

C & F FINANCIAL CORP
Form 10-Q
November 07, 2018
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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, 2018

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 000-23423

C&F FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Virginia 54-1680165
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

802 Main Street West Point, VA 23181
(Address of principal executive offices) (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 has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 5, 2018, the latest practicable date for determination, 3,501,741 shares of common stock, \$1.00 par value, of the registrant were outstanding.

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Part I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except for per share amounts)

	September 30, 2018	December 31, 2017
Assets	(unaudited)	*
Cash and due from banks	\$ 12,440	\$ 14,070
Interest-bearing deposits in other banks	96,709	105,353
Total cash and cash equivalents	109,149	119,423
Securities—available for sale at fair value, amortized cost of \$220,753 and \$218,168, respectively	217,114	218,976
Loans held for sale, at fair value	45,979	55,384
Loans, net of allowance for loan losses of \$34,959 and \$35,726, respectively	1,002,423	992,062
Restricted stock, at cost	3,247	3,298
Corporate premises and equipment, net	37,053	36,969
Other real estate owned, net of valuation allowance of \$57 and \$57, respectively	188	168
Accrued interest receivable	7,354	7,589
Goodwill	14,425	14,425
Core deposit and other amortizable intangible assets, net	1,234	1,594
Bank-owned life insurance	15,869	15,589
Net deferred tax asset	12,953	12,093
Other assets	32,616	31,486
Total assets	\$ 1,499,604	\$ 1,509,056
Liabilities		
Deposits		
Noninterest-bearing demand deposits	\$ 276,298	\$ 247,669
Savings and interest-bearing demand deposits	535,915	575,807
Time deposits	346,242	347,953
Total deposits	1,158,455	1,171,429
Short-term borrowings	15,030	20,621
Long-term borrowings	119,529	122,029
Trust preferred capital notes	25,237	25,210
Accrued interest payable	916	838

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Other liabilities	30,778	27,227
Total liabilities	1,349,945	1,367,354

Commitments and contingent liabilities (Note 9)

Shareholders' Equity

Common stock (\$1.00 par value, 8,000,000 shares authorized, 3,503,399 and 3,495,845 shares issued and outstanding, respectively, includes 132,905 and 137,880 of unvested shares, respectively)	3,370	3,358
Additional paid-in capital	13,619	12,800
Retained earnings	137,851	127,431
Accumulated other comprehensive loss, net	(5,181)	(1,887)
Total shareholders' equity	149,659	141,702
Total liabilities and shareholders' equity	\$ 1,499,604	\$ 1,509,056

* Derived from audited consolidated financial statements.

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in thousands, except for per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest income				
Interest and fees on loans	\$ 21,673	\$ 20,971	\$ 63,116	\$ 62,036
Interest on interest-bearing deposits and federal funds sold	527	314	1,544	801
Interest and dividends on securities				
U.S. government agencies and corporations	90	89	265	253
Mortgage-backed securities	528	380	1,516	1,088
Tax-exempt obligations of states and political subdivisions	675	773	2,086	2,453
Taxable obligations of states and political subdivisions	84	64	229	176
Corporate bonds and other	114	112	330	340
Total interest income	23,691	22,703	69,086	67,147
Interest expense				
Savings and interest-bearing deposits	411	292	1,123	860
Time deposits	1,020	907	2,957	2,634
Borrowings	1,081	992	3,102	2,750
Trust preferred capital notes	291	300	861	862
Total interest expense	2,803	2,491	8,043	7,106
Net interest income	20,888	20,212	61,043	60,041
Provision for loan losses	2,400	4,435	7,700	11,935
Net interest income after provision for loan losses	18,488	15,777	53,343	48,106
Noninterest income				
Gains on sales of loans	1,752	2,156	6,399	6,718
Service charges on deposit accounts	1,031	1,178	3,121	3,356
Other service charges and fees	1,296	1,327	3,900	3,951
Net gains on calls of available for sale securities	5	2	9	10
Wealth management services income, net	441	382	1,325	1,132
Interchange income	981	850	2,868	