

Village Bank & Trust Financial Corp.
Form 10-Q
August 15, 2005

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, 2005

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.

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(Exact name of small business issuer as specified in its charter)

Virginia

16-1694602

(State or other jurisdiction of
incorporation or organization)

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

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 .

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

1,805,192 shares of common stock, \$4.00 par value, outstanding as of August 8, 2005.

Village Bank and Trust Financial Corp.

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PART I FINANCIAL INFORMATION**ITEM 1 FINANCIAL STATEMENTS**

Village Bank and Trust Financial Corp.
Consolidated Statements of Financial Condition
June 30, 2005 (unaudited) and December 31, 2004

	June 30, 2005 (Unaudited)	December 31, 2004
Assets		
Cash and due from banks	\$ 4,905,329	\$ 3,641,535
Federal funds sold	2,982,684	4,957,872
Investment securities available for sale	2,979,492	5,427,604
Loans held for sale	3,476,444	2,867,084
Loans		
Outstandings	146,423,468	136,006,900
Allowance for loan losses	(1,639,109)	(1,514,029)
Deferred fees	(307,454)	(330,578)
	144,476,905	134,162,293
Premises and equipment, net	6,484,114	6,214,573
Accrued interest receivable	704,887	610,866
Goodwill	689,108	689,108
Other assets	3,106,310	1,733,939
	\$ 169,805,273	\$ 160,304,874
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest bearing demand	\$ 12,561,666	\$ 10,030,927
Now	6,592,031	6,453,323
Money market	21,651,606	24,000,555
Savings	5,267,788	4,437,962
Time deposits of \$100,000 and over	31,577,704	31,974,101
Other time deposits	65,627,056	63,130,518
	143,277,851	140,027,386
FHLB advances	4,000,000	4,000,000
Long-term debt - trust preferred securities	5,155,000	-

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Other borrowings	87,622	835,079
Accrued interest payable	211,153	175,154
Other liabilities	1,077,389	282,096
Total liabilities	153,809,015	145,319,715

Stockholders' equity

Preferred stock, \$1 par value - 1,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$4 par value - 3,000,000 shares authorized; 1,798,644 shares issued and outstanding at June 30, 2005, 1,761,744 shares issued and outstanding at December 31, 2004	7,194,576	7,046,976
Additional paid-in capital	8,844,528	8,615,748
Accumulated other comprehensive income (loss)	(1,508)	(31,798)
Retained earnings (deficit)	(41,338)	(645,767)
Total stockholders' equity	15,996,258	14,985,159
	\$ 169,805,273	\$ 160,304,874

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp.
Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2005 and 2004
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Interest income				
Loans	\$ 2,627,493	\$ 1,787,884	\$ 4,949,904	\$ 3,375,441
Investment securities	20,916	54,432	68,437	112,312
Federal funds sold	43,301	27,475	91,474	39,919
Total interest income	2,691,710	1,869,791	5,109,815	3,527,672
Interest expense				
Deposits	935,067	622,177	1,790,217	1,164,186
Borrowed funds	160,376	52,842	195,987	115,644
Total interest expense	1,095,443	675,019	1,986,204	1,279,830
Net interest income	1,596,267	1,194,772	3,123,611	2,247,842
Provision for loan losses	37,071	56,900	127,604	160,900
Net interest income after provision for loan losses	1,559,196	1,137,872	2,996,007	2,086,942
Noninterest income				
Service charges and fees	101,366	130,314	234,658	247,412
Gain on sale of loans	541,281	321,157	824,006	527,043
Loss on securities, net	-	(9,974)	-	(26,370)

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Other	96,108	31,094	179,780	61,656
Total noninterest income	738,755	472,591	1,238,444	809,741
Noninterest expense				
Salaries and benefits	973,515	778,877	1,825,255	1,505,289
Occupancy	86,098	71,499	171,173	139,771
Equipment	138,413	110,276	254,742	234,320
Supplies	102,458	44,199	162,909	86,237
Professional and outside services	246,268	172,286	453,691	324,107
Advertising and marketing	42,069	33,756	91,818	66,498
Other operating expense	200,941	140,398	359,062	279,332
Total noninterest expense	1,789,762	1,351,291	3,318,650	2,635,554
Net income before income taxes	508,189	259,172	915,801	261,129
Provision for income taxes	172,722	-	311,372	-
Net income	\$ 335,467	\$ 259,172	\$ 604,429	\$ 261,129
Earnings per share, basic	\$ 0.19	\$ 0.15	\$ 0.34	\$ 0.15
Earnings per share, diluted	\$ 0.17	\$ 0.14	\$ 0.31	\$ 0.15

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp.
Consolidated Statements of Stockholders' Equity
For the Six Months Ended June 30, 2005 and 2004
(Unaudited)

	Common Stock		Additional		Accumulated		
	Number of		Paid-in	Accumulated	Other		
	Shares	Amount	Capital	Deficit	Comprehensive	Income (loss)	Total
Balance, December 31, 2004	1,761,744	\$ 7,046,976	\$ 8,615,748	\$ (645,767)	\$ (31,798)		\$ 14,985,159
Issuance of common stock	36,900	147,600	228,780	-	-		376,380
Net income	-	-	-	604,429	-		604,429
Change in unrealized gain							
(loss) on securities							
available for sale	-	-	-	-	30,290		30,290
Total comprehensive income	-	-	-	604,429	30,290		634,719
Balance, June 30, 2005	1,798,644	\$ 7,194,576	\$ 8,844,528	\$ (41,338)	\$ (1,508)		\$ 15,996,258
Balance, December 31, 2003	1,710,994	\$ 6,843,976	\$ 8,303,810	\$ (1,507,310)	\$ (50,786)		\$ 13,589,690
Issuance of common stock	1,200	4,800	4,728	-	-		9,528
Net income	-	-	-	261,129	-		261,129
Change in unrealized gain	-	-	-	-	(49,093)		(49,093)
(loss) on securities							

available for sale						
Total comprehensive income	-	-	-	261,129	(49,093)	212,036
Balance, June 30, 2004	1,712,194	\$ 6,848,776	\$ 8,308,538	\$ (1,246,181)	\$ (99,879)	\$ 13,811,254

See accompanying notes to consolidated financial statements.