

Village Bank & Trust Financial Corp.

Form 10QSB

August 14, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

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 small business issuer as specified in its charter)

Virginia

(State or other jurisdiction of
incorporation or organization)

16-1694602

(I.R.S. Employer
Identification No.)

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1231 Alverser Drive, P.O. Box 330, Midlothian, Virginia 23113

(Address of principal executive offices)

804-897-3900

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

2,573,485 shares of common stock, \$4.00 par value, outstanding as of July 23, 2007.

Village Bank and Trust Financial Corp.

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PART I - FINANCIAL INFORMATION**ITEM 1 FINANCIAL STATEMENTS**
Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Balance Sheets
June 30, 2007 (Unaudited) and December 31, 2006

	June 30, 2007 (Unaudited)	December 31, 2006
Assets		
Cash and due from banks	\$ 4,689,789	\$ 5,702,401
Federal funds sold	1,092,395	11,496,102
Investment securities available for sale	13,107,308	12,787,644
Loans held for sale	2,712,782	3,149,178
Loans		
Outstandings	289,225,171	241,389,621
Allowance for loan losses	(3,030,339)	(2,552,607)
Deferred fees	(420,376)	(338,596)
	285,774,456	238,498,418
Premises and equipment, net	13,810,637	11,676,854
Accrued interest receivable	2,516,264	2,301,264
Goodwill	689,108	689,108
Other assets	6,727,525	4,916,791
	\$ 331,120,264	\$ 291,217,760
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest bearing demand	\$ 23,162,771	\$ 22,381,251
Interest checking	10,259,145	9,414,544
Money market	22,091,145	17,941,940
Savings	3,292,067	4,106,949
Time deposits of \$100,000 and over	71,585,152	61,883,307
Other time deposits	155,285,159	137,581,890
	285,675,439	253,309,881
FHLB advances	12,000,000	4,000,000
Long-term debt - trust preferred securities	5,155,000	5,155,000
Other borrowings	690,348	704,265
Accrued interest payable	443,260	429,986
Other liabilities	906,422	1,974,513
Total liabilities	304,870,469	265,573,645
Stockholders' equity		
Preferred stock, \$1 par value - 1,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$4 par value - 10,000,000 shares authorized; 2,568,485 shares issued and outstanding at June 30, 2007, 2,562,088 shares issued and outstanding at December 31, 2006	10,273,940	10,248,352
Additional paid-in capital	13,659,780	13,588,888
Accumulated other comprehensive income (loss)	(205,531)	(177,759)
Retained earnings	2,521,606	1,984,634
Total stockholders' equity	26,249,795	25,644,115
	\$ 331,120,264	\$ 291,217,760

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Statements of Income
For the Three and Six Months Ended June 30, 2007 and 2006
(Unaudited)

	Three Months Ended June 30, 2007	2006	Six Months Ended June 30, 2007	2006
Interest income				
Loans	\$ 5,934,721	\$ 4,266,706	\$ 11,251,802	\$ 8,007,243
Investment securities	203,944	40,341	407,540	75,872
Federal funds sold	63,577	88,774	187,381	255,081
Total interest income	6,202,242	4,395,821	11,846,723	8,338,196
Interest expense				
Deposits	3,102,019	1,743,766	5,889,911	3,334,283
Borrowed funds	149,872	135,389	279,935	265,723
Total interest expense	3,251,891	1,879,155	6,169,846	3,600,006
Net interest income	2,950,351	2,516,666	5,676,877	4,738,190
Provision for loan losses	359,937	145,761	568,279	363,161
Net interest income after provision for loan losses	2,590,414	2,370,905	5,108,598	4,375,029
Noninterest income				
Service charges and fees	187,578	139,369	356,639	262,619
Gain on sale of loans	388,767	424,565	772,556	758,176
Other	108,412	71,109	220,470	191,800
Total noninterest income	684,757	635,043	1,349,665	1,212,595
Noninterest expense				
Salaries and benefits	1,717,284	1,440,562	3,282,767	2,672,486
Occupancy	216,425	154,959	414,832	314,628
Equipment	162,860	118,178	320,288	218,172
Supplies	85,360	81,244	160,595	152,811
Professional and outside services	357,920	280,663	631,133	515,668
Advertising and marketing	87,082	117,896	166,909	181,463
Other operating expense	379,116	295,196	668,146	586,958
Total noninterest expense	3,006,047	2,488,698	5,644,670	4,642,186
Income before income taxes	269,124	517,250	813,593	945,438
Provision for income taxes	91,501	175,865	276,621	321,450
Net income	\$ 177,623	\$ 341,385	\$ 536,972	\$ 623,988
Earnings per share, basic	\$ 0.07	\$ 0.16	\$ 0.21	\$ 0.31
Earnings per share, diluted	\$ 0.07	\$ 0.16	\$ 0.20	\$ 0.30

See accompanying notes to consolidated financial statements.

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Village Bank and Trust Financial Corp.
Consolidated Statements of Stockholders' Equity
Six Months Ended June 30, 2007 and 2006

	Common Stock Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
Balance, December 31, 2006	2,562,088	\$ 10,248,352	\$ 13,588,888	\$1,984,634	\$ (177,759)	\$ 25,644,115
Issuance of common stock	6,397	25,588	40,446	-	-	66,034
Stock based compensation			30,446			30,446
Net income	-	-	-	536,972	-	536,972
Change in unrealized gain (loss) on securities available for sale	-	-	-	-	(27,772)	(27,772)
Total comprehensive income (loss)	-	-	-	-	-	509,200
Balance, June 30, 2007	2,568,485	\$ 10,273,940				