

Village Bank & Trust Financial Corp.
Form 10-Q
May 16, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 0-50765

VILLAGE BANK AND TRUST FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

16-1694602
(IRS Employer
Identification No.)

15521 Midlothian Turnpike, Midlothian, Virginia
(Address of principal executive offices)

23113
(Zip Code)

804-897-3900
(Registrant's telephone number, including area code)

Indicate by check whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No .

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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 type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/> (Do not check if smaller reporting company)	Smaller Reporting Company <input checked="" 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

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

4,243,378 shares of common stock, \$4.00 par value, outstanding as of May 8, 2011

Village Bank and Trust Financial Corp.
Form 10-Q

TABLE OF CONTENTS

Part I – Financial Information

Item 1. Financial Statements

Consolidated Balance Sheets March 31, 2011 (unaudited) and December 31, 2010	3
---	---

Consolidated Statements of Income For the Three Months Ended March 31, 2011 and 2010 (unaudited)	4
--	---

Consolidated Statements of Stockholders' Equity For the Three Months Ended March 31, 2011 and 2010 (unaudited)	5
--	---

Consolidated Statements of Cash Flows For the Three Months Ended March 31, 2011 and 2010 (unaudited)	6
--	---

Notes to Condensed Consolidated Financial Statements (unaudited)	7
---	---

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
---	----

Item 3. Quantitative and Qualitative Disclosures About Market Risk	41
---	----

Item 4. Controls and Procedures	41
---------------------------------	----

Part II – Other Information

Item 1. Legal Proceedings	42
---------------------------	----

Item 1A. Risk Factors	42
-----------------------	----

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	42
--	----

Item 3. Defaults Upon Senior Securities	42
---	----

Item 4. (Removed and Reserved)	42
--------------------------------	----

Item 5. Other Information	42
---------------------------	----

Item 6. Exhibits

42

Signatures

43

2

PART I – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Balance Sheets
March 31, 2011 and December 31, 2010

	March 31, 2011 (Unaudited)	December 31, 2010
Assets		
Cash and due from banks	\$ 12,765,062	\$ 9,390,377
Federal funds sold	8,751,212	2,621,934
Investment securities available for sale	81,810,230	53,597,174
Loans held for sale	8,629,602	19,871,787
Loans		
Outstandings	442,720,243	453,242,950
Allowance for loan losses	(7,434,283)	(7,311,712)
Deferred fees and costs	666,247	623,851
	435,952,207	446,555,089
Premises and equipment, net	27,416,915	27,437,452
Accrued interest receivable	2,536,961	2,347,211
Bank owned life insurance	5,917,952	5,871,765
Other real estate owned	13,505,097	12,028,111
Other assets	10,978,196	12,058,315
	\$ 608,263,434	\$ 591,779,215
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest bearing	\$ 46,035,898	\$ 41,036,262
Interest bearing	458,923,419	457,975,931
Total deposits	504,959,317	499,012,193
Federal Home Loan Bank advances	38,750,000	28,750,000
Long-term debt - trust preferred securities	8,764,000	8,764,000
Other borrowings	5,241,499	4,165,430
Accrued interest payable	454,712	404,801
Other liabilities	1,934,474	2,362,597
Total liabilities	560,104,002	543,459,021
Stockholders' equity		
Preferred stock, \$4 par value, \$1,000 liquidation preference, 1,000,000 shares authorized, 14,738 shares issued and outstanding	58,952	58,952
Common stock, \$4 par value - 10,000,000 shares authorized 4,243,378 shares issued and outstanding at March 31, 2011 4,238,416 shares issued and outstanding at December 31, 2010	16,973,512	16,953,664
Additional paid-in capital	40,643,345	40,633,581

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Retained earnings (deficit)	(9,327,890)	(9,192,552)
Common stock warrant	732,479	732,479
Discount on preferred stock	(456,099)	(492,456)
Accumulated other comprehensive loss	(464,867)	(373,474)
Total stockholders' equity	48,159,432	48,320,194
	\$608,263,434	\$591,779,215

See accompanying notes to consolidated financial statements

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Statements of Income
Three Months Ended March 31, 2011 and 2010
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Interest income		
Loans	\$ 7,040,768	\$ 7,089,244
Investment securities	300,326	357,120
Federal funds sold	18,323	14,232
Total interest income	7,359,417	7,460,596
Interest expense		
Deposits	2,038,876	2,510,967
Borrowed funds	282,691	533,820
Total interest expense	2,321,567	3,044,787
Net interest income	5,037,850	4,415,809
Provision for loan losses	1,003,000	500,000
Net interest income after provision for loan losses	4,034,850	3,915,809
Noninterest income		
Service charges and fees	372,950	407,689
Gain on sale of loans	1,372,678	1,171,954
Gain on sale of assets	63,125	242,936
Rental income	151,937	103,671
Other	94,518	227,720
Total noninterest income	2,055,208	2,153,970
Noninterest expense		
Salaries and benefits	3,050,116	2,767,389
Occupancy	493,224	509,918
Equipment	220,070	217,724
Supplies	116,159	134,362
Professional and outside services	566,354	522,809
Advertising and marketing	122,839	89,626
Expenses related to foreclosed real estate	462,316	209,828
FDIC insurance premium	333,208	292,168
Other operating expense	533,652	586,805
Total noninterest expense	5,897,938	5,330,629
Net income before income taxes	192,120	739,150
Income tax expense	109,400	251,311
Net income	82,720	487,839

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Preferred stock dividends and accretion of discount	218,058	217,688
Net income (loss) available to common shareholders	\$ (135,338)	\$ 270,151
Earnings (loss) per share, basic	\$ (0.03)	\$ 0.06
Earnings (loss) per share, diluted	\$ (0.03)	\$ 0.06

See accompanying notes to consolidated financial statements

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Statements of Stockholders' Equity
and Comprehensive Income
Three Months Ended March 31, 2011 and 2010
(Unaudited)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Warrant	Accumulated		Total
						Discount on Preferred Stock	Other Comprehensive Income (loss)	
Balance, December 31, 2010	\$58,952	\$16,953,664	\$40,633,581	\$(9,192,552)	\$732,479	\$(492,456)	\$(373,474)	\$48,320,194
Amortization of preferred stock discount	-	-	-	(36,357)	-	36,357	-	-
Preferred stock dividend	-	-	-	(181,701)	-	-	-	(181,701)
Issuance of common stock	-	19,848	(19,848)	-	-	-	-	-
Stock based compensation	-	-	29,612	-	-	-	-	29,612
Minimum pension adjustment (net of income taxes of \$1,105)	-	-	-	-	-	-	2,145	2,145
Net income	-	-	-	82,720	-	-	-	82,720
Change in unrealized gain on investment securities available-for-sale,	-	-	-	-	-	-	-	-