

**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): July 28, 2010

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 July 27, 2010, The Connecticut Bank and Trust Company announced its financial results for the quarter ended June 30, 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 July 27, 2010, announcing its financial results for the quarter ended June 30, 2010 captioned "CBT Reports Net Income of \$261,000".

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: July 28, 2010

EXHIBIT INDEX

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99.1	Press release of The Connecticut Bank and Trust Company dated July 27, 2010, announcing its financial results for the quarter ended June 30, 2010 captioned "CBT Reports Net Income of \$261,000".



Exhibit 99.1

Contact: David A. Lentini
860-748-4250
dlentini@thecht.com

CBT Reports Net Income of \$261,000

Hartford, CT, July 27, 2010 - The Connecticut Bank and Trust Company ("CBT" or "Bank") (Nasdaq: CTBC) reported net income of \$261,000 for the quarter ended June 30, 2010. Income available to common shareholders after payment of preferred dividends was \$164,000 or \$0.04 per diluted share. This represents the fourth consecutive quarter of profitability. Chairman and CEO, David A. Lentini, commented, "I am pleased that our results continue to show progress in the midst of extended financial difficulties in Connecticut and the rest of the country."

Operating Results for Second Quarter. Net interest income for the quarter ended June 30, 2010 remained essentially unchanged at \$2.5 million compared to the first quarter. Modest growth in loans offset the effect of the narrower net interest margin. Included in the second quarter was a seven-basis point decrease in margin from the impact of a recently announced program of early redemption of mortgage-backed securities by issuer, Fannie Mae. Income from fee-based services was \$149,000, unchanged from the previous quarter. The Bank reported a \$60,000 gain from sales of securities during the second quarter. There were no security sales during the first quarter.

Operating expenses for the quarter totaled \$2.3 million, an increase of 1.5%, or \$33,000, from the first quarter. Compensation costs decreased \$79,000 on reduced benefit costs and employment taxes. Professional services increased \$34,000 primarily resulting from the introduction of servicing fees on a consumer loan portfolio. All other general and administrative costs rose due to higher prices for goods and services, collection efforts on problem assets and maintenance of other real estate owned.

Asset Quality. Our internal analysis of all credit relationships reflects stable 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. Charged-off loans amounted to \$37,000 for the quarter ended June 30, 2010, compared to \$48,000 in the immediately preceding quarter. Total nonaccrual loans were \$3.5 million and represented 1.70% of total loans outstanding at June 30, 2010, compared to \$1.8 million, or 0.87% of total loans at March 31, 2010. The increase reflects one commercial credit of \$1.8 million which was placed on nonaccrual during the quarter. Management currently believes there is no risk of principal loss on this credit. The coverage ratio of the allowance for loan losses to nonperforming loans was 83% at June 30, 2010. CBT had no loans that were past due more than 90 days and still accruing as of June 30, 2010.

Provision for Loan Losses. The provision for loan losses for the quarter was \$154,000. The ratio of the allowance to total loans increased to 1.40% at June 30, 2010, compared to 1.37% at March 31, 2010. Growth in the loan portfolio and internally identified problem loans were the principal factors in determining the need for provisions.

Operating Results for the Six Months Ended June 30, 2010.

The Bank reported net income of \$507,000 for six months ended June 30, 2010 compared to a net loss of \$79,000 for the same period in the prior year. After preferred stock dividends, the net income available to common shareholders was \$313,000 or \$0.09 per diluted share compared to a net loss of \$137,000, or \$(0.04) per diluted share for the comparable period in 2009.

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

CTBC (07-27-2010)

Net interest income for the six months ended June 30, 2010, increased \$954,000 or 24% over the same period in 2009, while earning assets grew by \$44.3 million, led by \$23.6 million growth in average loans. CBT's core savings and demand deposits grew a combined \$24 million and time deposits increased \$16 million and provided the funds for this growth. The effect of this growth contributed approximately half of the improvement in net interest with the balance coming from an overall favorable change in rates for assets and liabilities. Fee-based income totaled \$289,000 for the six months ended June 30, 2010 compared to \$256,000 for the comparable period a year ago. The Bank reported net security gains and gain on sales of loans of \$60,000 and \$9,000, respectively, compared to \$56,000 and \$8,000, respectively, in the same period a year prior.

Operating expenses for the six months ended June 30, 2010 totaled \$4.5 million, an increase of \$363,000, or 8.8% from the same period last year. Compensation costs, including staff additions, benefits, and payroll taxes, rose \$180,000, for the six months ended June 30, 2010. Professional services increased \$74,000 from the prior year primarily resulting from the introduction of servicing fees on a consumer loan portfolio and retention of legal and accounting guidance. All other general and administrative costs rose \$138,000 due to collection efforts on problem loans, maintenance of other real estate owned, the commencement of director fees, and generally reflecting higher prices for goods and services. All other categories of expense exhibited only modest changes from the prior year.

Balance Sheet Performance. Total assets were \$267.5 million at June 30, 2010, up from \$266.7 million reported at March 31, 2010. The loan portfolio expanded \$3.6 million to conclude the quarter at \$205.9 million. Securities available for sale increased \$556,000 and loans held for sale increased \$642,000. Asset growth was primarily funded through the conversion of cash and cash equivalents. Deposits grew \$1.2 million and short-term overnight borrowings declined \$1.0 million. Borrowings from the Federal Home Loan Bank Boston remained consistent at \$30.5 million. The Bank is considered well capitalized with stockholders' equity of \$25.2 million at June 30, 2010.

Selected Performance Data					
Quarter Ended					
Dollars in thousands, except per share data	Jun 30, 2009	Sept 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010
Total assets (EOP)	\$ 241,645	\$ 238,263	\$ 260,254	\$ 266,661	\$ 267,531
Net income (loss)	\$ (106)	\$ 204	\$ 232	\$ 246	\$ 261
Net income (loss) available to common shareholders	\$ (135)	\$ 176	\$ 135	\$ 149	\$ 164
Net interest margin	3.80%	4.13%	4.06%	3.97%	3.74%
Net interest spread	3.41%	3.72%	3.77%	3.62%	3.44%
Ratio of total stockholders' equity to total assets (EOP)	9.69%	10.22%	9.24%	9.25%	9.42%
Weighted avg shares outstanding (basic) ⁽¹⁾	3,572	3,572	3,572	3,604	3,621
Income (loss) per common share (basic)	\$ (0.04)	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.05
Income (loss) per common share (diluted)	\$ (0.04)	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.04
Book value per common share (EOP)	\$ 5.19	\$ 5.44	\$ 5.36	\$ 5.43	\$ 5.57
Allowance for loan losses to total loans (EOP)	1.56%	1.55%	1.35%	1.37%	1.40%
Nonperforming loans to total loans	2.03%	1.36%	1.03%	0.87%	1.70%

(1) Prior periods restated in accordance with adoption of ASC 260-10-45-49A (Formerly EITF 06-3-1)

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.

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

THE CONNECTICUT BANK AND TRUST COMPANY
Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
<i>(Dollars in thousands, except per share data)</i>				
Interest and dividend income:				
Interest and fees on loans	\$ 3,062	\$ 2,769	\$ 6,110	\$ 5,472
Debt securities	223	326	491	684
Dividends/other	28	11	47	17
Total interest and dividend income	<u>3,313</u>	<u>3,106</u>	<u>6,648</u>	<u>6,173</u>
Interest expense:				
Deposits	580	785	1,172	1,636
Borrowed funds	271	272	539	554
Total interest expense	<u>851</u>	<u>1,057</u>	<u>1,711</u>	<u>2,190</u>
Net interest income	<u>2,462</u>	<u>2,049</u>	<u>4,937</u>	<u>3,983</u>
Provision for loan losses	154	179	309	266
Net interest income, after provision for loan losses	<u>2,308</u>	<u>1,870</u>	<u>4,628</u>	<u>3,717</u>
Noninterest income:				
Service charges and fees	77	70	146	136
Brokerage commissions	72	61	143	120
Gains from sales of available-for-sale securities, net	60	17	60	56
Gains from sales of loans, net	-	8	9	8
Total noninterest income	<u>209</u>	<u>156</u>	<u>358</u>	<u>320</u>
Noninterest expenses:				
Salaries and benefits	1,092	1,060	2,263	2,083
Occupancy and equipment	436	437	871	905
Data processing	80	70	158	148
Marketing	93	83	186	163
Professional services	183	136	332	258
FDIC assessment	93	177	190	218
Other general and administrative	279	169	479	341
Total noninterest expenses	<u>2,256</u>	<u>2,132</u>	<u>4,479</u>	<u>4,116</u>
Net income (loss)	<u>261</u>	<u>(106)</u>	<u>507</u>	<u>(79)</u>
Dividends and accretion of discount on preferred stock issuance	(97)	(29)	(194)	(58)
Net income (loss) available to common shareholders	<u>\$ 164</u>	<u>\$ (135)</u>	<u>\$ 313</u>	<u>\$ (137)</u>
Net income (loss) per share:				
Basic	\$ 0.05	\$ (0.04)	\$ 0.09	\$ (0.04)
Diluted	\$ 0.04	\$ (0.04)	\$ 0.09	\$ (0.04)
Shares outstanding (in thousands):				
Average basic common shares issued and outstanding	3,621	3,572	3,613	3,572
Average diluted common shares issued and outstanding	3,663	3,572	3,642	3,572

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

	June 30, 2010	March 31, 2010	June 30, 2009
<i>(Dollars in thousands)</i>			
Cash and due from banks	\$ 4,242	\$ 4,314	\$ 20,409
Federal funds sold	20,700	24,000	-
Cash and cash equivalents	24,942	28,314	20,409
Certificates of deposit	79	78	78
Securities available for sale, at fair value	28,130	27,574	29,569
Federal Reserve Bank stock, at cost	723	724	710
Federal Home Loan Bank stock, at cost	2,057	2,057	2,057
Loans held for sale	642	-	728
Loans	208,821	205,228	187,072
Less: allowance for loan losses	(2,926)	(2,809)	(2,918)
Loans, net	205,895	202,419	184,154
Premises and equipment, net	2,003	2,005	2,315
Accrued interest receivable	1,072	1,095	923
Prepaid FDIC insurance	915	995	-
Other assets	1,073	1,400	702
Total assets	<u>\$ 267,531</u>	<u>\$ 266,661</u>	<u>\$ 241,645</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Noninterest-bearing deposits	\$ 29,586	\$ 30,294	\$ 26,968
Interest-bearing deposits	179,401	177,486	157,723
Short-term borrowings	1,884	2,893	2,292
Long-term debt	30,450	30,450	30,450
Other liabilities	1,007	874	786
Total liabilities	<u>242,328</u>	<u>241,997</u>	<u>218,219</u>
Stockholders' equity:			
Preferred stock, no par value; 1,000,000 shares authorized; 5,448 shares issued and outstanding; aggregate liquidation preference of \$5,448	5,448	5,448	5,448
Discount on preferred stock	(431)	(460)	(546)
Common stock, \$1.00 par value; 10,000,000 shares authorized; 3,620,950 shares issued and outstanding at June 30 and March 31, 2010 and 3,572,450 at June 30, 2009	3,621	3,621	3,572
Common stock warrants	1,405	1,405	1,405
Additional paid-in capital	30,051	30,032	29,821
Restricted stock unearned compensation	(189)	(207)	(79)
Retained deficit	(15,131)	(15,295)	(15,755)
Accumulated other comprehensive income (loss)	429	120	(440)
Total stockholders' equity	<u>25,203</u>	<u>24,664</u>	<u>23,426</u>
Total liabilities and stockholder's equity	<u>\$ 267,531</u>	<u>\$ 266,661</u>	<u>\$ 241,645</u>