian Smith	15,000	2,500	1.06%
John M. Watkins, Jr.	15,000	5,000	1.06%
Deborah S. Davis	8,500 (8)	5,000	*
Lyle T. Fulton	7,500 (8)	5,000	*
All Executive Officers and Directors as a Group (15 persons)	224,100	69,100	14.98%

* Less than 1%

- (1) Percentages are based on a total of 1,888,550 shares of common stock outstanding on March 25, 2005. For holders of options or warrants exercisable within 60 days after March 25, 2005, the number of shares so exercisable by each such holder has been added to the denominator for purposes of calculating such holder's percentage ownership.
- (2) Includes 5,000 shares owned by Mr. Giorgio's spouse and for the benefit of two minor children.
- (3) Owned jointly with Mr. Hall's spouse.
- (4) Includes 5,000 shares owned by Kahan, Kerensky and Caposella, LLP, of which Mr. Kerensky is a principal, and 5,000 shares held by a partnership for which Mr. Kerensky is Trustee with voting and investment power.

- (5) Includes 15,000 shares owned jointly with Mr. Krapek's spouse and 5,000 shares owned by each of two children.
- (6) Includes 5,000 shares owned by The Rusconi Company Pension Plan, of which Ms. Rusconi is a co-Trustee.
- (7) Includes 3,000 shares owned by Mr. Shapiro's spouse and 100 shares held for the benefit of a minor child of which Mr. Shapiro disclaims beneficial ownership.
- (8) Each of Ms. Davis and Mr. Fulton has been awarded 7,500 restricted shares of common stock subject to time-based vesting in equal increments over five years from the date of grant, September 17, 2004. Restricted stock is eligible to receive dividends and entitles the holder to voting rights.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS.

Directors.

Biographical information with respect to each of our directors as of March 1, 2005 is set forth below.

Geno Auriemma, age 50, of Manchester, Connecticut, is head coach of University of Connecticut women's basketball team, is a five-time national Coach-of-the-Year and has been named the BIG EAST Coach-of-the-Year six times. Prior to his current position, Coach Auriemma served as the primary assistant women's basketball coach at the University of Virginia from 1981 to 1985. Prior to that time, Coach Auriemma was assistant women's basketball coach at St. Joseph's University in Philadelphia, Pennsylvania. Coach Auriemma earned his B.A. degree from West Chester University in West Chester, Pennsylvania. Under his leadership, every recruited freshman who has played for him at the University of Connecticut and completed her eligibility there has successfully obtained her undergraduate degree. An accomplished speaker, he is involved in numerous regional and state charitable and educational efforts. For the last seven years, Coach Auriemma has assisted the Connecticut Affiliate of the Y-ME National Breast Cancer Organization, a fund-raising organization for breast cancer research, in the "Pink Ribbon Campaign" and its annual golf outing. He and his wife, Kathy, also chair the American Cancer Society's Hoops for Hope, a Coaches vs. Cancer gala.

Frank A. Falvo, age 62, of Wethersfield, Connecticut, was educated locally at Wethersfield High School and received his Bachelors Degree from Boston University in 1964. Mr. Falvo retired from a career in banking in March of 2000. Prior to that, he had served as President and Chief Executive Officer of Equity Bank, a subsidiary of New England Community Bancorp, Inc. He served in that position until Webster Financial Corporation acquired Equity Bank, after which time Mr. Falvo served as a Vice President for Webster Bank from November 1999 until his retirement in March 2000.

P. Anthony Giorgio, age 63, of Avon, Connecticut, received a Bachelors of Arts degree and a Masters degree from Trinity College in Hartford, Connecticut, and a Masters degree from the University of Illinois. Dr. Giorgio went on to earn a Doctorate from the University of Connecticut. Currently, Dr. Giorgio serves as President and Chief Executive Officer of three companies in the management consulting and real estate fields, ARG Resource Management LLC, ARG Real Estate LLC, and ARG Development LLC. Dr. Giorgio is also a Co-Founder and Managing Director of The Keystone Companies L.L.C., a multifaceted real estate development enterprise specializing in modular construction of residential, commercial and educational housing facilities. Dr. Giorgio has served as a director of various banks. He served as a director of New England Community Bancorp, Inc. from 1996 to 2000. Upon the sale of NECB to Webster Financial Corporation, Dr. Giorgio served as a director of Webster Financial Corporation during 2000 and 2001 and as a director of Webster Bank from 2000 to October 2002. Dr. Giorgio was the former President and Chief Executive Officer of the Connecticut Capitol Region Growth Council and one of the founders and a director of the MetroHartford Economic Development Plan which still serves as the roadmap for the revitalization of Hartford and the Greater Hartford Region. He serves as a director of St. Francis Hospital and Medical Center and the Rehabilitation Hospital of Connecticut.

John A. Green, age 49, of West Hartford, Connecticut, received a Bachelor of Arts degree from Boston College in

1978. He then received a degree as a Graduate Gemologist and certification as a Registered Jeweler and Certified Gemologist Appraiser in 1981. Mr. Green has worked in the retail jewelry business throughout his career. He is the fourth generation in his family's retail jewelry, watch and gift business, Lux Bond & Green, Inc., with nine stores and over 150 employees serving Connecticut and Massachusetts. John has served as President and Chief Executive Officer since 1992. Mr. Green serves on numerous local boards and national trade organizations and is currently Chairman of the Jewelry Information Center and Vice-Chair of Jewelers of America.

Anson C. Hall, age 66, of Ellington, Connecticut, is our Chief Financial Officer and has 35 years of experience in commercial banking. Prior to joining the Bank, Mr. Hall was a Senior Banking Consultant with HAS Associates, a bank consulting firm located in Nashua, New Hampshire. He was Chief Financial Officer of New England Community Bancorp from 1993 to 1999. Mr. Hall began his banking career in 1966 at United Bank in Hartford, Connecticut, where he rose to the positions of Executive Vice President and Treasurer. Mr. Hall is a past President of the Windsor Chamber of Commerce and has served the local banking industry as Chapter President and State Director of the Bank Administration Institute and as a Founding Director of the Bankers' Bank, Northeast. He has served as a member and past Chairman of the Ellington Connecticut Parks and Recreation Commission. Mr. Hall is a Corporator of Eastern Connecticut Health Network and a Director and Treasurer of the Connecticut Public Health Foundation.

Solomon Kerensky, age 67, of South Windsor, Connecticut, is a founding partner of Kahan, Kerensky & Caposella, LLP, with its offices in Manchester, Connecticut, and Vernon, Connecticut. Mr. Kerensky has 40 years' experience, concentrating his practice in the areas of general business, corporate services, banking, and land-use development. He has earned a Bachelors Degree from American International College, and attended both the Georgetown Law Center and earned a Juris Doctorate from the University of Connecticut School of Law. Mr. Kerensky is a member of the American Bar Association and a past president of the Tolland County Bar Association. He is a member of the Planning and Zoning Section of the Connecticut Bar Association. Mr. Kerensky serves as trustee and manager of a multi-discipline real estate trust, holding investments in office buildings, shopping centers, and apartment complexes. He is a managing member of the Talcottville Development Company, LLC, a real estate investment firm, and a general partner of Key Associates, a land development partnership. He is a former director of Vernon National Bank, the former General Counsel and Executive Board member of the Bank of South Windsor, the former General Counsel to Tolland Bank, and a former director of New England Community Bancorp. Mr. Kerensky has been active in many professional, community, and charitable organizations over the years. Foremost among these are: the Open Space Task Force of the Town of South Windsor; the Visiting Nurse and Health Services of Connecticut; the Hartford Jaycees; the Vernon Jaycees, of which he is a former President; the Vernon/Rockville Rotary, of which he also is a former President; the Vernon Housing Authority; the Economic Development Committee of Vernon/Rockville; the March of Dimes; and the South Windsor Wetlands and Conservation Commission. Mr. Kerensky currently serves on the Board of Directors of the YMCA of Greater Hartford.

Karl J. Krapek, age 56, of Avon, Connecticut, received his Bachelor of Science degree in Industrial Engineering from the General Motors Institute (now Kettering University) in 1971. In 1972, Mr. Krapek earned a Master of Science degree in Industrial Administration from Purdue University's Krannert Graduate School, where he was named a Krannert Scholar. In 1999, Mr. Krapek received an Honorary Doctorate of Management from Purdue University. Mr. Krapek retired as President and Chief Operating Officer of United Technologies Corporation in January 2002. Mr. Krapek had been with United Technologies Corporation for twenty years serving in various management positions. He became President and Chief Executive Officer of Pratt & Whitney in 1992, until he was named Executive Vice President and a Director of United Technologies Corporation in 1997. Prior to joining United Technologies Corporation, he was Manager of Car Assembly Operations for the Pontiac Motor Car Division of General Motors Corporation and Project Manager of the Fiero Sports Car. Mr. Krapek is Co-Founder and Managing Director of the Keystone Companies, LLC, a developer of age-restricted active adult communities and college residences. The company uses factory-built modules to deliver finished homes within four months of an order. Mr. Krapek has served as Chairman of the Connecticut Capitol Region Growth Council and Chairman of the MetroHartford Millennium Management Group. Mr. Krapek is a Trustee of the Nutmeg Big Brothers/Big Sisters and is himself a Big Brother. He is a Corporator of the Hartford Seminary and a member of the Bushnell Center of Performing Arts Board of Overseers. He is currently Vice-Chairman of the Board of Trustees of Connecticut State University for which he chairs the Board's Finance and Administration Committee. He is a member of the Board of Directors at St. Francis Care, Inc., and is the Pacesetter Chairman for its Capital Campaign. He is a director of Delta Airlines, Inc., Lucent Technologies, Inc., Prudential Financial, Inc. and Visteon Corporation.

David A. Lentini, age 58, of West Hartford, Connecticut is Chairman and Chief Executive Officer of the Bank. He has 38 years of experience in retail and commercial banking and has previously started a de novo Connecticut commercial bank. Most recently, Mr. Lentini was the Senior Vice President of Operations of Webster Bank in Waterbury, Connecticut. From 1993 to 1999, he was Chairman and Chief Executive Officer of New England Community Bancorp, a commercial bank holding company with approximately \$800 million in assets, which was acquired by Webster in 1999. He was Senior Vice President in the Operations of Northeast Savings from 1986 to 1988, at which time he became a Founder and the Chief Executive Officer of Bank of South Windsor in South Windsor, Connecticut. Mr. Lentini began his banking career at The Connecticut Bank and Trust Company in 1965, holding a variety of management positions in operations, commercial and retail banking. Mr. Lentini is a director of St. Francis Hospital; Chairman of the Board of Trustees for the Greater Hartford Easter Seals Rehabilitation Center; director of the Connecticut Water Company; and a director of the Cooper-Atkins Corporation. Mr. Lentini is also a member and past President of the Connecticut Community Bankers Association.

Joan L. Rusconi, age 63, of West Hartford, Connecticut, was educated at Sacred Heart Academy of Hamden, Connecticut, Albertus Magnus College of New Haven, Connecticut, and Southern Connecticut State College of Hamden, Connecticut. Ms. Rusconi is part owner and Vice President of Finance of The Rusconi Company of Hartford, Connecticut, an investment banking financial advisory services firm that assists small to medium size closely held businesses since 1985. Prior to that, Mrs. Rusconi was a consultant specializing in public relations, advertising and marketing. Mrs. Rusconi was Co-Founder and President of The Shetland Company, a real estate investment company and Rusconi Securities, Inc. a broker-dealer affiliate of The Rusconi Company. She was a co-sponsor of the Connecticut Chapter of the CEO Club, an international organization for small business CEO's. Ms. Rusconi also served as an incorporator and director of the First Bank of West Hartford until its sale to New England Community Bancorp, Inc. in 1997. Ms. Rusconi was an incorporator and director of West Hartford Bank and Trust Company. She speaks on entrepreneurship at a number of panels and symposiums, and serves on the Boards of Directors of several privately held companies. Mrs. Rusconi has established an endowment at University of Connecticut School of Business to provide scholarships to undergraduate students in the school's accounting department.

Philip J. Schulz, age 60, of Simsbury, Connecticut, was the Managing Partner of PricewaterhouseCoopers' Hartford, Connecticut office until his retirement in July 2003. Mr. Schulz also served as the Leader of PricewaterhouseCoopers' Consumer and Industrial Products and Services Industry Group in PricewaterhouseCoopers' Hartford office. He joined Coopers & Lybrand in 1967 and was Managing Partner of the Hartford office of that firm at the time of the merger between Coopers & Lybrand and Pricewaterhouse in 1998. He was a member of the firm's Council and was a Trustee of the PricewaterhouseCoopers Foundation. He also served as a Regional Technical Consultant and SEC Reviewer and was assigned to his firm's national office for two years. Mr. Schulz is a Director and Vice Chairman of the Audit Committee and a member of the Governance Committee of Olin Corporation. He is Chairman of the Board of Trustees of St. Joseph College; a Director of St. Francis Hospital and Chairman of its Finance Committee; and is on the Board of Trustees of The McLean Fund. Mr. Schulz earned a Bachelor's degree from Niagara University in 1967 and also completed the Tuck Executive Program at Dartmouth College.

Peter deWilde Shapiro, age 61, of Bloomfield, Connecticut, has been an attorney specializing in public affairs and real estate development since 1973. He is a founding partner of ArtSpace Connecticut, LLC, which develops living and working space for artists. From 1973 to 1990, he was employed by The Connecticut Bank and Trust Company, serving as Senior Vice President and Director of Public Affairs. Mr. Shapiro is past President of Connecticut Advocates for the Arts, a former member of the State Commission on the Arts, and served on the Connecticut Humanities Council. He is past President of the Urban League of Greater Hartford and served as a Trustee of the National Urban League. He currently serves on the board of the Connecticut AIDS Residence Coalition. Mr. Shapiro received a Bachelor of Arts degree from Fordham University and a Juris Doctorate from Emory Law School. He is a graduate of the Executive Management Program of Yale University's School of Management. He served in the United States Army as a news correspondent in the Republic of South Vietnam.

J. Brian Smith, age 61, of West Hartford, Connecticut, received his Bachelor of Science degree from the University of Connecticut in 1965. Mr. Smith has worked with Smith Brothers Insurance, Inc. since 1969. Currently, he serves as the President of that company. Mr. Smith also is a member and part owner of Smith Brothers Investment Management and Smith Brothers Real Estate, LLC. Mr. Smith served as a Director of The Bank of South Windsor

from 1989 until 1999, and then as a Director of New England Community Bancorp, Inc. from 1999 to 2000, after New England Community Bancorp's acquisition of The Bank of South Windsor.

John M. Watkins, Jr., age 61, of Farmington, Connecticut, received a Bachelor of Science degree from Tuskegee University in 1966, a Masters degree in Business Administration from the New York Institute, and an engineering certificate from Stanford University. Mr. Watkins has substantial experience in business, having served as a Vice President of United Technologies Corporation from 1995 until 2000 and as an Executive Vice President and Chief Information Officer of Fairchild Semiconductor International from 2000 to the present. Mr. Watkins serves as Chairman of Akoura Biometrics of Portland, Maine, and Chairman of the Board of Wesley, Brown and Bartle in New York City. He also enjoyed a distinguished military career from which he retired as a General Officer of the United States Army. For General Watkins' last assignment in the military, he was responsible for all of the Department of Defense world-wide computer operations as Commanding General. He is a member of the Board of the Connecticut River Council Boy Scouts of America.

Executive Officers.

Biographical information with respect to each of our nondirector executive officers as of March 1, 2005 is set forth below.

Lyle T. Fulton, age 40, of Wethersfield, Connecticut, has been an Executive Vice President and the Chief Lending Officer of the Bank since April 2004. He was previously employed by Webster Bank as a Vice President and a Regional Manager for Small Business Banking from January 2000 through March 2004. Prior to joining Webster Bank, he held the position of Vice President-Commercial Lending at Equity Bank.

Deborah S. Davis, age 49, of South Windsor, Connecticut, has been an Executive Vice President of the Bank, Retail and Banking Operations, since March 1, 2004. From September 2003 to March 2004, Ms. Davis was engaged as a consultant to the Bank. She previously held various positions at Webster Bank and most recently was Senior Vice President, Bank Operations, from 2000 through September 2003.

Audit Committee.

The Audit Committee, consisting of Philip J. Schulz (chair), P. Anthony Giorgio, Karl J. Krapek and Joan L. Rusconi, meets periodically with independent auditors and management to review accounting, auditing, internal audit and financial reporting matters. This committee met six times during the year ended December 31, 2004. Each member of the Audit Committee is independent in accordance with the listing standards of the Nasdaq Stock Market. The Board of Directors has determined that Philip J. Schulz is an audit committee financial expert under the rules of the SEC.

ITEM 6. EXECUTIVE COMPENSATION.

Summary Compensation

The following information is furnished for the chief executive officer and for the three other highest paid executive officers of the Bank who received salary and bonus of \$100,000 or more during or for the year ended December 31, 2004.

Name and Principal Positions	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation(e)	Restricted Stock Awards (\$)(1)	Securities Underlying Options/SARS (#)	LTIP Payouts (\$)	All Other Compensation
David A. Lentini <i>Chairman of the Board, President and Chief Executive Officer</i>	2004	\$164,712	\$35,000	\$0	\$ 0	-	\$0	\$0
Anson C. Hall <i>Director, Treasurer, Secretary and Chief Financial Officer</i>	2004	\$121,366	\$28,000	\$0	\$ 0	-	\$0	\$0
Deborah S. Davis <i>Executive Vice President, Retail and Banking Operations</i>	2004	\$111,096	\$27,825	\$0	\$ 112,500	-	\$0	\$0
Lyle T. Fulton <i>Executive Vice President and Chief Lending Officer</i>	2004	\$86,250	\$19,763	\$0	\$ 112,500	-	\$0	\$0

(1) In March 2004, the Board of Directors approved reserving 67,900 shares of common stock for awards to the Bank's "First Team" consisting of persons who were employees of the Bank at the commencement of its operations. Each of Ms. Davis and Mr. Fulton received 7,500 restricted shares of common stock as part of such restricted stock awards to the First Team. The aggregate value of those shares received by Ms. Davis and Mr. Fulton is \$225,000, based on a per share value of \$15.00 as of the award date of September 17, 2004. Restricted stock is eligible to receive dividends.

Stock Options in the Last Fiscal Year

The Bank has in effect an equity-based incentive plan pursuant to which options to purchase common stock may be granted to key employees, including executive officers, of the Bank. No options were granted to the named executive officers during the year ended December 31, 2004, and as of the date of this registration statement, the named executive officers do not own any options exercisable for common stock of the Bank, nor did they exercise any options in 2004.

Employment Agreements

CBT maintains employment agreements with Messrs. Lentini and Hall. The continued success of CBT depends to a significant degree on the skills and competence of these officers.

The term of Mr. Lentini's employment agreement is three years. Mr. Hall's employment agreement provides for a two-year term. The employment agreements provide that the executive's base salary will be reviewed annually. The base salaries which currently are in effect for the employment agreements for Messrs. Lentini and Hall are \$175,000 and \$125,000, respectively, subject to periodic increase in the discretion of the Compensation Committee. In addition to the base salary, the employment agreements provide for, among other things, participation in various cash incentive plans and stock-based compensation programs in an amount and form set by the Compensation Committee, who may establish one or more individual or corporate goals for each year, the achievement of which may be a condition to payment of the incentive compensation. The agreement further provides for participation in various employee benefit plans, as well as furnishing fringe benefits available to similarly-situated executive personnel.

The employment agreements provide for termination by the Bank for cause, as defined in the employment agreements, at any time. In case of termination due to retirement, by the Bank for cause or termination by the executive, other than for special circumstances constituting constructive termination, the executive shall be entitled only to salary and reasonable expenses accrued through the date of termination. In the case of termination for death or disability, base salary (or in the case of disability, only such excess of base salary over disability payments) shall

be continued for six months. If the Bank terminates the executive's employment for reasons other than for cause, and other than death, disability or retirement, or if the executive resigns from the Bank after specified circumstances that would constitute constructive termination, the executive or, if the executive dies, his or her beneficiary, would be entitled to receive an amount equal to the base salary and incentive compensation payments at the then current rate for the remainder of the term, and, in any event, no less than one year, any granted but unexercised stock options and any restricted stock awards shall be accelerated as though the executive had continued service through the balance of the term of the employment agreement, health benefits shall be continued for eighteen months following termination and the Compensation Committee may, in its discretion, continue and/or pay for the executive's life, dental and disability coverage and other fringe benefits for the remaining term of the employment agreement. If termination is without cause or by the executive for circumstances constituting good reason after a change of control (as defined in the agreement), then the base salary payments described in the previous sentence shall be paid in a lump sum amount equal to base salary for a period of three years. The employment agreements restrict each executive's right to compete against the Bank for a period of three years from the date of termination if the executive voluntarily terminates employment or his or her employment is terminated for cause, and restricts each executive's right to compete against the Bank for a period of two years from the date of termination if the termination is under any other circumstance.

Compensation Committee Interlocks and Insider Participation

In 2004, the full Board of Directors approved certain restricted stock grants to employees of the Bank, including grants to Ms. Davis and Mr. Fulton. The Compensation Committee took all other actions regarding 2004 executive compensation and will take all actions regarding executive compensation in the future, with input from the Chief Executive Officer with respect to all other executive officers.

Directors' Compensation

The Bank did not pay directors' fees during 2004 and does not intend to pay directors' fees during the first two years of operation or until profitability has been achieved. Thereafter, the Bank intends to pay its directors fees commensurate with the duties of Bank directors and those of board committee membership. These fees will be consistent with norms established by banks within its peer group. Directors also will be eligible to participate in the 2005 Stock Option Plan, although no option grants or equity awards have been made to nonemployee directors under this plan to date. See "PART II - ITEM 1. MARKET PRICE AND DIVIDENDS ON THE CONNECTICUT BANK AND TRUST COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS - Securities Authorized for Issuance Under Equity Compensation Plan."

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The Sarbanes-Oxley Act of 2002 generally prohibits loans by the Bank to its executive officers and directors. However, the Sarbanes-Oxley Act contains a specific exemption from such prohibition for loans by organizations such as the Bank to its executive officers and directors in compliance with federal banking regulations. Federal regulations require that all loans or extensions of credit to executive officers and directors must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. In addition, loans made to a director or executive officer in excess of the greater of \$25,000 or 5% of the Bank's capital and surplus (up to a maximum of \$500,000) must be approved in advance by a majority of the disinterested members of the Board of Directors.

The Bank currently makes loans to its executive officers and directors on the same terms and conditions offered to the general public. The Bank's policy provides that all loans made by the Bank to its executive officers and directors be made in the ordinary course of business, on substantially the same terms, including collateral, as those prevailing at the time for comparable transactions with other persons and may not involve more than the normal risk of collectibility or present other unfavorable features.

The Bank intends that all future transactions between the Bank and its executive officers, directors, holders of 10% or more of the shares of any class of its common stock and affiliates thereof, will contain terms no less favorable to the Bank than could have been obtained by it in arms-length negotiations with unaffiliated persons and

will be approved by a majority of independent outside directors of the Bank not having any interest in the transaction.

On September 17, 2004, the Bank entered into an endorsement contract with Mr. Auriemma for services relating to the endorsement of the Bank's banking and financial services. Mr. Auriemma became a director of the Bank on September 20, 2004. Under the terms of Mr. Auriemma's contract, the Bank will pay an aggregate of \$475,000 in retainer fees over a three-year term. The Bank believes that the endorsement contract with Mr. Auriemma is on terms no less favorable to the Bank than could be obtained from other third persons for similar endorsement services.

On December 14, 2004, the Bank entered into an agency agreement with Smith Brothers, Inc. ("SBI"), an insurance company of which director J. Brian Smith is a principal. Under the agency agreement, the Bank may refer its customers and members of the general public to SBI for the purposes of purchasing insurance products offered by SBI. In the event revenues are generated by SBI as a result of the Bank's referrals, the Bank is entitled to share in those revenues under the terms of the agency agreement. No payments were made to the Bank by SBI with respect to the year ending December 31, 2004.

In consideration of having provided at-risk working capital in advance of our initial public offering and assisting in the organization of CBT, on the date CBT opened for business each of the Founders was granted warrants for up to 5,000 shares of CBT's common stock based upon the \$10.00 per share offering price as set forth in Management's Beneficial Ownership table on page 22. As Founders, each of our current directors received these warrants on the date CBT opened for business. See "PART II - ITEM 4. RECENT SALES OF UNREGISTERED SECURITIES - Founders' Warrants."

ITEM 8. DESCRIPTION OF SECURITIES.

CBT's Amended Certificate of Incorporation authorizes us to issue up to 2,500,000 shares of common stock, par value \$1.00 per share. As of March 25, 2005, we had 1,888,550 shares of our common stock outstanding. Each share of our common stock has the same relative rights, privileges and preferences as any other share of common stock and will be entitled to one vote on any matter submitted to the shareholders. Shareholders do not have the right to cumulate votes in the election of directors. Assets remaining after satisfaction of all liabilities and obligations will be distributed to the holders of the Bank's common stock in proportion to their holdings in the event of liquidation of the Bank. Our common stock is not subject to call for redemption, and upon receipt by the Bank of the full purchase price, the common stock is fully paid and nonassessable. The Bank's common stock is not insured by the FDIC or any other governmental agency.

CBT's Amended Certificate of Incorporation provides that no holder of shares of the Bank's common stock will have any preemptive right to purchase any shares of any stock. Additionally, there is no redemption right, sinking fund provision, or right of conversion with respect to the Bank's common stock. Shareholders are entitled to receive such dividends as may be declared by the Bank's Board of Directors.

CBT's Amended Certificate of Incorporation also provides that the Board of Directors will be divided into three classes. Directors serve staggered terms, with one-third of the directors elected each year at the annual meeting of shareholders. As a result, unless the existing directors resign, it would generally take at least two annual meetings of shareholders to replace a majority of the directors.

PART II

ITEM 1. MARKET PRICE OF AND DIVIDENDS ON THE CONNECTICUT BANK AND TRUST COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Historical Market Prices

There is limited trading in and no established public trading market for the Bank's common stock. Shares of the Bank's common stock are currently quoted for trading on the OTC Bulletin Board under the symbol "CTBC". They began trading on this market in March 2004. The development of a liquid public market depends on the

existence of willing buyers and sellers, the presence of which is not within our control. There can be no assurances that an active and liquid market will develop for the common stock. We intend to seek to have the shares of the Bank's common stock listed on the Nasdaq quotation system during the third quarter of 2005.

The following table gives the high and low sales prices and average volume for our common stock on the OTC Bulletin Board since the Bank's stock began trading in March 2004. High and low bid prices reported on the OTC Bulletin Board reflect inter-dealer quotations without retail markup, markdown or commissions, and may not necessarily represent actual transactions.

	<u>Sales Price</u>		<u>Average Volume</u>
	<u>High</u>	<u>Low</u>	
1 st Quarter 2004	\$19.00	\$15.00	2,147 shares
2 nd Quarter 2004	\$15.75	\$14.00	739 shares
3 rd Quarter 2004	\$19.50	\$14.50	548 shares
4 th Quarter 2004	\$22.50	\$19.30	952 shares

Shareholders

As of December 31, 2004 there were approximately 400 shareholders of record of CBT's common stock.

Dividends

As of the date of this Registration Statement, we have not paid any cash dividends. Payment of stock or cash dividends will depend on the Bank's earnings and financial condition and other factors deemed relevant by the Bank's Board of Directors. Additionally, the payment of dividends by the Bank is subject to regulatory restrictions including the requirement for prior approval from the Banking Department if the total dividends declared in any year will exceed the Bank's profits for that year combined with its retained net profits for the preceding two years. It is our current intention to follow our strategic plan of retaining earnings to increase our capital and provide additional basis for growth. Accordingly, no assurance can be given that any cash dividends will be declared in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plan

As of the date of this Registration Statement, CBT has no compensation plan authorized by its shareholders. Our Board of Directors adopted the 2005 Stock Option Plan, subject to shareholder approval, on February 17, 2005. At the Bank's 2005 Annual Meeting of Shareholders, the Board will seek shareholder approval of the 2005 Stock Option Plan, under which, if so approved, CBT will be authorized to grant stock options and awards of shares of our common stock.

ITEM 2. LEGAL PROCEEDINGS.

To the best of our knowledge, there are no pending legal proceedings to which the Bank is a party and which may have a materially adverse effect on the Bank's property, business or results of operations.

ITEM 3. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS.

Wolf & Company, P.C., an independent registered public accounting firm, served as the Bank's independent auditors for fiscal 2004 and has reported on our 2004 financial statements. The Audit Committee of the Board of Directors has reappointed Wolf & Company for fiscal year 2005. There are no disagreements with our accountants on accounting or financial disclosure matters.

ITEM 4. RECENT SALES OF UNREGISTERED SECURITIES.

Initial Public Offering. During 2003, we issued a total of 1,850,000 shares of the Bank's common stock to members of the public at a purchase price of \$10.00 per share without registration under the Securities Act of 1933, as amended (the "Securities Act"). CBT did not use any underwriters in connection with the initial public offering. The total proceeds from shares sold in the offering were \$18.5 million. The shares were exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(2) thereof.

Founders' Shares. In September, 2003, the Bank's Founders purchased a total of 615,800 shares of the Bank's common stock under the same terms as the shares issued to the public in the Bank's initial offering. The total proceeds from shares sold in the offering to the Bank's Founders were \$6,158,000. The shares were exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(2) thereof.

Founders' Warrants. Upon the opening of the Bank in March 2004, each of the Bank's Founders was granted a warrant to purchase up to 5,000 shares of the Bank's common stock at a price of \$10.00 per share. Each Founder was granted warrants to purchase shares of the Bank's common stock for every ten shares of the Bank's common stock purchased by the Founder in the Bank's initial offering. A warrant to purchase two shares was granted for each ten shares purchased in the Bank's initial offering up to 5,000 shares; a warrant to purchase three shares was granted for each ten shares purchased in the Bank's initial offering in excess of 5,000 shares and up to 10,000 shares; and a warrant to purchase five shares was granted for each ten shares purchased in the Bank's initial offering up to in excess of 10,000 shares and up to 15,000 shares. Each warrant authorizes the Founder to purchase shares of the Bank's common stock at a price of \$10.00 per share (subject to adjustment for stock splits, recapitalization or other similar events), is fully exercisable and expires on March 12, 2014. The shares of common stock which may be purchased through the exercise of the warrants were exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(2) thereof.

Awards of Restricted Stock to Employees. In 2004, we issued a total of 28,550 shares of restricted common stock of the Bank to employees in consideration of each such employee's service to the Bank. On February 14, 2005, the Compensation Committee approved restricted stock awards of 15,000 shares of restricted common stock to Mr. Lentini and 10,000 shares of restricted common stock to Mr. Hall. Each award vests in equal annual increments over five years from the date of the grant in consideration of each such employee's service to the Bank. All such shares were exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(2) thereof.

ITEM 5. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Bank's Amended Certificate of Incorporation provides that the Bank will, in accordance with state and federal law and subject to the limitations on indemnification contained in Section 1828(k) of Chapter 12 of the United States Code and FDIC regulations, indemnify any director, officer or employee of the Bank, or of any firm, corporation or organization which such person served in any such capacity at the request of the Bank, for reasonable expenses actually incurred in connection with any action, suit or proceeding, civil or criminal. However, director, officer or employee of the Bank will be indemnified relative to any matter: (1) as to which such person is finally adjudged to have been guilty or liable for willful or gross negligence, willful misconduct or criminal acts in the performance of such person's duties to the Bank; or (2) which has been made the subject of a compromise settlement unless such settlement was made with the approval of a court of competent jurisdiction, holders or a majority of the outstanding shares of the Bank, or the Bank's Board of Directors acting by vote of the directors, not parties to the same or substantially the same action, suit or proceeding, constituting a majority of the full Board of Directors. The Connecticut Business Corporation Act requires that the Bank indemnify any director who is wholly successful, on the merits or otherwise, in the defense of any proceeding to which such director was a party because he or she was a director of the Bank against reasonable expense incurred in connection with the proceeding.

In addition, the Bank's Amended Certificate of Incorporation limits the personal liability of any Bank director to the Bank or to Bank shareholders for monetary damages for breach of duty to the amount of compensation received by the director during the year of the violation so long as the breach of duty did not: (1) involve a knowing and culpable violation of law; (2) enable the director or an associate of the director to receive improper personal economic gain; (3) show a lack of good faith and conscious disregard for the duty of the director

to the Bank under circumstances in which the director was aware that his or her conduct or omission created an unjustifiable risk of serious injury to the Bank; (4) constitute a sustained and unexcused pattern of inattention that amounted to an abdication of the director's duty to the Bank; or (5) create liability under Section 36a-58 of the Banking Law of Connecticut. Any lawful amendment, modification or repeal of the foregoing rights will not adversely affect any limitation of liability, right or protection of a director existing at the effective date of the amendment, modification or repeal.

PART F/S

Set forth below are the audited financial statements for the Company from January 1, 2004 to December 31, 2004. These financial statements are attached to this report and filed as a part thereof.

PART III

ITEM I. INDEX TO EXHIBITS.

The following exhibits are filed as a part of this Registration Statement on Form 10.

ITEM 2. DESCRIPTION OF EXHIBITS.

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amended Certificate of Incorporation of The Connecticut Bank and Trust Company
3.2	Amended Bylaws of The Connecticut Bank and Trust Company
4.1	Form of Warrant
10.1	Employment Agreement dated June 16, 2004 with David A. Lentini
10.2	Employment Agreement dated June 16, 2004 with Anson C. Hall
10.3	Endorsement Contract dated September 17, 2004 with Geno Auriemma
10.4	Form of Restricted Stock Agreement
10.5	Agency Agreement dated December 14, 2004 with Smith Brothers Insurance, Inc.
10.6	Lease Agreement (58 State House Square, Hartford, Connecticut)
10.7	Lease Agreement (68 South Main Street, West Hartford, Connecticut)
10.8	Lease Agreement (7 Sycamore Street, Glastonbury, Connecticut)
23.1	Consent of Wolf & Company, P.C.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT BANK AND TRUST COMPANY

By: /s/ David A. Lentini

Name: David A. Lentini

Title: Chairman, President and Chief Executive Officer

By: /s/ Anson C. Hall

Name: Anson C. Hall

Title: Chief Financial Officer

Date: April 28, 2005