

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): October 22, 2009

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 October 21, 2009, The Connecticut Bank and Trust Company announced its financial results for the quarter ended September 30, 2009. 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 October 21, 2009, announcing its financial results for the quarter ended September 30, 2009 captioned "CBT Reports Profitable Third 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/ Anson C. Hall
Name: Anson C. Hall
Title: Secretary and Chief Financial Officer

Date: October 22, 2009

EXHIBIT INDEX

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Contact: **David A. Lentini**
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CBT Reports Profitable Third Quarter

Hartford, CT, October 21, 2009 - The Connecticut Bank and Trust Company ("CBT") (Nasdaq: CTBC) reported net operating income of \$204,000 before preferred dividends for the three months ended September 30, 2009 compared to a net loss of \$1,487,000 for the comparable period a year earlier.

Chairman and CEO David A. Lentini commented, "Everyone on the CBT team has responded well to the difficult economic conditions of the past 15 months. We continue to make funds available to the local market through our various loan programs. We are focused on proactive monitoring of the loan portfolio and growing core deposits. I am pleased that our efforts are now producing profits."

CBT also reported net operating income of \$125,000 before preferred dividends for the nine month period ended September 30, 2009 compared to a net loss of \$2,178,000 for the comparable period in the prior year.

Operating Results. Net interest income for the quarter ended September 30, 2009 increased \$576,000 or 33% over the same period in 2008. The yield on earning assets declined a modest 21 basis points, while the average rate paid on interest bearing liabilities decreased 115 basis points producing a strong margin of 4.14%. The collection of \$34,000 of past due interest added 6 basis points to the margin.

Noninterest Income. Noninterest income totaled \$153,000 for the quarter ended September 30, 2009. Service fees on deposit accounts and commissions on retail brokerage accounts comprise the principle sources of noninterest income. The Bank began originating residential mortgage loans for sale in the secondary market earlier this year which to date has produced modest results.

Noninterest Expenses. The expenses for the quarter amounted to \$2.1 million, increasing \$54,000 or 2.6%, from the same period in 2008. Expenses increased in most categories as a result of higher costs of conducting business, but management remains diligent in holding the line on discretionary spending. The increase in FDIC insurance premiums were principally responsible for the increased expense in the year over year results.

Provisions for Loan Losses. The provisions for loan losses in the third quarter of 2009 amounted to \$154,000. Growth in the loan portfolio and internal risk ratings are the primary attributes used to assess provisions necessary to meet potential loan losses. The reserve ratio increased to 1.55% of loans outstanding from 1.47% at year end. Mr. Lentini said, "There remains a good deal of uncertainty about the economy, both nationally and here in Connecticut. Our adherence to sound underwriting principles continues to be a significant factor in the managing the need for higher provisions."

Balance Sheet Performance. Total assets were \$238 million at September 30, 2009, up \$13.2 million from December 31, 2008. The increase was centered in growth in the loan portfolio of \$10.1 million and increases in cash and cash equivalents of \$6.9 million from year end totals. Deposits increased \$18.4 million while short term borrowings declined \$6.3 million. Borrowings from the Federal Home Loan Bank Boston remained at \$30.0 million. The Bank is considered well-capitalized with stockholders' equity of \$24.4 million at September 30, 2009.

Asset Quality. Our ability to respond quickly in these difficult economic conditions is intended to reduce our risk of loss by providing assistance where appropriate. Total nonaccrual loans were \$2.6 million and represented 1.36% of total loans outstanding at September 30, 2009, compared to \$2.1 million, or 1.15% of total loans at December 31, 2008. The coverage ratio which measures the allowance for loan losses to nonperforming loans was 113% at September 30, 2009. CBT had no other loans that were past due 90 days or more.

Allowance for Loan Losses. At September 30, 2009 the allowance was \$3.0 million, compared to \$2.7 million at December 31, 2008. This represented 1.55% and 1.47% of outstanding loans at the respective dates. Charged-off loans amounted to \$100,000 for the quarter ended September 30, 2009 compared to \$632,000 for the comparable period in 2008.

Selected Performance Data							
Dollars in thousands, except per share data						Nine months ended	
	Sept 30, 2008	Dec. 31, 2008	March 31, 2009	June 30, 2009	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009
Total assets (EOP)	\$223,465	\$225,078	\$223,420	\$241,645	\$ 238,263	\$ 223,465	\$238,263
Net operating income (loss)	\$ (1,487)	\$ (298)	\$ 27	\$ (106)	\$ 204	\$ (2,178)	\$ 125
Net interest margin	3.39%	3.41%	3.69%	3.80%	4.14%	3.42%	3.88%
Net interest spread	2.79%	2.84%	3.15%	3.41%	3.73%	2.62%	3.44%
Ratio of total stockholders' equity to total assets (EOP)	8.09%	10.46%	10.48%	9.69%	10.22%	8.09%	10.22%
Weighted avg shares outstanding ⁽¹⁾	3,572	3,572	3,572	3,572	3,572	3,572	3,572
Income (loss) per share	\$ (0.42)	\$ (0.08)	\$ (0.00)	\$ (0.04)	\$ 0.05	\$ (0.19)	\$ 0.01
Book value per share (EOP)	\$ 5.06	\$ 5.23	\$ 5.19	\$ 5.19	\$ 5.44	\$ 5.06	\$ 5.44
Allowance for loan losses to total loans (EOP)	1.52%	1.47%	1.51%	1.56%	1.55%	1.52%	1.55%

(1). Prior periods restated in accordance with adoption of FSP EITF 06-31 for change in presentation for prior period earnings per share.

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 Operations
(Unaudited)

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Interest and dividend income:				
Interest and fees on loans	\$ 2,887	\$ 2,651	\$ 8,359	\$ 7,805
Debt securities	317	356	1,001	938
Dividends	11	10	27	61
Federal funds sold/other	1	37	2	149
Total interest and dividend income	3,216	3,054	9,389	8,953
Interest expense:				
Deposits	629	1,039	2,265	3,282
Borrowed funds	277	281	831	781
Total interest expense	906	1,320	3,096	4,063
Net interest income	2,310	1,734	6,293	4,890
Provision for loan losses	154	1,316	420	1,537
Net interest income, after provision for loan losses	2,156	418	5,873	3,353
Noninterest income:				
Service charges and fees	75	69	211	172
Brokerage commissions	71	77	191	213
Gains from sales of available-for-sale securities, net	-	-	56	65
Gains from sales of loans, net	7	-	15	-
Total noninterest income	153	146	473	450
Noninterest expenses:				
Salaries and benefits	1,087	1,102	3,170	3,244
Occupancy and equipment	443	467	1,348	1,333
Data processing	82	76	230	218
Marketing	105	90	268	230
Professional services	134	115	392	325
FDIC assessment	82	33	300	93
Other general and administrative	172	168	513	538
Total noninterest expenses	2,105	2,051	6,221	5,981
Net income (loss)	204	(1,487)	125	(2,178)
Accretion of discount on preferred stock issuance	(28)	-	(86)	-
Net income (loss) attributable to common shareholders	\$ 176	\$ (1,487)	\$ 39	\$ (2,178)
Net income (loss) per share:				
Basic	\$ 0.05	\$ (0.42)	\$ 0.01	\$ (0.19)
Diluted	\$ 0.05	\$ (0.42)	\$ 0.01	\$ (0.19)
Shares outstanding (in thousands):				
Average basic common shares issued and outstanding	3,572	3,572	3,572	3,572
Average diluted common shares issued and outstanding	3,572	3,572	3,572	3,572

THE CONNECTICUT BANK AND TRUST COMPANY**Balance Sheets****(Unaudited)****ASSETS**

	September 30, 2009	December 31, 2008
<i>(Dollars in thousands)</i>		
Cash and due from banks	\$ 13,639	\$ 6,774
Certificates of deposit	78	99
Securities available for sale, at fair value	29,017	32,461
Federal Reserve Bank stock, at cost	710	585
Federal Home Loan Bank stock, at cost	2,057	1,870
Loans	191,869	181,772
Less: allowance for loan losses	(2,973)	(2,681)
Loans, net	<u>188,896</u>	<u>179,091</u>
Premises and equipment, net	2,203	2,566
Accrued interest receivable	894	949
Other assets	769	683
	<u>\$ 238,263</u>	<u>\$ 225,078</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 181,368	\$ 162,934
Short-term borrowings	1,173	7,521
Long-term debt	30,450	30,450
Other liabilities	922	634
Total liabilities	<u>213,913</u>	<u>201,539</u>
Stockholders' equity:		
Preferred stock, no par value; 1,000,000 shares authorized; 5,448 shares issued and outstanding at September 30, 2009 and December 31, 2008; aggregate liquidation preference of \$5,448 at September 30, 2009 and December 31, 2008	5,448	5,448
Discount on preferred stock	(518)	(604)
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,572,450 shares issued and outstanding at September 30, 2009 and December 31, 2008	3,572	3,572
Common stock warrants	1,405	1,405
Additional paid-in capital	29,839	29,780
Restricted stock unearned compensation	(49)	(141)
Retained deficit	(15,579)	(15,618)
Accumulated other comprehensive income	232	(303)
Total stockholders' equity	<u>24,350</u>	<u>23,539</u>
	<u>\$ 238,263</u>	<u>\$ 225,078</u>