

C & F FINANCIAL CORP
Form 10-Q
November 06, 2007
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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, 2007

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)

Virginia
(State or other jurisdiction of
incorporation or organization)

54-1680165
(I.R.S. Employer
Identification No.)

802 Main Street

West Point, VA

23181

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(Address of principal executive offices)

(804) 843-2360

(Zip Code)

(Registrant's telephone number, including area code)

(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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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 1, 2007, the latest practicable date for determination, 3,011,991 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, 2007 (Unaudited)	December 31, 2006
ASSETS		
Cash and due from banks	\$ 10,169	\$ 11,496
Interest-bearing deposits in other banks	1,572	17,010
Federal funds sold	546	
Total cash and cash equivalents	12,287	28,506
Securities-available for sale at fair value, amortized cost of \$75,487 and \$66,407, respectively	76,193	67,584
Loans held for sale, net	31,826	53,504
Loans, net	583,349	517,843
Federal Home Loan Bank stock	4,522	2,093
Corporate premises and equipment, net	33,289	33,189
Accrued interest receivable	4,931	4,432
Goodwill	10,724	10,724
Other assets	17,036	16,593
Total assets	\$ 774,157	\$ 734,468
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing demand deposits	\$ 86,417	\$ 90,260
Savings and interest-bearing demand deposits	175,350	188,450
Time deposits	272,388	254,125
Total deposits	534,155	532,835
Short-term borrowings	66,048	12,462
Long-term borrowings	84,660	92,284
Trust preferred capital notes	10,310	10,310
Accrued interest payable	2,067	1,915
Other liabilities	12,579	16,656
Total liabilities	709,819	666,462
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, 3,011,991 and 3,182,411 shares issued and outstanding, respectively)	2,989	3,159
Additional paid-in capital		324
Retained earnings	61,525	64,402

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Accumulated other comprehensive (loss) income, net	(176)	121
Total shareholders' equity	64,338	68,006
Total liabilities and shareholders' equity	\$ 774,157	\$ 734,468

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,	
	2007	2006	2007	2006
Interest income				
Interest and fees on loans	\$ 15,932	\$ 13,939	\$ 45,158	\$ 40,706
Interest on money market investments	16	85	425	360
Interest and dividends on securities				
U.S. government agencies and corporations	70	67	199	186
Tax-exempt obligations of states and political subdivisions	672	574	1,901	1,743
Corporate bonds and other	131	98	407	311
Total interest income	16,821	14,763	48,090	43,306
Interest expense				
Savings and interest-bearing deposits	704	578	2,011	1,690
Certificates of deposit, \$100 or more	1,213	843	3,573	2,207
Other time deposits	1,975	1,506	5,581	4,070
Borrowings	2,193	1,918	6,038	5,354
Total interest expense	6,085	4,845	17,203	13,321
Net interest income	10,736	9,918	30,887	29,985
Provision for loan losses	1,800	1,125	4,690	3,225
Net interest income after provision for loan losses	8,936	8,793	26,197	26,760
Noninterest income				
Gains on sales of loans	4,055	4,594	12,122	12,713
Service charges on deposit accounts	911	951	2,636	2,523
Other service charges and fees	981	1,243	3,168	3,595
Gains on calls of available for sale securities	1	22	10	103
Other income	498	379	1,470	1,123
Total noninterest income	6,446	7,189	19,406	20,057
Noninterest expenses				
Salaries and employee benefits	7,793	7,486	22,998	21,588
Occupancy expenses	1,475	1,240	4,498	3,774
Other expenses	2,929	2,708	8,566	7,841
Total noninterest expenses	12,197	11,434	36,062	33,203
Income before income taxes	3,185	4,548	9,541	13,614
Income tax expense	901	1,436	2,784	4,250
Net income	\$ 2,284	\$ 3,112	\$ 6,757	\$ 9,364

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Per share data								
Net income basic	\$.76	\$.99	\$	2.21	\$	2.97
Net income assuming dilution	\$.73	\$.95	\$	2.12	\$	2.86
Cash dividends paid and declared	\$.31	\$.29	\$.93	\$.85
Weighted average number of shares basic		3,010,858		3,149,938		3,056,623		3,149,643
Weighted average number of shares assuming dilution		3,134,598		3,263,632		3,187,264		3,271,056

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, 2006	\$ 3,159	\$ 324		\$ 64,402	\$ 121	\$ 68,006
Comprehensive income						
Net income			\$ 6,757	6,757		6,757
Other comprehensive loss, net of tax						
Amortization of prepaid pension transition costs			9		9	9
Unrealized holding losses on securities, net of reclassification adjustment			(306)		(306)	(306)
Comprehensive income			\$ 6,460			
Purchase of common stock	(192)	(1,003)		(6,796)		(7,991)
Share-based compensation		224				224
Stock options exercised	22	455				477
Cash dividends				(2,838)		(2,838)
September 30, 2007	\$ 2,989	\$		\$ 61,525	\$ (176)	\$ 64,338

Disclosure of Reclassification Amount:

Unrealized net holding losses arising during period	\$ (299)
Reclassification adjustment for gains included in net income	(7)
Unrealized holding losses on securities, net of reclassification adjustment	\$ (306)

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

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(Unaudited)

(In thousands)