

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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): May 5, 2011

The Connecticut Bank and Trust Company

(Exact Name of Registrant as Specified in its Charter)

Connecticut

90-0115348

(State or other jurisdiction
of incorporation)

(I.R.S. Employer
Identification No.)

58 State House Square, Hartford, Connecticut

06103

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(860) 246-5200

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On April 29, 2011, The Connecticut Bank and Trust Company announced its financial results for the quarter ended March 31, 2011. The press release containing this announcement is furnished as exhibit 99.1 and incorporated by reference.

The information in this item 2.02 and Exhibit 99.1 hereto shall not be deemed filed for purposes of Section 18 of the Securities and Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release of The Connecticut Bank and Trust Company dated April 29, 2011, announcing its financial results for the quarter ended March 31, 2011 captioned "CBT Reports Results for First Quarter".

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CONNECTICUT BANK AND TRUST COMPANY

By: /s/ Paul A. Granato
Name: Paul A. Granato
Title: Chief Financial Officer

Date: May 5, 2011

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release of The Connecticut Bank and Trust Company dated April 29, 2011, announcing its financial results for the quarter ended March 31, 2011 captioned "CBT Reports Results for First Quarter".



Contact: **David A. Lentini**
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CBT Reports Results for First Quarter

Hartford, CT, April 29, 2011 - The Connecticut Bank and Trust Company ("CBT" or "Bank") (Nasdaq: CTBC) reported net income of \$806,000 for the quarter ending March 31, 2011 compared to net income of \$246,000 for the comparable period a year earlier. After accounting for \$97,000 of preferred dividends, net income available to common shareholders was \$709,000 or \$0.19 per diluted common share compared to net income of \$149,000 or \$0.04 per diluted common share, respectively. Included in the Bank's first quarter results is the recognition of \$700,000 in income tax benefit related to net operating loss carryforwards by reversing a portion of the deferred tax valuation allowance.

Chairman and CEO David A. Lentini remarked, "The Bank continues to provide much needed commercial lending in our market area with over \$8.5 million in new loans granted in the quarter. Despite this volume, loan assets declined in the period as many business owners continue to shrink their balance sheets in this period of economic uncertainty."

Total assets at March 31, 2011 were \$273.6 million compared to \$274.2 million at the prior year end. Total loans outstanding declined \$2.4 million, and securities were called in advance of their maturity date resulting in a net decrease of \$3.1 million.

Operating Results for the Quarter Ended March 31, 2011. Net interest income for the quarter ended March 31, 2011 was \$2.5 million, which is unchanged from both the same period in the prior year and the immediately preceding quarter. The net interest margin for the quarter was 3.86% compared to 3.97% for the comparable period a year ago and 3.83% on a linked quarter basis. Growth in average earning assets, principally loans, produced volume related changes of \$329,000 which was offset by a comparable decline in yield on assets of (\$436,000). This was somewhat mitigated by lower rates and volumes on average interest bearing liabilities of \$126,000.

Non-interest income amounted to \$293,000 in the quarter, compared to \$149,000 for the comparable period a year ago. Fees on deposit operations totaled \$113,000, up \$44,000 or 64%, from the same period in the prior year. Gains on sales of securities added \$85,000 of income and proceeds from the origination and sale of mortgage loans added \$27,000 to income.

Operating expenses for the quarter totaled \$2.5 million, an increase of \$304,000, from the same period last year. General and administrative costs rose \$142,000 from the comparable period a year prior primarily due to increased costs of goods and services and collection expenses on increased problem assets. Professional services increased \$82,000 from the prior year mainly due to servicing fees on the consumer loan portfolio and increased legal and consulting costs. Compensation costs, including staff additions, benefits, and related taxes, rose \$58,000, for the three-month period ended March 31, 2011 compared to the similar period in the prior year. FDIC insurance premiums increased \$35,000 chiefly related to higher premiums on insured deposits.

Provision for Loan Losses. The provision for loan losses was \$154,000 for quarter ending March 31, 2011 compared to \$155,000 for the same period in the prior year. The ratio of reserves to total loans was 1.53% at March 31, 2011 compared to 1.51% at December 31, 2010. While the loan portfolio experienced a decline of \$2.4 million, provisions were set aside for qualitative factors affecting the loan portfolio. The allowance was \$3.4 million at March 31, 2011 and December 31, 2010.

Asset Quality. All loans are subject to internal risk rating, which are independently reviewed on an annual basis. Internal risk ratings are an integral component in the calculation of reserving for loan losses. Total nonaccrual loans were \$10.8 million (\$2.7 million government guaranteed) and represented 4.9% of total loans outstanding at March 31, 2011, compared to \$8.8 million (\$2.4 million government guaranteed) and represented 3.9% of total loans at December 31, 2010. Loans past due 90 days or more and still accruing interest totaled \$207,000 as of March 31, 2011 compared to \$1.2 million as of December 31, 2010. Charged-off loans amounted to \$153,000 for the quarter ended March 31, 2011 and \$48,000 in the comparable period a year earlier. Management mitigates the risk of loss through sound underwriting principles, strong collateral management, diversification among industries and government guarantees from the USDA and SBA, when available.

Balance Sheet Performance. Total assets at March 31, 2011 were \$273.6 million compared to \$274.2 million at the prior year end. Outstanding loans experienced a decline of \$2.4 million from December 31, 2010 primarily due to repayments and slower demand for new loans. Securities available for sale declined \$3.2 million chiefly attributable to principal prepayments and securities called and redeemed at par. The Bank reduced the valuation allowance against the deferred tax asset in the amount of \$700,000 based upon available evidence of historical taxable income levels for the past two years and projected taxable income, and concluded it is more likely than not that this portion of the deferred tax asset will be realized. Total deposits declined \$1.2 million from December 31, 2010 to end the quarter at \$212.6 million principally from maturities of certificates of deposit. Short-term and secured borrowings increased \$1.0 million while advances from the Federal Home Loan Bank Boston declined by \$1.0 million. The Bank is considered well-capitalized with stockholders' equity of \$25.5 million at March 31, 2011.

	Selected Performance Data				
	Quarter Ended				
	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
<i>In thousands, except per share data</i>					
Total assets (EOP)	\$ 273,604	\$ 274,231	\$ 272,292	\$ 267,531	\$ 266,661
Net income (loss)	\$ 806	\$ 188	\$ (135)	\$ 261	\$ 246
Net income (loss) available to common shareholders	\$ 709	\$ 91	\$ (232)	\$ 164	\$ 149
Net interest margin	3.86%	3.64%	3.89%	3.74%	3.97%
Net interest spread	3.56%	3.33%	3.57%	3.44%	3.62%
Ratio of total stockholders' equity to total assets (EOP)	9.33%	9.07%	9.14%	9.42%	9.25%
Weighted avg shares outstanding	3,621	3,621	3,621	3,621	3,604
Income (loss) per common share (basic)	\$ 0.20	\$ 0.03	\$ (0.06)	\$ 0.05	\$ 0.04
Income (loss) per common share (diluted)	\$ 0.19	\$ 0.02	\$ (0.06)	\$ 0.05	\$ 0.04
Book value per common share (EOP)	\$ 5.64	\$ 5.47	\$ 5.48	\$ 5.57	\$ 5.43
Allowance for loan losses to total loans (EOP)	1.53%	1.51%	1.48%	1.40%	1.37%
Nonperforming loans to total loans	4.97%	4.44%	2.03%	1.70%	0.87%

THE CONNECTICUT BANK AND TRUST COMPANY
Five Quarter Statements of Operations (unaudited)

<i>(In thousands, except per share data)</i>	Three Months Ended				
	March 31, 2011	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010	March 31, 2010
Total interest and dividend income	\$ 3,228	\$ 3,291	\$ 3,419	\$ 3,313	\$ 3,335
Total interest expense	734	810	836	851	860
Net interest income	2,494	2,481	2,583	2,462	2,475
Provision for loan losses	154	135	587	154	155
Net interest income, after provision for loan losses	2,340	2,346	1,996	2,308	2,320
Total non-interest income	293	206	186	209	149
Total non-interest expenses	2,527	2,364	2,317	2,256	2,223
Net income (loss) before income tax expense	106	188	(135)	261	246
Income tax benefit	700	-	-	-	-
Less: preferred stock dividend and accretion	(97)	(97)	(97)	(97)	(97)
Net income (loss) attributable to common shareholders	\$ 709	\$ 91	\$ (232)	\$ 164	\$ 149
Net income (loss) per share:					
Basic	\$ 0.20	\$ 0.03	\$ (0.06)	\$ 0.05	\$ 0.04
Diluted	\$ 0.19	\$ 0.03	\$ (0.06)	\$ 0.04	\$ 0.04

Caution concerning forward-looking statements:

Statements contained in this release, which are not historical facts, may be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated, due to a number of factors which include, without limitation, the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, changes in the interest rates, the effects of competition, and other factors that could cause actual results to differ materially from those provided in any such forward-looking statements. CBT does not undertake to update its forward-looking statements. See financial statements accompanying this release for additional data.

THE CONNECTICUT BANK AND TRUST COMPANY
STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share data)	Three Months Ended March 31,	
	2011	2010
Interest and dividend income:		
Loans, including fees	\$ 3,010	\$ 3,048
Debt securities	201	268
Other	17	19
Total interest and dividend income	3,228	3,335
Interest expense:		
Deposits	474	592
Securities sold under agreements to repurchase	3	3
Federal Home Loan Bank advances	257	265
Total interest expense	734	860
Net interest income	2,494	2,475
Provision for loan losses	154	155
Net interest income, after provision for loan losses	2,340	2,320
Non-interest income:		
Customer service fees	113	69
Loan servicing fees	68	71
Net gain on sales of available-for-sale securities	85	-
Net gain on sales of loans	27	9
Total non-interest income	293	149
Non-interest expense:		
Salaries and employee benefits	1,229	1,171
Occupancy and equipment	449	435
Data processing	82	78
Marketing	62	93
Professional services	231	149
FDIC insurance	132	97
Other general and administrative	342	200
Total non-interest expense	2,527	2,223
Income before income tax benefit	106	246
Income tax benefit	700	-
Net income	806	246
Less preferred stock dividend and accretion	(97)	(97)
Net income attributable to common shareholders	\$ 709	\$ 149
Net Income per common share:		
Basic	\$ 0.20	\$ 0.04
Diluted	\$ 0.19	\$ 0.04
Average basic common shares issued and outstanding	3,621	3,604
Average diluted common shares issued and outstanding	3,669	3,604

THE CONNECTICUT BANK AND TRUST COMPANY
BALANCE SHEETS
(Unaudited)

(In thousands, except share data)	March 31, 2011	December 31, 2010	March 31, 2010
ASSETS			
Cash and due from banks	\$ 14,559	\$ 8,725	\$ 4,314
Federal funds sold	-	-	24,000
Cash and cash equivalents	<u>14,559</u>	<u>8,725</u>	<u>28,314</u>
Interest-bearing deposits in bank	79	79	78
Securities available for sale	32,177	35,349	27,574
Federal Reserve Bank stock, at cost	751	762	724
Federal Home Loan Bank stock, at cost	2,057	2,057	2,057
Loans held for sale	-	386	-
Loans	221,334	223,723	205,228
Allowance for loan losses	<u>(3,383)</u>	<u>(3,381)</u>	<u>(2,809)</u>
Loans, net	217,951	220,342	202,419
Premises and equipment, net	1,780	1,898	2,005
Deferred tax asset	700	-	-
Other assets	3,550	4,633	3,490
	<u>\$ 273,604</u>	<u>\$ 274,231</u>	<u>\$ 266,661</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Non-interest-bearing deposits	\$ 38,119	\$ 35,972	\$ 30,294
Interest-bearing deposits	174,517	177,822	177,486
Total deposits	<u>212,636</u>	<u>213,794</u>	<u>207,780</u>
Secured borrowings	777	577	-
Securities sold under agreements to repurchase	4,240	3,392	2,893
Federal Home Loan Bank advances	29,450	30,450	30,450
Other liabilities	983	1,151	874
Total liabilities	<u>248,086</u>	<u>249,364</u>	<u>241,997</u>
Stockholders' equity:			
Preferred stock, no par value; 1,000,000 shares authorized; issued and outstanding: 5,448 shares at March 31, 2011 and December 31, 2010; aggregate liquidation preference of \$5,448 at March 31, 2011 and December 31, 2010	5,448	5,448	5,448
Discount on preferred stock	(345)	(374)	(460)
Common stock, \$1.00 par value; 10,000,000 shares authorized; issued and outstanding: 3,620,950 shares at March 31, 2011 and December 31, 2010	3,621	3,621	3,621
Common stock warrants	1,405	1,405	1,405
Additional paid-in capital	30,097	30,088	30,032
Restricted stock unearned compensation	(148)	(163)	(207)
Accumulated deficit	(14,563)	(15,272)	(15,295)
Accumulated other comprehensive income	3	114	120
Total stockholders' equity	<u>25,518</u>	<u>24,867</u>	<u>24,664</u>
	<u>\$ 273,604</u>	<u>\$ 274,231</u>	<u>\$ 266,661</u>