

C & F FINANCIAL CORP
Form 10-Q
November 05, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

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 000-23423

C&F Financial Corporation

(Exact name of registrant as specified in its charter)

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Virginia (State or other jurisdiction of incorporation or organization)	54-1680165 (I.R.S. Employer Identification No.)
802 Main Street West Point, VA (Address of principal executive offices)	23181 (Zip Code)
(804) 843-2360 (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 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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At November 3, 2008, the latest practicable date for determination, 3,030,641 shares of common stock, \$1.00 par value, of the registrant were outstanding.

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(In thousands, except for share and per share amounts)

	September 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Cash and due from banks	\$ 9,623	\$ 11,115
Interest-bearing deposits in other banks	454	319
Federal funds sold	776	829
Total cash and cash equivalents	10,853	12,263
Securities-available for sale at fair value, amortized cost of \$89,204 and \$80,425, respectively	87,556	81,255
Loans held for sale, net	40,273	34,083
Loans, net	634,575	585,881
Federal Home Loan Bank stock	4,011	4,387
Corporate premises and equipment, net	31,350	32,854
Accrued interest receivable	4,899	5,069
Goodwill	10,724	10,724
Other assets	22,233	19,080
Total assets	\$ 846,474	\$ 785,596
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing demand deposits	\$ 89,597	\$ 80,002
Savings and interest-bearing demand deposits	187,899	184,620
Time deposits	274,362	262,949
Total deposits	551,858	527,571
Short-term borrowings	46,700	21,968
Long-term borrowings	146,849	133,459
Trust preferred capital notes	20,620	20,620
Accrued interest payable	2,136	2,115
Other liabilities	13,926	14,639
Total liabilities	782,089	720,372
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock (\$1.00 par value, 3,000,000 shares authorized)		
Common stock (\$1.00 par value, 8,000,000 shares authorized, 3,030,641 and 3,019,591 shares issued and outstanding, respectively)	2,991	2,979
Additional paid-in capital	429	
Retained earnings	62,378	62,048

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Accumulated other comprehensive (loss) income, net	(1,413)	197
Total shareholders' equity	64,385	65,224
Total liabilities and shareholders' equity	\$ 846,474	\$ 785,596

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

(In thousands, except for share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Interest income				
Interest and fees on loans	\$ 15,325	\$ 15,932	\$ 45,068	\$ 45,158
Interest on money market investments	6	16	25	425
Interest and dividends on securities				
U.S. government agencies and corporations	154	70	374	199
Tax-exempt obligations of states and political subdivisions	769	672	2,308	1,901
Corporate bonds and other	132	131	423	407
Total interest income	16,386	16,821	48,198	48,090
Interest expense				
Savings and interest-bearing deposits	644	704	2,046	2,011
Certificates of deposit, \$100 or more	998	1,213	3,099	3,573
Other time deposits	1,598	1,975	5,069	5,581
Borrowings	1,759	2,021	5,172	5,529
Trust preferred capital notes	320	172	994	509
Total interest expense	5,319	6,085	16,380	17,203
Net interest income	11,067	10,736	31,818	30,887
Provision for loan losses	3,145	1,800	8,717	4,690
Net interest income after provision for loan losses	7,922	8,936	23,101	26,197
Noninterest income				
Gains on sales of loans	4,524	4,055	12,915	12,122
Service charges on deposit accounts	1,022	911	2,939	2,636
Other service charges and fees	959	981	2,826	3,168
Net gains on calls and sales of available for sale securities	168	1	221	10
Other-than-temporary impairment of available for sale securities	(1,522)		(1,522)	
Other income	672	498	1,694	1,470
Total noninterest income	5,823	6,446	19,073	19,406
Noninterest expenses				
Salaries and employee benefits	7,823	7,793	23,031	22,998
Occupancy expenses	1,466	1,475	4,553	4,498
Other expenses	3,523	2,929	10,004	8,566
Total noninterest expenses	12,812	12,197	37,588	36,062
Income before income taxes	933	3,185	4,586	9,541
Income tax expense	634	901	1,442	2,784

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Net income		\$ 299	\$ 2,284	\$ 3,144	\$ 6,757
Per share data					
Net income basic		\$.10	\$.76	\$ 1.05	\$ 2.21
Net income assuming dilution		\$.10	\$.73	\$ 1.04	\$ 2.12
Cash dividends paid and declared		\$.31	\$.31	\$.93	\$.93
Weighted average number of shares basic		2,990,624	3,010,858	2,986,778	3,056,623
Weighted average number of shares assuming dilution		3,009,277	3,134,598	3,028,604	3,187,264

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY**

(Unaudited)

(In thousands)

	Common Stock	Additional Paid-In Capital	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive (Loss) Income, Net	Total
December 31, 2007	\$ 2,979	\$		\$ 62,048	\$ 197	\$ 65,224
Comprehensive income						
Net income			\$ 3,144	3,144		3,144
Other comprehensive loss, net of tax						
Accretion of prepaid pension transition costs			1		1	1
Unrealized holding losses on securities, net of reclassification adjustment			(1,611)		(1,611)	(1,611)
Comprehensive income			\$ 1,534			
Purchase of common stock	(2)	(38)				(40)
Stock options exercised	14	252				266
Share-based compensation		215				215
Cash dividends				(2,814)		(2,814)
September 30, 2008	\$ 2,991	\$ 429		\$ 62,378		