

**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): January 27, 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 January 27, 2011, The Connecticut Bank and Trust Company announced its financial results for the quarter and year ended December 31, 2010. 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 January 27, 2011, announcing its financial results for the quarter and year ended December 31, 2010 captioned "CBT Reports Results for the Quarter and Year ended December 31, 2010".

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: January 31, 2011

EXHIBIT INDEX

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99.1	Press release of The Connecticut Bank and Trust Company dated January 27, 2011, announcing its financial results for the quarter and year ended December 31, 2010 captioned "CBT Reports Results for the Quarter and Year Ended December 31, 2010".



Contact: **David A. Lentini**
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CBT Reports Results for Quarter and Year Ended December 31, 2010

Hartford, CT, January 27, 2011 - The Connecticut Bank and Trust Company ("CBT" or "Bank") (Nasdaq: CTBC) reported net income of \$188,000 for the fourth quarter and \$560,000 for the year ended December 31, 2010. The Bank also reported that total loans were \$223.7 million at December 31, 2010, increasing \$22.9 million from the prior year end.

Chairman and CEO David A. Lentini remarked, "We are pleased to report that CBT was profitable for the fourth quarter." Lentini added, "Our Management team continues to do the hard work necessary to move the Bank forward in this difficult economic environment. We are particularly proud of our loan growth in 2010. It is a result of our strong commitment to personal service and meeting our customers needs."

The Bank reported net income (loss) of \$188,000 for the three months ended December 31, 2010 compared to (\$135,000) in the immediately preceding quarter, and \$232,000 for the comparable period a year earlier. After preferred dividends, net income (loss) available to common shareholders was \$91,000 or \$0.02 per diluted share, (\$232,000) or (\$0.06) per diluted share, and \$135,000 or \$0.04 per diluted share, respectively. The Bank reported net income of \$560,000 for the year ended December 31, 2010 and \$357,000 for the comparable period a year earlier. After preferred dividends, net income available to common shareholders was \$172,000 or \$0.05 per diluted share \$174,000 or \$0.05 per diluted share, respectively.

Operating Results for the Quarter Ended December 31, 2010. Net interest income for the quarter ended December 31, 2010 totaled \$2.5 million, down \$102,000 or 3.9%, from the immediately preceding quarter. The results for the current quarter were negatively impacted by the increase in nonaccrual loans and the decrease in the yield on average assets from 5.14% to 4.83%. Much of the decline in yields can be attributed to the foregone interest on nonaccrual loans and low interest rate environment's affect on the bond portfolio.

The provision for loan losses was \$135,000 for the quarter ended December 31, 2010 compared to \$587,000 for the immediately preceding quarter. Net charge-offs for the quarter ended December 31, 2010 were \$1,000 compared to \$288,000 for the immediately preceding quarter.

Total noninterest income from all sources increased to \$206,000 for the quarter ended December 31, 2010 compared to \$186,000 in the preceding quarter. Noninterest expenses totaled \$2.4 million, rising \$47,000, or 2.0%, from the prior quarter due primarily to staff additions and increased marketing costs.

Operating Results for the Year Ended December 31, 2010. Net interest income for the year totaled \$10.0 million, an increase of \$1.4 million, from \$8.6 million in the prior year. The net interest margin for the year was 3.83% compared to 3.94% in the prior year. The margin compression resulted from downward pressure on loan rates and low bond yields due to market conditions. CFO Anson Hall remarked "Our Business Development Officers continue to produce loans in these very trying times. Our ability to fund these loans by growing core deposits has assisted in keeping the net interest spread at a measure that adds to the bottom line."

The provision for loan losses was \$1.0 million for the year ended December 31, 2010 compared to \$677,000 in the prior year. Net charge-offs for the year ended December 31, 2010 were \$352,000 compared to \$656,000 in the comparable period a year earlier.

Fee-based services totaled \$340,000 for the year ended December 31, 2010 compared to \$280,000 for the prior year. The Bank realized gains of \$60,000 on the sale of investment securities for the year ended December 31, 2010 compared to \$197,000 in the prior year.

Noninterest expenses for the year ended December 31, 2010 amounted to \$9.2 million, compared to \$8.4 million, increasing \$794,000 or 9.5%, from 2009. Salaries and benefits increased \$294,000 to \$4.6 million from \$4.3 million. Marketing costs increased \$95,000 year over year to \$422,000 as the Bank expanded its marketing approach across media outlets to attract core deposits. Professional services increased \$108,000 to \$648,000 for the year ended December 31, 2010 due to additional costs for specialized services such as consulting, legal, and the inception of servicing costs on a consumer loan portfolio. All other general and administrative costs increased \$296,000 principally from collection efforts on impaired loans, OREO management costs, and the inception of compensation for directors.

Provisions for Loan Losses. The provisions for loan losses in the fourth quarter of 2010 amounted to \$135,000 compared to \$587,000 in the immediately preceding quarter and \$257,000 for the comparable period in 2009. Total loan loss provisions for the year ended 2010 were \$1.0 million compared to \$677,000 for 2009. The bank provides reserves for internally identified problem loans, for growth in performing loans and for risk factors in the portfolio. At December 31, 2010, the allowance was \$3.4 million compared to \$2.7 million at December 31, 2009 and the reserve ratio of total loans outstanding was 1.51% and 1.35%, respectively.

Asset Quality. We closely monitor all loan relationships and identify problem loans through an internal risk rating system, which is independently reviewed on an annual basis. Total nonaccrual loans were \$8.8 million and represented 3.9% of total loans outstanding at December 31, 2010, compared to \$2.0 million, or 1.0% of total loans at December 31, 2009. CEO Lentini commented, "The prolonged recession has had a negative impact on a few of our commercial customers." Lentini added, "We mitigate our risk of loss through sound underwriting principles, strong collateral management, diversification among industries and we obtain government guarantees when available. We have seen some migration over time as our portfolio becomes more seasoned, but loan losses have been nominal. Loans charged off for 2010 were \$377,000 or 0.17% of the portfolio compared to \$656,000 or 0.33% of the portfolio in 2009." The coverage ratio which measures the allowance for loan losses to nonperforming loans was 38.5% at December 31, 2010.

Balance Sheet Performance. Total loans outstanding were \$223.7 million at December 31, 2010, up \$22.9 million from December 31, 2009. Short-term rates remained low throughout 2010, accordingly, management invested short-term funds to maximize its return on its investment portfolio. Investments increased \$7.9 million and asset growth was funded through the use of cash and equivalents and supported through deposit growth. Deposits totaled \$213.8 million compared to \$200.8 million at the prior year end. Borrowings from the Federal Home Loan Bank Boston remained at \$30.5 million. The Bank is considered well-capitalized with stockholders' equity of \$24.9 million at December 31, 2010.

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.

Selected Performance Data						
Dollars in thousands, except per share data	Quarter Ended				Year ended	
	Dec. 31, 2010	Sept 30, 2010	June 30, 2010	March 31, 2010	Dec 31, 2010	Dec 31, 2009
Total assets (EOP)	\$ 274,231	\$ 272,292	\$ 267,531	\$ 226,661	\$ 274,231	\$ 260,254
Net interest margin	3.64%	3.89%	3.74%	3.97%	3.83%	3.94%
Net interest spread	3.33%	3.57%	3.44%	3.62%	3.52%	3.55%
Ratio of total stockholders' equity to total assets (EOP)	9.07%	9.14%	9.42%	9.25%	9.07%	9.24%
Weighted avg shares outstanding	3,621	3,621	3,621	3,604	3,617	3,572
Book value per share (EOP) ⁽¹⁾	\$ 5.47	\$ 5.48	\$ 5.57	\$ 5.43	\$ 5.47	\$ 5.36
Allowance for loan losses to total loans (EOP)	1.51%	1.48%	1.40%	1.37%	1.51%	1.35%
Nonperforming loans to total loans	4.44%	2.03%	1.70%	0.87%	4.44%	1.03%

(1) Book value per share equals total equity less preferred stock divided by total common shares outstanding

<i>(In thousands, except per share data)</i>	Three Months Ended				
	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009
Total interest and dividend income	3,291	3,419	3,313	3,335	3,240
Total interest expense	810	836	851	860	894
Net interest income	2,481	2,583	2,462	2,475	2,346
Provision for loan losses	135	587	154	155	257
Total non-interest income	206	186	209	149	288
Total non-interest expenses	2,364	2,317	2,256	2,223	2,145
Net income (loss)	188	(135)	261	246	232
Less: preferred stock dividend and accretion	(97)	(97)	(97)	(97)	(97)
Net income (loss) attributable to common shareholders	\$ 91	\$ (232)	\$ 164	\$ 149	\$ 135
Net income (loss) per share:					
Basic	\$ 0.03	\$ (0.06)	\$ 0.05	\$ 0.04	\$ 0.04
Diluted	\$ 0.02	\$ (0.06)	\$ 0.04	\$ 0.04	\$ 0.04

CBT is a full service commercial bank headquartered in Hartford, CT, with branch offices conveniently located in Glastonbury, Newington, Rocky Hill, Vernon, West Hartford, and Windsor.

THE CONNECTICUT BANK AND TRUST COMPANY
Statements of Income
December 31, 2010 and 2009

	2010	2009
<i>(in thousands; except share data)</i>		
Interest and dividend income:		
Loans	\$ 12,340	\$ 11,298
Debt securities	927	1,290
Other	91	41
Total interest and dividend income	13,358	12,629
Interest expense:		
Deposits	2,263	2,884
Borrowings	1,094	1,106
Total interest expense	3,357	3,990
Net interest income	10,001	8,639
Provision for loan losses	1,031	677
Net interest income, after provision for loan losses	8,970	7,962
Noninterest income:		
Service charge and fee income	340	280
Brokerage fees and commission income	284	269
Net gains from sales of available-for-sale securities	60	197
Loss on sale of other real estate owned	(4)	-
Gain from sales of loans	70	15
Total noninterest income	750	761
Noninterest expense:		
Salaries and benefits	4,562	4,268
Occupancy and equipment	1,784	1,785
Data processing	322	316
Marketing	422	327
Professional services	648	540
FDIC assessments	391	395
Other general and administrative	1,031	735
Total noninterest expense	9,160	8,366
Net income	560	357
Less preferred stock dividend and accretion	(388)	(183)
Net income available to common shareholders	\$ 172	\$ 174
Earnings per common share:		
Basic	\$ 0.05	\$ 0.05
Diluted	\$ 0.05	\$ 0.05

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

ASSETS

<i>(in thousands)</i>	December 31, 2010	September 30, 2010	December 31, 2009
Cash and due from banks	\$ 8,725	\$ 4,161	\$ 4,317
Federal funds sold	-	12,900	22,800
Cash and cash equivalents	<u>8,725</u>	<u>17,061</u>	<u>27,117</u>
Certificates of deposit	79	79	78
Securities available for sale, at fair value	35,349	31,554	27,431
Federal Reserve Bank stock, at cost	762	762	724
Federal Home Loan Bank stock, at cost	2,057	2,057	2,057
Loans held for sale	386	-	-
Loans	223,723	218,777	200,780
Allowance for loan losses	<u>(3,381)</u>	<u>(3,247)</u>	<u>(2,702)</u>
Loans, net	220,342	215,530	198,078
Premises and equipment, net	1,898	1,930	2,096
Accrued interest receivable	1,100	1,148	933
Prepaid FDIC insurance	752	835	1,069
Other assets	<u>2,781</u>	<u>1,336</u>	<u>671</u>
	<u>\$ 274,231</u>	<u>\$ 272,292</u>	<u>\$ 260,254</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Noninterest bearing deposits	\$ 35,972	\$ 35,237	\$ 34,442
Interest bearing deposits	177,822	177,718	166,330
Secured borrowings	577	377	-
Short-term borrowings	3,392	2,989	3,988
Long-term debt	30,450	30,450	30,450
Other liabilities	<u>1,151</u>	<u>624</u>	<u>991</u>
Total liabilities	249,364	247,395	236,201
Stockholders' equity:			
Preferred stock, no par value, 1,000,000 shares authorized; shares issued and outstanding: 5,448 shares at December 31, and September 30, 2010 and December 31, 2009; aggregate liquidation preference of \$5,448 at December 31, and September 30, 2010 and December 31, 2009	5,448	5,448	5,448
Discount on preferred stock	(374)	(402)	(489)
Common stock, \$1.00 par value; 10,000,000 shares authorized; shares issued and outstanding: 3,620,950 at December 31, and September 30, 2010 and 3,572,450 at December 31, 2009	3,621	3,621	3,572
Common stock warrants	1,405	1,405	1,405
Additional paid-in capital	30,088	30,069	29,858
Restricted stock unearned compensation	(163)	(176)	(29)
Accumulated deficit	(15,272)	(15,363)	(15,444)
Accumulated other comprehensive income (loss)	114	295	(268)
Total stockholders' equity	<u>24,867</u>	<u>24,897</u>	<u>24,053</u>
	<u>\$ 274,231</u>	<u>\$ 272,292</u>	<u>\$ 260,254</u>