

Community Bankers Trust Corp  
Form 10-Q  
November 14, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

**FORM 10-Q**

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

For the quarterly period ended September 30, 2012

or

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

For the transition period from            to

Commission File Number: 001-32590

**COMMUNITY BANKERS TRUST CORPORATION**

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(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-2652949**  
(I.R.S. Employer  
Identification No.)

**4235 Innslake Drive, Suite 200**

**Glen Allen, Virginia**  
(Address of principal executive offices)

**23060**  
(Zip Code)

**(804) 934-9999**

(Registrant's telephone number, including area code)

n/a

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At September 30, 2012, there were 21,656,951 shares of the Company's common stock outstanding.

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**COMMUNITY BANKERS TRUST CORPORATION**

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**COMMUNITY BANKERS TRUST CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**AS OF SEPTEMBER 30, 2012 AND DECEMBER 31, 2011**

(dollars in thousands)

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
<b>ASSETS</b>		
Cash and due from banks	\$ 15,116	\$ 11,078
Interest-bearing bank deposits	17,298	10,673
Federal funds sold	5,000	
<b>Total cash and cash equivalents</b>	<b>37,414</b>	<b>21,751</b>
Securities available for sale, at fair value	256,394	232,764
Securities held to maturity, at cost (fair value of \$52,013 and \$68,585, respectively)	48,689	64,422
Equity securities, restricted, at cost	7,351	6,872
<b>Total securities</b>	<b>312,434</b>	<b>304,058</b>
Loans held for resale	1,736	580
Loans not covered by FDIC shared loss agreement	559,532	544,718
Loans covered by FDIC shared loss agreement	89,121	97,561
<b>Total loans</b>	<b>648,653</b>	<b>642,279</b>
Allowance for loan losses (non-covered loans of \$14,303 and \$14,835, respectively; covered loans of \$456 and \$776, respectively)	(14,759)	(15,611)
<b>Net loans</b>	<b>633,894</b>	<b>626,668</b>
FDIC indemnification asset	36,191	42,641
Bank premises and equipment, net	34,002	35,084
Other real estate owned, covered by FDIC shared loss agreement	2,943	5,764
Other real estate owned, non-covered	11,896	10,252
Bank owned life insurance	15,008	14,592
FDIC receivable under shared loss agreement	715	1,780
Core deposit intangibles, net	10,863	12,558
Other assets	15,181	16,768
<b>Total assets</b>	<b>\$ 1,112,277</b>	<b>\$ 1,092,496</b>
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing	\$ 78,388	\$ 64,953
Interest-bearing	862,368	868,538

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Total deposits	940,756	933,491
Federal Home Loan Bank advances	50,000	37,000
Trust preferred capital notes	4,124	4,124
Other liabilities	4,259	6,701
<b>Total liabilities</b>	<b>999,139</b>	<b>981,316</b>

Commitment and Contingencies (Note 12)

**STOCKHOLDERS EQUITY**

Preferred stock (5,000,000 shares authorized, \$0.01 par value; 17,680 shares issued and outstanding)	17,680	17,680
Warrants on preferred stock	1,037	1,037
Discount on preferred stock	(289)	(454)
Common stock (200,000,000 shares authorized, \$0.01 par value; 21,656,951 and 21,627,549 shares issued and outstanding, respectively)	217	216
Additional paid in capital	144,351	144,243
Retained deficit	(51,906)	(53,761)
Accumulated other comprehensive income	2,048	2,219
<b>Total stockholders equity</b>	<b>113,138</b>	<b>111,180</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 1,112,277</b>	<b>\$ 1,092,496</b>

See accompanying notes to unaudited consolidated financial statements

**Table of Contents****COMMUNITY BANKERS TRUST CORPORATION****UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011****(dollars and shares in thousands, except per share data)**

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>Interest and dividend income</b>				
Interest and fees on non-covered loans	\$ 7,710	\$ 7,314	\$ 22,971	\$ 21,877
Interest and fees on FDIC covered loans	2,931	4,667	11,211	13,325
Interest on federal funds sold		1	4	5
Interest on deposits in other banks	9	28	40	53
Interest and dividends on securities				
Taxable	2,103	2,058	6,219	6,055
Nontaxable	119	204	355	844
<b>Total interest and dividend income</b>	<b>12,872</b>	<b>14,272</b>	<b>40,800</b>	<b>42,159</b>
<b>Interest expense</b>				
Interest on deposits	2,056	2,621	6,650	8,312
Interest on federal funds purchased	3		6	1
Interest on other borrowed funds	280	353	982	1,051
<b>Total interest expense</b>	<b>2,339</b>	<b>2,974</b>	<b>7,638</b>	<b>9,364</b>
<b>Net interest income</b>	<b>10,533</b>	<b>11,298</b>	<b>33,162</b>	<b>32,795</b>
<b>Provision for loan losses</b>			750	1,498
<b>Net interest income after provision for loan losses</b>	<b>10,533</b>	<b>11,298</b>	<b>32,412</b>	<b>31,297</b>
<b>Noninterest income</b>				
Service charges on deposit accounts	716	643	2,007	1,856
FDIC indemnification asset amortization	(1,579)	(2,359)	(5,444)	(7,762)
Gain on securities transactions, net	1,180	1,725	1,354	2,563
Loss on sale of other real estate, net	(767)	(1,671)	(1,173)	(2,532)
Other	602	1,000	1,647	2,377
<b>Total noninterest income</b>	<b>152</b>	<b>(662)</b>	<b>(1,609)</b>	<b>(3,498)</b>
<b>Noninterest expense</b>				
Salaries and employee benefits	4,028	4,050	12,443	12,425
Occupancy expenses	708	687	2,024	2,234
Equipment expenses	266	289	831	938
Legal fees	3	241	42	381
Professional fees	74	68	307	457
FDIC assessment	368	580	1,448	2,212
Data processing fees	473	478	1,489	1,407
Amortization of intangibles	565	565	1,695	1,696
Other operating expenses	1,554	1,724	4,815	5,479
<b>Total noninterest expense</b>	<b>8,039</b>	<b>8,682</b>	<b>25,094</b>	<b>27,229</b>

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Income before income taxes	2,646	1,954	5,709	570
Income tax (expense) benefit	(837)	(532)	(1,700)	178
Net income	1,809	1,422	4,009	748
Dividends paid on preferred stock	221		663	
Accretion of discount on preferred stock	55	51	165	155
Accumulated preferred dividends		221		663
Net income (loss) available to common stockholders	\$ 1,533	\$ 1,150	\$ 3,181	\$ (70)
Net income (loss) per share basic	\$ 0.07	\$ 0.05	\$ 0.15	\$ (0.00)
Net income (loss) per share diluted	\$ 0.07	\$ 0.05	\$ 0.15	\$ (0.00)
<b>Weighted average number of shares outstanding</b>				
basic	21,651	21,628	21,640	21,544
diluted	21,743	21,628	21,691	21,544

See accompanying notes to unaudited consolidated financial statements

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**COMMUNITY BANKERS TRUST CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**

(dollars in thousands, except per share data)

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>Net income</b>	\$ 1,809	\$ 1,422	\$ 4,009	\$ 748
<b>Other comprehensive income:</b>				
Change in unrealized gain in investment securities	39	2,068	1,095	6,606
Tax related to unrealized (gain) in investment securities	(13)	(703)	(372)	(2,246)
Reclassification adjustment for (gain) in securities sold	(1,180)	(1,725)	(1,354)	(2,563)
Tax related to realized gain in securities sold	401	587	460	871
<b>Total other comprehensive income (loss)</b>	<b>(753)</b>	<b>227</b>	<b>(171)</b>	<b>2,668</b>
<b>Total comprehensive income</b>	<b>\$ 1,056</b>	<b>\$ 1,649</b>	<b>\$ 3,838</b>	<b>\$ 3,416</b>

See accompanying notes to unaudited consolidated financial statements



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**COMMUNITY BANKERS TRUST CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND**  
**THE YEAR ENDED DECEMBER 31, 2011**

(dollars and shares in thousands)

	Preferred		Discount on Preferred Stock	Common Stock		Additional Paid in Capital	Retained Deficit	Accumulated Other Comprehensive Income		Total
	Stock	Warrants		Shares	Amount			Income		
<b>Balance January 1, 2011</b>	\$ 17,680	\$ 1,037	\$ (660)	21,468	\$ 215	\$ 143,999	\$ (54,999)	\$ (145)	\$ 107,127	
Amortization of preferred stock warrants			206				(206)			
Issuance of common stock				160	1	182			183	
Issuance of stock options						62			62	
Net income							1,444		1,444	
Other comprehensive income								2,364	2,364	
<b>Balance December 31, 2011 (Audited)</b>	\$ 17,680	\$ 1,037	\$ (454)	21,628	\$ 216	\$ 144,243	\$ (53,761)	\$ 2,219	\$ 111,180	
Amortization of preferred stock warrants			165				(165)			
Issuance of common stock				29	1	65			66	
Dividends paid on preferred stock							(1,989)		(1,989)	
Issuance of stock options						43			43	
Net income							4,009		4,009	
Other comprehensive (loss)								(171)	(171)	
<b>Balance September 30, 2012 (Unaudited)</b>	\$ 17,680	\$ 1,037	\$ (289)	21,657	\$ 217	\$ 144,351	\$ (51,906)	\$ 2,048	\$ 113,138	

See accompanying notes to unaudited consolidated financial statements

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**COMMUNITY BANKERS TRUST CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**  
**(dollars in thousands)**

	September 30, 2012	September 30, 2011
<b>Operating activities:</b>		
Net income	\$ 4,009	\$ 748
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and intangibles amortization	2,981	3,046
Issuance of common stock and stock options	109	183
Provision for loan losses	750	1,498
Provision for deferred income taxes	1,700	
Amortization of security premiums and accretion of discounts, net	2,414	1,370
Net (gain) on sale of securities	(1,354)	(2,563)
Net loss on sale and valuation of other real estate	1,173	2,532
Changes in assets and liabilities:		
(Increase) in loans held for sale	(1,156)	
Decrease in other assets	7,074	18,675
Decrease in accrued expenses and other liabilities	(2,441)	(516)
<b>Net cash provided by operating activities</b>	<b>15,259</b>	<b>24,973</b>
<b>Investing activities:</b>		
Proceeds from securities sales, calls, maturities, and paydowns	175,501	241,056
Purchase of securities	(185,198)	(220,161)
Proceeds from sale of other real estate	7,709	6,438
Improvements and additions of other real estate, net of insurance proceeds	(791)	(154)
Net (decrease) increase in loans	(17,160)	13,915
Principal recoveries of loans previously charged off	2,270	548
Purchase of premises and equipment, net	(203)	(499)
<b>Net cash (used in) provided by investing activities</b>	<b>(17,872)</b>	<b>41,143</b>