

Community Bankers Trust Corp
Form 10-Q/A
January 14, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q/A

(Amendment No. 1)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended June 30, 2009

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: 001-32590

COMMUNITY BANKERS TRUST CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation of organization)	20-2652949 (I.R.S. Employer Identification No.)
4235 Innslake Drive, Suite 200 Glen Allen, Virginia (Address of principal executive offices)	23060 (Zip Code)
(804) 934-9999	

(Registrant's telephone number, including area code)

not applicable

(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 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 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 ☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At August 3, 2009, there were 21,468,455 shares of the Company's common stock outstanding.

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EXPLANATORY NOTE

The Registrant hereby amends its Quarterly Report on Form 10-Q for the period ended June 30, 2009 (filed on August 10, 2009 with the Securities and Exchange Commission (the "Commission")), as set forth in this Quarterly Report on Form 10-Q/A (Amendment No. 1).

This Form 10-Q/A reflects the addition of financial statements and related information with respect to each of the Registrant's predecessors (TransCommunity Financial Corporation and BOE Financial Services of Virginia, Inc.), as the Registrant was a special purpose acquisition company with nominal results prior to the acquisition of each of these entities on May 31, 2008. In addition, the Registrant's financial statements reflect a modified presentation of certain line items relating to the portion of the loan portfolio that is covered under shared-loss agreements with the Federal Deposit Insurance Corporation and the Registrant's non-covered loan portfolio.

This Form 10-Q/A also includes, in response to comments from the Commission, enhanced disclosure relating to goodwill and intangible assets, fair value measurements, FDIC-covered assets, asset quality and the Registrant's acquisition of substantially all assets, and assumption of all deposit and certain other liabilities, relating to the former Suburban Federal Savings Bank.

The only items that the Registrant is amending in this Form 10-Q/A are Items 1 and 2 of Part I and Item 6 of Part II, as set forth below. The disclosures that the Registrant has presented in this Form 10-Q/A are as of the date of the original filing, and the Registrant has not undertaken to update such disclosures for any subsequent events or developments.

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COMMUNITY BANKERS TRUST CORPORATION

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

COMMUNITY BANKERS TRUST CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

AT JUNE 30, 2009 AND DECEMBER 31, 2008

(dollars in thousands)

	June 30, 2009 (Unaudited) (Restated)	December 31, 2008 (Audited) (Restated)
ASSETS		
Cash and due from banks	\$ 20,110	\$ 10,864
Interest bearing bank deposits	14,158	107,376
Federal funds sold	25,830	10,193
 Total cash and cash equivalents	 60,098	 128,433
Securities available for sale, at fair value	178,923	193,992
Securities held to maturity, at cost (fair value of \$131,752 and \$94,966, respectively)	130,113	94,865
Equity securities, restricted, at cost	6,838	3,612
 Total securities	 315,874	 292,469
Loans held for sale	668	200
Loans covered by FDIC shared-loss agreement (Note 9)	178,312	
Loans non covered	551,799	523,298
 Total loans	 730,111	 523,298
Allowance for loan losses	(12,185)	(6,939)
 Net loans	 717,926	 516,359
FDIC indemnification asset (Note 10)	83,591	
Bank premises and equipment	37,484	24,111
Other real estate owned, covered by FDIC shared-loss agreement	12,521	
Other real estate owned, non covered	864	223
Bank owned life insurance	6,415	6,300
FDIC receivable for expenses incurred	1,173	
Core deposit intangibles, net	18,211	17,163
Goodwill (Note 5)	13,152	37,184
Other assets	8,297	7,798
 Total assets	 \$ 1,276,274	 \$ 1,030,240
LIABILITIES		
Deposits:		
Noninterest bearing	\$ 59,949	\$ 59,699
Interest bearing	1,007,498	746,649

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Total deposits	1,067,447	806,348
Federal Home Loan Bank advances	37,000	37,900
Trust preferred capital notes	4,124	4,124
Other liabilities	21,526	17,465

Total liabilities	\$ 1,130,097	\$ 865,837
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STOCKHOLDERS EQUITY

Preferred stock (5,000,000 shares authorized \$0.01 par value; 17,680 shares issued and outstanding)	\$ 17,680	\$ 17,680
Discount on preferred stock	(943)	(1,031)
Warrants on preferred stock	1,037	1,037
Common stock (50,000,000 shares authorized \$0.01 par value; 21,468,455 shares issued and outstanding)	215	215
Additional paid in capital	144,506	146,076
Retained earnings	(16,388)	1,691
Accumulated other comprehensive income (loss)	70	(1,265)

Total stockholders equity	\$ 146,177	\$ 164,403
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Total liabilities and stockholders equity	\$ 1,276,274	\$ 1,030,240
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See accompanying notes to unaudited consolidated financial statements

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008**

(dollars and shares in thousands, except per share data)

(unaudited)

	For the three months ended		For the six months ended		BOE Predecessor For the five months ended May 31, 2008 (Note 1)	TFC Predecessor For the five months ended May 31, 2008 (Note 1)
	June 30, 2009 (Restated)	June 30, 2008	June 30, 2009 (Restated)	June 30, 2008		
Interest and dividend income						
Interest and fees on non covered loans	\$ 8,959	\$ 2,704	\$ 17,416	\$ 2,704	\$ 6,737	\$ 6,849
Interest and fees on FDIC covered loans	4,278		7,228			
Interest on federal funds sold	12	46	26	46	18	26
Interest on deposits in other banks	81		202			
Interest and dividends on securities						
Taxable	2,607	282	5,499	687	465	236
Nontaxable	820	110	1,577	110	555	
Total interest income	16,757	3,142	31,948	3,547	7,775	7,111
Interest expense						
Interest on deposits	6,299	1,027	12,417	1,027	3,266	3,295
Interest on federal funds purchased	4	13	4	13	21	23
Interest on other borrowed funds	386	80	733	80	458	
Total interest expense	6,689	1,120	13,154	1,120	3,745	3,318
Net interest income	10,068	2,022	18,794	2,427	4,030	3,793
Provision for loan losses	540	234	6,040	234	200	1,348
Net interest income after provision for loan losses	9,528	1,788	12,754	2,193	3,830	2,445
Noninterest income						
Service charges on deposit accounts	618	180	1,189	180	464	342
Gain on SFSB transaction			16,204			
Gain on securities transactions, net	341		293		6	
Gain (loss) on sale of other real estate	109		63		(92)	
Other	554	119	981	119	476	87
Total noninterest income	1,622	299	18,730	299	854	429
Noninterest expense						
Salaries and employee benefits	5,028	574	9,454	574	2,493	3,708
Occupancy expenses	554	112	1,134	112	216	318
Equipment expenses	419	108	762	108	286	295
Legal fees	305	99	555	99	306	106

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Professional fees	456	100	1,156	100	325	1,029
FDIC assessment	744	16	874	16	11	95
Data processing fees	732	104	1,474	104	394	1,917
Amortization of intangibles	654	149	1,110	149		
Impairment of goodwill	24,032		24,032		52	
Other operating expenses	1,592	453	3,353	673	799	761
Total noninterest expense	34,516	1,715	43,904	1,935	4,882	8,229
Income (loss) before income taxes	(23,366)	372	(12,420)	557	(198)	(5,355)
Income tax expense (benefit)	(14)	84	3,476	158	10	1,454
Net income (loss)	\$ (23,352)	\$ 288	\$ (15,896)	\$ 399	\$ (188)	\$ (3,901)
Dividends accrued on preferred stock	220		438			
Accretion of discount on preferred stock	45		88			
Net income (loss) available to common stockholders	\$ (23,617)	\$ 288	\$ (16,422)	\$ 399	\$ (188)	\$ (3,901)
Net income (loss) per share basic	\$ (1.10)	\$ 0.02	\$ (0.76)	\$ 0.04	\$ (0.15)	\$ (0.85)
Net income (loss) per share diluted	\$ (1.10)	\$ 0.02	\$ (0.76)	\$ 0.03	\$ (0.15)	\$ (0.85)
Weighted average number of shares outstanding basic	21,468	13,407	21,468	11,391	1,214	4,587
diluted	21,468	15,283	21,468	13,553	1,214	4,587

See accompanying notes to unaudited consolidated financial statements

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(dollars in thousands)

(unaudited)

	For the six months ended		BOE Predecessor For the five months ended May 31, 2008 (Note 1)	TFC Predecessor For the five months ended May 31, 2008 (Note 1)
	June 30, 2009 (Restated)	June 30, 2008		
Operating activities:				
Net income (loss)	\$ (16,422)	\$ 399	\$ (188)	\$ (3,901)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and intangibles amortization	2,043	271	335	240
Provision for loan losses	6,040	234	200	1,348
Amortization of premiums and accretion of discounts, net	(6,288)	8	36	(13)
Change in loans held for sale	(468)	535	(119)	
Net gain on SFSB transaction	(16,204)			
Prior period goodwill adjustment	(2,899)			
Impairment of goodwill	24,032		52	
Stock-based compensation expense				178
Net (gain) on sale of securities	(293)		(6)	
Net (gain)/loss on sale of OREO	(63)		92	
Net (gain) loss on sale of loans	20	(12)	(90)	
Loss on write down of LLC membership			88	
Changes in assets and liabilities:				
(Increase)/decrease in other assets	17,836	(4,022)	(409)	(1,285)
Increase/(decrease) in accrued expenses and other liabilities	2,778	2,065	897	2,874
Net cash (used in) provided by operating activities	10,112	(522)	888	(559)
Investing activities:				
Proceeds from securities	98,329	56,342	2,364	12,605
Purchase of securities	(108,075)		(3,350)	(7,205)
Cash received from SFSB transaction	35,662	10,016		
Net increase in loans	(2,126)	(11,230)	(11,870)	(37,358)
Purchase of premises and equipment, net	(14,268)	(114)	(523)	(164)
Net cash (used in) provided by investing activities	9,522	55,014	(13,379)	(32,122)
Financing activities:				
Net increase (decrease) in noninterest bearing and interest bearing demand deposits	(45,898)	4,919	11,789	28,536
Net (decrease) in federal funds purchased		(1,287)	1,965	5,218
Issuance of common stock			56	

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Cash paid to shareholders for converted shares	(10,843)			
Cash paid to reduce FHLB borrowings	(38,425)		900	
Cash paid to redeem shares related to asserted appraisal rights and retire warrants	(1,570)			
Cash dividends paid	(2,076)		(535)	(1,152)
Net cash (used in) provided by financing activities	(87,969)	(7,211)	14,175	32,602

Net increase (decrease) in cash and cash equivalents (68,335) 47,281 1,684 (79)

Cash and cash equivalents:

Beginning of the period	\$ 128,433	\$ 162	\$ 4,100	\$ 4,311
End of the period	\$ 60,098	\$ 47,443	\$ 5,784	\$ 4,232

Supplemental disclosures of cash flow information:

Interest paid	\$ 13,640	\$ 1,156	\$ 3,902	\$ 3,195
Income taxes paid	250		127	
Transfers of OREO property	640	224		
Transactions related to acquisition				
Increase in assets and liabilities:				
Loans, net	\$ 198,253	\$ 471,864		
Other real estate owned	9,416			
Securities	4,954	68,306		
FDIC indemnification	84,584			
Fixed assets, net	37			
Other assets	6,281	89,857		
Deposits	302,756	491,462		
Borrowings	37,525	32,359		
Other liabilities	1,757	8,861		

See accompanying notes to unaudited consolidated financial statements

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COMMUNITY BANKERS TRUST CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

General

Community Bankers Trust Corporation (the Company) is a bank holding company that was incorporated under Delaware law on April 6, 2005. The Company is headquartered in Glen Allen, Virginia and is the holding company for Essex Bank (the Bank), a Virginia state bank with 25 full-service offices in Virginia, Maryland and Georgia. Bank of Essex changed its name to Essex Bank on April 20, 2009.

The Company was initially formed as a special purpose acquisition company to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business in the banking industry. Prior to its acquisition of two bank holding companies in 2008, the Company's activities were limited to organizational matters, completing its initial public offering and seeking and evaluating possible business combination opportunities. On May 31, 2008, the Company acquired each of TransCommunity Financial Corporation, a Virginia corporation (TFC), and BOE Financial Services of Virginia, Inc., a Virginia corporation (BOE). The Company changed its corporate name in connection with the acquisitions. On November 21, 2008, the Bank acquired certain assets and assumed all deposit liabilities relating to four former branch offices of The Community Bank (TCB), a Georgia state-chartered bank. On January 30, 2009, the Bank acquired certain assets and assumed all deposit liabilities relating to seven former branch offices of Suburban Federal Savings Bank, Crofton, Maryland (SFSB).

The Bank was established in 1926 and is headquartered in Tappahannock, Virginia. The Bank engages in a general commercial banking business and provides a wide range of financial services primarily to individuals and small businesses, including individual and commercial demand and time deposit accounts, commercial and consumer loans, travelers checks, safe deposit box facilities, investment services and fixed rate residential mortgages. Fourteen offices are located in Virginia, primarily from the Chesapeake Bay to just west of Richmond, seven are located in Maryland along the Baltimore-Washington corridor and four are located in the Atlanta, Georgia metropolitan market.

The consolidated statements presented include accounts of the Company and its wholly-owned subsidiary. All significant intercompany accounts have been eliminated. In the opinion of management, the accompanying financial statements contain all adjustments necessary to fairly present the financial position of the Company at each of June 30, 2009 and December 31, 2008. The statements should be read in conjunction with the Company's consolidated financial statements and the accompanying notes to consolidated financial statements included in the Company's Annual Report on Form 10-K/A (Amendment No. 3) for the year ended December 31, 2008. In the opinion of management, all adjustments (consisting of normal accruals) were made that are necessary to present fairly the financial position of the Company at June 30, 2009, and the results of its operations and its cash flows for the three and six months ended June 30, 2009 and 2008.

The statements and related notes have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) are not presented pursuant to such rules and regulations, because the periods reported are not comparable.

Predecessors

From its inception until consummation of the acquisitions of TFC and BOE on May 31, 2008, the Company was a special purpose acquisition company, as described above, and had no substantial operations. Accordingly, since the Company's operating activities prior to the acquisitions were insignificant relative to those of TFC and BOE, management believes that both TFC and BOE are the Company's predecessors. Management has reached this conclusion based upon an evaluation of facts and circumstances, including the historical life of each of TFC and BOE, the historical level of operations of each of TFC and BOE, the purchase price paid for each of TFC and BOE and the fact that the consolidated Company's operations, revenues and expenses after the acquisitions are most similar in all respects to those of BOE's and TFC's historical periods. Accordingly, the historical statements of operations for the five months ended May 31, 2008 and statements of cash flows for the five months ended May 31, 2008 of each of TFC and BOE have been presented.

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2. ACCOUNTING POLICIES

The accounting and reporting policies of the Company conform to GAAP and to the general practices within the banking industry. The interim financial statements have not been audited; however, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the consolidated financial statements have been included. Operating results for the three and six month period ended June 30, 2009, are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

During 2008, management discovered that there was an error in the fair value of stock options issued by the Company in settlement of the TFC and BOE stock options outstanding as of the respective merger dates. When correcting this valuation error, the adjustment was inadvertently recorded twice. The result was an understatement of Goodwill and Deferred Taxes Liabilities of approximately \$2.9 million and \$1.5 million, respectively. An adjustment has been made to correct this error and the financial statements for the year ended December 31, 2008 have been restated.

The June 30, 2009 consolidated financial statements and accompanying notes have been restated for amendments to the original estimated values related to the acquisition of the Maryland operations.

Certain reclassifications have been made to prior period balances to conform to the current period presentation.

The Company's financial statements are prepared in accordance with GAAP. The financial information contained within the statements is, to a significant extent, financial information that is based on measures of the financial effects of transactions and events that have already occurred. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or relieving a liability. The Company uses historical loss factors as one factor in determining the inherent loss that may be present in its loan portfolio. Actual losses could differ significantly from the historical factors that the Company uses. In addition, GAAP itself may change from one previously acceptable method to another method. Although the economics of the Company's transactions would be the same, the timing of events that would impact its transactions could change. In preparing the financial statements, the Company has evaluated events and transactions occurring subsequent to the financial statement date through the filing date of August 10, 2009 for potential recognition or disclosure.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, but rather, provides enhanced guidance to other pronouncements that require or permit assets or liabilities to be measured at fair value. The Company adopted SFAS 157 on January 1, 2008. The FASB approved a one-year deferral for the implementation of the Statement for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company adopted the provisions of SFAS 157 for nonfinancial assets and liabilities as of January 1, 2009 without a material impact on the consolidated financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), Business Combinations (SFAS 141(R)). The Standard significantly changed the financial accounting and reporting of business combination transactions. SFAS 141(R) establishes principles for how an acquirer recognizes and measures the identifiable assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for acquisition dates on or after the beginning of an entity's first year that begins after December 15, 2008. The Company does not expect the implementation of SFAS 141(R) to have a material impact on its consolidated financial statements, at this time.

In April 2009, the FASB issued FASB Staff Position (FSP) SFAS 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies. FSP SFAS 141(R)-1 amends and clarifies SFAS 141(R) to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. The FSP is effective for assets and liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not expect the adoption of FSP SFAS 141(R)-1 to have a material impact on its consolidated financial statements.

In April 2009, the FASB issued FSP SFAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. FSP SFAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS 157 when the volume and level of activity for the asset or liability have significantly decreased. The FSP

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also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP SFAS 157-4 is effective for interim and annual periods ending after June 15, 2009, and shall be applied prospectively. Earlier adoption is permitted for periods ending after March 15, 2009. The Company does not expect the adoption of FSP SFAS 157-4 to have a material impact on its (consolidated) financial statements.

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In April 2009, the FASB issued FSP SFAS 107-1 and Accounting Principles Board (APB) 28-1, *Interim Disclosures about Fair Value of Financial Instruments*. FSP SFAS 107-1 and APB 28-1 amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. In addition, the FSP amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. The FSP is effective for interim periods ending after June 15, 2009, with earlier adoption permitted for periods ending after March 15, 2009. The Company does not expect the adoption of FSP SFAS 107-1 and APB 28-1 to have a material impact on its consolidated financial statements.

In April 2009, the FASB issued FSP SFAS 115-1 and SFAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*. FSP SFAS 115-1 and SFAS 124-2 amend other-than-temporary impairment guidance for debt securities to make guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities. The FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. FSP SFAS 115-1 and SFAS 124-2 are effective for interim and annual periods ending after June 15, 2009, with earlier adoption permitted for periods ending after March 15, 2009. The Company does not expect the adoption of FSP SFAS 115-1 and SFAS 124-2 to have a material impact on its consolidated financial statements.

In April 2009, the SEC issued Staff Accounting Bulletin No. 111 (SAB 111). SAB 111 amends and replaces SAB Topic 5.M. in the SAB Series entitled *Other Than Temporary Impairment of Certain Investments in Debt and Equity Securities*. SAB 111 maintains the SEC Staff's previous views related to equity securities and amends Topic 5.M. to exclude debt securities from its scope. The Company does not expect the implementation of SAB 111 to have a material impact on its consolidated financial statements.

In May 2009, the FASB issued SFAS 165, *Subsequent Events*, (SFAS 165) to provide guidance on when a subsequent event should be recognized in the financial statements. Subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet should be recognized at the balance sheet date. Subsequent events that provide evidence about conditions that arose after the balance sheet date but before financial statements are issued, or are available to be issued, are not required to be recognized. The date through which subsequent events have been evaluated must be disclosed as well as whether it is the date the financial statements were issued or the date the financial statements were available to be issued. For nonrecognized subsequent events which should be disclosed to keep the financial statements from being misleading, the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made, should be disclosed. The standard is effective for interim or annual periods ending after June 15, 2009. See Note 14 for the Company's evaluation of subsequent events.

In June 2009, the FASB issued SFAS 166, *Accounting for Transfers of Financial Assets* an amendment of FASB Statement No. 140, (SFAS 166). SFAS 166 limits the circumstances in which a financial asset should be derecognized when the transferor has not transferred the entire financial asset by taking into consideration the transferor's continuing involvement. The standard requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. The concept of a qualifying special-purpose entity is removed from SFAS 140 along with the exception from applying FIN 46(R). The standard is effective for the first annual reporting period that begins after November 15, 2009, for interim periods within the first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. The Company does not expect SFAS 166 to have a material impact on its consolidated financial statements.

In June 2009, the FASB issued SFAS 167, *Amendments to FASB Interpretation No. 46(R)*, (SFAS 167). The standard amends FASB Interpretation Number (FIN) 46(R) to require a company to analyze whether its interest in a variable interest entity (VIE) gives it a controlling financial interest. A company must assess whether it has an implicit financial responsibility to ensure that the VIE operates as designed when determining whether it has the power to direct the activities of the VIE that significantly impact its economic performance. Ongoing reassessments of whether a company is the primary beneficiary is also required by the standard. SFAS 167 amends the criteria to qualify as a primary beneficiary as well as how to determine the existence of a VIE. The standard also eliminates certain exceptions that were available under FIN 46(R). SFAS 167 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. Comparative disclosures will be required for periods after the effective date. The Company does not expect SFAS 167 to have a material impact on its consolidated financial statements.

In June 2009, the FASB issued SFAS 168, *The FASB Accounting Standards Codification™* and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162 (SFAS 168). SFAS 168 establishes the *FASB Accounting Standards Codification™* (Codification) as the source of authoritative generally accepted accounting principles for nongovernmental entities. SFAS 168 is effective for interim and annual periods ending after September 15, 2009, and is not expected to have a material impact on the Company's consolidated financial statements.

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In June 2009, the SEC issued Staff Accounting Bulletin No. 112 (SAB 112). SAB 112 revises or rescinds portions of the interpretative guidance included in the codification of SABs in order to make the interpretive guidance consistent with current U.S. GAAP. The Company does not expect the adoption of SAB 112 to have a material impact on its consolidated financial statements.

4. MERGERS AND ACQUISITIONS

Business Combinations

On May 31, 2008, the Company acquired each of TFC and BOE. The transaction with TFC was valued at \$53.0 million. Total consideration paid to TFC shareholders consisted of 6,544,840 shares of the Company's common stock issued. The transaction resulted in total assets acquired at May 31, 2008 of \$268.8 million, including \$241.9 million of loans, and liabilities assumed were \$241.7 million, including \$232.1 million of deposits. The transaction with BOE was valued at \$53.9 million. Total consideration paid to BOE shareholders consisted of 6,957,405 shares of the Company's common stock issued. This transaction resulted in total assets acquired at May 31, 2008 of \$317.6 million, including \$233.3 million of loans, and liabilities assumed were \$288.0 million, including \$256.4 million of deposits. Due to the mergers with each of TFC and BOE, the Company recorded approximately \$37.2 million in goodwill and \$15.0 million in core deposit intangibles as of May 31, 2008.

Immediately following the mergers with TFC and BOE, the Company operated TransCommunity Bank and the Bank as separate banking subsidiaries. TransCommunity Bank's offices operated under the Bank of Goochland, Bank of Powhatan, Bank of Louisa and Bank of Rockbridge division names. Effective July 31, 2008, TransCommunity Bank was consolidated into the Bank under the Bank's state charter. As a result, the Company was a one-bank holding company at the September 30, 2008 reporting date.

Acquisition of Georgia Operations

On November 21, 2008, the Bank acquired certain assets and assumed all deposit liabilities relating to four former branch offices of The Community Bank (TCB), a Georgia state-chartered bank. The transaction was consummated pursuant to a Purchase and Assumption Agreement, dated November 21, 2008, by and among the Federal Deposit Insurance Corporation (FDIC), as Receiver for The Community Bank, Bank of Essex and the FDIC. Management evaluated the applicability of Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*, as well as EITF 98-3 *Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business* in determining the accounting for this transaction. Based upon an assessment of the transaction, management determined that there were significant limitations on the resources transferred and, therefore, concluded that the net assets acquired did not meet the definition of a Business as required by these authoritative standards. Accordingly, the transaction was accounted for as an asset purchase.

Pursuant to the terms of the Purchase and Assumption Agreement, the Bank assumed approximately \$619.0 million in deposits, approximately \$233.9 million of which were deemed to be core deposits, and paid the FDIC a premium of 1.36% on the core deposits amounting to approximately \$3.2 million. All deposits insured prior to the closing of the transaction maintained their current insurance coverage.

The Company also acquired assets of \$87.5 million as follows (dollars in thousands):

Cash and cash equivalents	\$ 54,439
Investment securities	31,304
Loans and accrued interest	1,593
Other assets	135
Total assets	\$ 87,471

The loans acquired were those fully secured by deposit accounts. The Bank did not purchase any additional loans as of December 31, 2008.

The Bank had 60 days to evaluate and, at its sole option, purchase any of the remaining TCB loans. As a result, the Bank purchased 175 loans totaling approximately \$21 million on January 9, 2009. Also, the Bank had 90 days to evaluate and, at its sole option, purchase the premises and equipment. The Bank agreed to purchase all four former banking premises of TCB for \$6.4 million on February 19, 2009.

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Acquisition of Maryland Operations

On January 30, 2009, the Bank acquired certain assets and assumed all deposit liabilities relating to seven former branch offices of Suburban Federal Savings Bank, Crofton, Maryland. The transaction was consummated pursuant to a Purchase and Assumption Agreement, dated January 30, 2009, by and among the FDIC, as Receiver for SFSB, the Bank and the FDIC.

Pursuant to the terms of the Purchase and Assumption Agreement, the Bank assumed approximately \$303 million in deposits, all of which were deemed to be core deposits and maintain their current insurance coverage. The Bank also acquired approximately \$358 million in loans and other assets and agreed to provide loan servicing to SFSB's existing loan customers. The Bank bid a negative \$45 million for the net assets acquired.

The Bank has entered into shared-loss agreements with the FDIC with respect to certain covered assets acquired. See Notes 9 and 10 for additional information related to certain assets covered under the FDIC shared-loss agreements.

In relation to this acquisition, the Company followed the acquisition method of accounting as outlined in SFAS 141(R), *Business Combinations*. Management relied on external analyses by appraisers in determining the fair value of assets acquired and liabilities assumed. The following table provides the allocation of the negative bid in the financial statements, based on those analyses (dollars in thousands):

	SFSB
Negative bid on SFSB transaction	\$ 45,000
Adjustments to assets acquired and liabilities assumed:	
Fair value adjustments:	
Loans	(102,011)
Foreclosed real estate	(10,428)
FDIC Indemnification	84,584
Deposits	(1,455)
Core deposit intangible	2,158
Other adjustments	(1,644)
Net assets acquired, pre-tax	16,204
Deferred tax liability	(5,509)
Net assets acquired, net of tax	\$ 10,695
Fair value of assets acquired	
Cash and cash equivalents	\$ 54,717
Investment securities	4,954
Loans receivable	198,253
Foreclosed real estate	9,416
FDIC Indemnification	84,584
Other assets	6,318
Fair value of assets acquired	\$ 358,242
Fair value of liabilities assumed	
Deposits	\$ 302,756
FHLB advances	37,525
Deferred taxes	5,509
Other liabilities	1,757
Fair value of liabilities assumed	\$ 347,547

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Net assets acquired at fair value	\$ 10,695
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As a result of the acquisition of the operations of SFSB, the Company recorded a one-time gain of \$16.2 million in the first quarter of 2009.

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The Company engaged two external firms to assess credit quality and fair market value of the loan portfolio. An external firm performed a 100% credit review on the entire portfolio and classified each of the loans into several homogenous pools of credit risk and levels of impairment. An external firm specializing in fair market valuations then used the credit review results to determine the current fair market as defined in SFAS No. 157, *Fair Value Measurements* (ASC 820 *Fair Value Measurements and Disclosures*). The fair value assessment was based on several measures, including asset quality, contractual interest rates, current market interest rates, and other underlying factors and the analysis divided the portfolio into the following segments:

Acquisition, development, and construction loans

Residential first mortgage loans

Consumer real estate loans

Commercial real estate loans

The following three general approaches were used in the valuation analyses the asset-based approach, the market approach, and the income approach.

Certificate of deposits (CDs) and the core deposit intangible (premium paid to acquire the core deposits of SFSB) were marked to market using a third-party analysis of cash flow, interest rate, maturity dates or weighted average life, balances, attrition rates, and current market rates.

The Company has reviewed certain contracts between SFSB and its vendors in order to identify any efficiencies from the merger through contract cancellation. Costs of cancelling certain contracts that are material would change the amount of the gain recorded.

Supplemental pro forma information reflecting the revenue and earnings of the combined entity for the current reporting period as though the acquisition date for the business combination had occurred at the beginning of the annual reporting period, and similar comparative information for the prior year, has not been disclosed. Management has determined that it is impracticable to provide this information due to a lack of reliability of financial information produced by SFSB prior to the acquisition and the costs that would be incurred to reproduce the information with an appropriate level of reliability.

5. GOODWILL AND INTANGIBLE ASSETS

The Company follows SFAS 142, *Goodwill and Other Intangible Assets*, which prescribes the accounting for goodwill and intangible assets subsequent to initial recognition. Provisions within SFAS 142 discontinue any amortization of goodwill and intangible assets with indefinite lives, and require at least an annual impairment review or more often if certain impairment conditions exist. With the TFC and BOE mergers consummated May 31, 2008, there were significant amounts of goodwill and other intangible assets recorded. Goodwill was assessed for potential impairment as of May 31, 2009, the anniversary date of the mergers.

Since the mergers in 2008, there has been further decline in economic conditions, which has significantly affected the banking sector and the Company's financial condition and results. The Company's average closing stock price during the second quarter of 2008 and 2009 was \$6.64 per share and \$3.67 per share, respectively, which represented a 44.73% decline. On the last business day prior to May 31, 2009, the closing stock price was \$3.10 per share.

The initial step in identifying potential impairment involves comparing the current fair value of such goodwill to its recorded or carrying amount. If the carrying value exceeds such fair value, there is possible impairment. Next, a second step is performed to determine the amount of the impairment, if any. This step requires a comparison of the Company's book value to the fair value of its assets, liabilities, and intangibles. If the carrying amount of goodwill exceeds the fair value, an impairment charge must be recorded in an amount equal to the excess. Management retained a business valuation expert to assist in determining the level and extent to which goodwill was impaired. The Company determined that goodwill was impaired as of May 31, 2009, and a \$24.0 million impairment charge was recorded during the second quarter of 2009. Because the acquisitions were considered a tax-free exchange, the goodwill impairment charge cannot be deducted for tax purposes, and as such, an income tax benefit cannot be recorded. Due to this tax treatment, the goodwill impairment charge will be reflected as a permanent difference in the

deferred tax calculation.

In determining the goodwill impairment charge, the reporting unit was defined as Community Bankers Trust Corporation, as the Company has determined that it has no reportable segments or components of a segment, as defined in SFAS No. 142, *Goodwill and Other Intangible Assets* (ASC 350 *Intangibles - Goodwill and Other*).

The Company used and weighted two valuation methods in determining the fair value of the reporting unit the guideline transaction method and the discounted cash flow method. The guideline transaction method uses actual change-of-control transactions involving entities similar to the reporting unit. These transactions consist of merger and acquisition transactions involving financial institutions, and the Company derived the fair value of the reporting unit based on the price/tangible book value multiples and core deposit premiums reported in these transactions. The Company used this method as it reflects the guidance in SFAS No. 142, which is consistent with SFAS No. 157, that the estimate of fair value shall be based on the best information available, including prices for similar assets and liabilities

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The discounted cash flow analysis relies upon a projection of future cash flows, the present value of which represents the value of the reporting unit. Management supplied projections of the reporting unit's future balance sheets and income statements, which were used in the analysis. Under the discounted cash flow method, the value of the reporting unit is the sum of the distributable cash flows generated by the reporting unit and a terminal value in 2013 representing the value of all future cash flows. The Company used the discounted cash flow method because market participants commonly use discounted cash flow analyses in acquisitions of financial institutions, as the value of an enterprise is equal to its future cash flows. Further, SFAS No. 142 indicates that, "A present value technique is often the best available technique with which to estimate the fair value of a group of net assets (such as a reporting unit)"

The Company then compared the conclusion of value indicated by the preceding valuation methods to the Company's market capitalization and the valuation multiples for a group of comparable publicly traded banks to the Company.

In determining a conclusion of value for the reporting unit, the guideline transactions method received two-thirds of the total weight (split equally between the indications of value based on tangible book value and core deposits), and the discounted cash flow method received one-third of the total weighting. This weighting methodology reflects that actual transactions involving enterprises with similar characteristics to the subject reporting unit provide the most meaningful indication of value. The Company weighted the discounted cash flow method as it is commonly employed in the financial services industry and represents a value based on the future cash flows generated by the reporting unit.

The material assumptions used and the sensitivity in them for the two valuation methods used are as follows:

The guideline transactions method derives the fair value of the reporting unit using (a) the reporting unit's tangible book value and core deposits at May 31, 2009 and (b) multiples of tangible book value and core deposits derived from marketplace transactions, as reported by SNL Financial. The multiples were derived from two groups of transactions: (a) transactions announced between June 1, 2008 and May 31, 2009 involving banks located nationwide with assets greater than \$250 million and (b) transactions announced between June 1, 2008 and May 31, 2009 involving banks and thrifts located in the Mid-Atlantic region. A change in the price/tangible book value multiple by 10% would affect the value by a like amount. A change in the core deposit premium by 10% would affect the value by approximately 2%.

The discounted cash flow method relies upon a projection of the reporting unit's future financial performance, including assumptions as to its future balance sheet growth, asset composition, funding mix, asset quality, capital levels, net interest income, non-interest income, non-interest expenses, loan loss provision, income taxes, and distributable cash flows. In addition, the discounted cash flow method requires a terminal value, which reflects the value of the reporting unit after the end of the finite forecast period. The terminal value is a function of the reporting unit's projected 2013 net income and tangible book value, and multiples of net income and tangible book value. The Company then discounts the projected future cash flows and terminal value to the present at a discount rate derived from marketplace assumptions as to returns demanded on equity investments.

Particularly significant assumptions in the discounted cash flow method include (a) the reporting unit's future net income and distributable cash flows, (b) the terminal multiple of earnings or tangible book value, and (c) the discount rate.

Goodwill will be next assessed for potential impairment as of December 31, 2009, as management determined that goodwill will be evaluated in the future on an annual basis coinciding with the end of the fiscal year, unless economic or other circumstances warrant evaluations at additional times.

During 2008, management discovered that there was an error in the fair value of stock options issued by the Company in settlement of the TFC and BOE stock options outstanding as of the respective merger dates. When correcting this valuation error, the adjustment was inadvertently recorded twice. The result was an understatement of Goodwill and Deferred Taxes Liabilities of approximately \$2.9 million and \$1.5 million, respectively. An adjustment has been made to correct this error and the financial statements for the year ended December 31, 2008 have been restated.

Core deposit intangible assets are amortized over the period of expected benefit, ranging from 2.6 to 9 years. Core deposit intangibles are recognized, amortized and evaluated for impairment as required by SFAS No. 142, *Goodwill and Other Intangible Assets* (ASC 350 *Intangibles - Goodwill and Other*). Due to the mergers with TFC and BOE on May 31, 2008, the Company recorded approximately \$15.0 million in core deposit intangible assets. Core deposit intangibles related to the Georgia and Maryland transactions equaled \$3.1 million.

and \$2.2 million, respectively, and will be amortized over approximately 9 years.

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Goodwill and core deposit intangible assets are presented in the following table:

	Gross Carrying Value	Accumulated Amortization	Impairment	Net Carrying Value
(dollars in thousands)				
<u>December 31, 2008</u>				
Goodwill (restated)	\$ 37,184		\$	\$ 37,184
Core deposit intangibles	\$ 18,132	\$ 969		\$ 17,163
<u>June 30, 2009</u>				
Goodwill	\$ 37,184		\$ 24,032	\$ 13,152
Core deposit intangibles	\$ 20,290	\$ 2,079		\$ 18,211

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6. FAIR VALUE MEASUREMENTS

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available-for-sale, trading securities and derivatives, if present, are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

Fair Value Hierarchy

Under SFAS 157, *Fair Value Measurement*, the Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value.

Investment Securities Available-for-Sale

Investment securities available-for-sale are recorded at fair value each reporting period. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. The Company only utilizes third party vendors to provide fair value data for purposes of recording amounts related to the fair value measurements of its securities available for sale portfolio. An AICPA Statement on Auditing Standard Number 70 (SAS 70) report is obtained from the third party vendor on an annual basis. The third party vendor also utilizes a reputable pricing company for security market data. The third party vendor has controls and edits in place for month-to-month market checks and zero pricing. The Company makes no adjustments to the pricing service data received for its securities available for sale.

Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include mortgage-backed securities issued by government sponsored entities, municipal bonds and corporate debt securities. Securities classified as Level 3 would include asset-backed securities in less liquid markets.

Loans held for sale

Loans held for sale are recorded at the lower of cost or fair value each reporting period, and are comprised of residential mortgages. These loans are held for a short period of time with the intention of being sold on the secondary market. Therefore, the fair value is determined on rates currently offered using observable market information, which does not deviate materially from the cost value. If there are any adjustments to record the loan at the lower of cost or market value, it would be reflected in the consolidated statements of income. It was determined that the cost value recorded at June 30, 2009 was similar to the fair value, and therefore no adjustment was necessary. Due to the observable market data available in pricing these loans held for sale, they were considered as Level 2.

Loans

Except for loans that the Company acquired in the SFSB transaction, the Company does not record unimpaired loans held for investment at fair value each reporting period. However, from time to time, a loan is considered impaired and an allowance for loan losses is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment in accordance with SFAS 114,

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Accounting by Creditors for Impairment of a Loan (ASC 310 Receivables). The fair value of impaired loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments

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or collateral exceed the recorded investments in such loans.

In accordance with SFAS 157, impaired loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. The Bank frequently obtains appraisals prepared by external professional appraisers for classified loans greater than \$250,000 when the most recent appraisal is greater than 12 months old. The appraisal, based on the date of preparation, becomes only a part of the determination of the amount of any loan write-off, with current market conditions and the collateral's location being other determinants. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the impaired loan as nonrecurring Level 2.

The Bank may also identify collateral deterioration based on current market sales data, including price and absorption, as well as input from real estate sales professionals and developers, county or city tax assessments, market data and on-site inspections by Bank personnel. Internally prepared estimates generally result from current market data and actual sales data related to the Bank's collateral or where the collateral is located. When management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the impaired loan as nonrecurring Level 3. In instances where an appraisal received subsequent to an internally prepared estimate reflects a higher collateral value, management does not revise the carrying amount.

Reviews of classified loans are performed by management on a quarterly basis. At June 30, 2009, substantially all of the impaired loans were evaluated based on the fair value of the collateral.

Other real estate owned

Other real estate owned (OREO), including foreclosed assets, is adjusted to fair value upon transfer of the loans to foreclosed assets. Subsequently, OREO is carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the OREO as a nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the foreclosed asset as nonrecurring Level 3.

Goodwill

See Note 5 for a description of valuation methodologies for goodwill.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The table below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis.

	Total	June 30, 2009 (dollars in thousands)		Level 3
		Level 1	Level 2	
U.S. Treasury issue and U.S. government securities	\$ 15,383	\$	\$ 15,383	\$
State, county, and municipal	78,350		78,350	
Corporate and other bonds	6,748		6,748	
Mortgage backed securities	77,059		77,059	
Financial stocks	1,383	1,383		
Investment securities available-for-sale	178,923	1,383	177,540	
Loans covered by FDIC shared-loss agreements	178,312			178,312
FDIC indemnification asset	83,591			83,591
Loans held for sale	668		668	
Total assets at fair value	\$ 441,494	\$ 1,383	\$ 178,208	\$ 261,903
Total liabilities at fair value	\$	\$	\$	\$

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Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These assets include assets that are measured at the lower of cost value or market value that were recognized at fair value below cost at the end of the period.

The table below presents the recorded amount of assets and liabilities measured at fair value on a nonrecurring basis.

		June 30, 2009		
	Total	Level 1	Level 2	Level 3
		(dollars in thousands)		
Loans impaired loans with a valuation allowance	\$ 24,681	\$	\$ 22,673	\$ 2,008
Other real estate owned (OREO), covered by FDIC shared-loss agreement	12,521		1,450	11,071
Other real estate owned (OREO), non covered	864		864	
Goodwill	13,152			13,152
Total assets at fair value	\$ 51,218	\$	\$ 24,897	\$ 26,231
Total liabilities at fair value	\$	\$	\$	\$

The Company had no Level 1 assets measured at fair value on a nonrecurring basis at June 30, 2009.

ASC 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis.

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Corporation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. ASC 820 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Corporation.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Short-Term Investments

For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities

For securities held for investment purposes, fair values are based on quoted market prices or dealer quotes.

Restricted Securities

The carrying value of restricted securities approximates their fair value based on the redemption provisions of the respective entity.

Loans Receivable

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For certain homogeneous categories of loans, such as some residential mortgages, and other consumer loans, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposit Liabilities

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

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The fair values of the Corporation's long-term borrowings are estimated using discounted cash flow analyses based on the Corporation's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued Interest

The carrying amounts of accrued interest approximate fair value.

Off-Balance Sheet Financial Instruments

The fair value of commitments to extend credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

The fair value of stand-by letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date.

At June 30, 2009, the fair values of loan commitments and stand-by letters of credit were deemed to be immaterial.

The fair values and carrying values are as follows:

	June 30, 2009	
	Carrying Value	Fair Value
(dollars in thousands)		
Financial assets:		
Cash and cash equivalents	\$ 60,098	\$ 60,137
Securities available for sale	178,923	178,923
Securities held to maturity	130,113	131,752
Equity securities	6,838	6,838
Loans held for sale	668	668
Loans, non covered, net	539,614	540,433
Loans covered by FDIC shared-loss agreement	178,312	178,312
FDIC indemnification asset	83,591	83,591
Accrued interest receivable	5,572	5,572
Goodwill	13,152	13,152
Financial liabilities:		
Deposits	1,067,447	1,075,303
Borrowings	41,124	41,676
Accrued interest payable	5,670	5,670

The Corporation assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Corporation's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Corporation. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Corporation's overall interest rate risk.

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7. SECURITIES

Amortized costs and fair values of securities available for sale at June 30, 2009 were as follows:

(dollars in thousands)	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
U.S. Treasury issue and other U.S. Government agencies	\$ 15,025	\$ 372	\$ (13)	\$ 15,384
State, county and municipal	78,162	886	(697)	78,351
Corporates and other bonds	6,663	86	(1)	6,748
Mortgage backed securities	75,711	1,502	(156)	77,057
Other securities	1,278	157	(52)	1,383
Total securities available for sale	\$ 176,839	\$ 3,003	\$ (919)	\$ 178,923

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The fair value and gross unrealized losses for securities available for sale, totaled by the length of time that individual securities have been in a continuous gross unrealized loss position, at June 30, 2009 were as follows:

(dollars in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Treasury issue and other U.S. Government agencies	\$ 486	\$ (13)	\$	\$	\$ 486	\$ (13)
State, county and municipal	29,795	(586)	2,076	(111)	31,871	(697)
Corporates and other bonds	1,004	(1)	250		1,254	(1)
Mortgage backed securities	11,829	(156)	2		11,831	(156)
Other securities	470	(45)	12	(7)	482	(52)
Total securities available for sale	\$ 43,584	\$ (801)	\$ 2,340	\$ (118)	\$ 45,924	\$ (919)

As of June 30, 2009, there were \$2.3 million of securities available for sale that were in a continuous loss position for more than twelve months with unrealized losses of \$118,000 and consisted primarily of municipal obligations. Management continually monitors the fair value and credit quality of the Company's investment portfolio. Furthermore, a third party vendor prepares a report for other than temporarily impaired evaluations. Management reviews this report monthly, and there were no investments considered other than temporarily impaired at June 30, 2009.

Amortized costs and fair values of securities held to maturity at June 30, 2009 were as follows:

(dollars in thousands)	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
U.S. Treasury issue and other U.S. Government agencies	\$ 748	\$	\$ (15)	\$ 733
State, county and municipal	13,111	336	(32)	13,415
Corporates and other bonds	1,035	9		1,044
Mortgage backed securities	115,219	1,750	(409)	116,560
Total securities held to maturity	\$ 130,113	\$ 2,095	\$ (456)	\$ 131,752

The fair value and gross unrealized losses for securities held to maturity, totaled by the length of time that individual securities have been in a continuous gross unrealized loss position, at June 30, 2009 were as follows:

(dollars in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Treasury issue and other U.S. Government agencies	\$ 733	\$ (15)	\$	\$	\$ 733	\$ (15)
State, county and municipal	2,140	(35)			2,140	(35)
Corporates and other bonds						
Mortgage backed securities	32,790	(406)			32,790	(406)
Total securities held to maturity	\$ 35,663	\$ (456)	\$	\$	\$ 35,663	\$ (456)

Management continually monitors the fair value and credit quality of the Company's investment portfolio. At June 30, 2009, all impairments of securities held to maturity are considered temporary as the unrealized losses are related to market risk and not credit risk. The Company does not intend to sell the securities and it is not likely that the company will be required to sell the security before recovery of its amortized cost. Issuers of the securities held to maturity and available for sale are of suitable credit quality and all of the securities are of investment grade.

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The Company's investment in Federal Home Loan Bank (FHLB) stock totaled \$3.6 million at June 30, 2009. FHLB stock is restricted since it is not actively traded on an exchange, and is owned solely by the FHLB and its member institutions. The Company records FHLB stock on a cost basis. When evaluating FHLB stock for impairment, its value is based on recovery of the par value rather than by recognizing temporary decline in value.

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8. LOANS NON COVERED

The Company's loan portfolio for loans not covered by the FDIC shared-loss agreement, at June 30, 2009 and December 31, 2008, was comprised of the following (dollars in thousands):

	June 30, 2009 Non-covered loans		December 31, 2008 Non-covered loans	
Open End 1-4 Family loans	\$ 29,703	5.38%	\$ 30,323	5.80%
1-4 Family First Liens	106,665	19.34%	99,284	18.98%
Total residential 1-4 family	\$ 136,368	24.72%	129,607	24.78%
Owner occupied nonfarm nonresidential	77,036	13.97%	63,218	12.09%
Non owner occupied nonfarm nonresidential	100,441	18.21%	93,872	17.95%
Total commercial	177,477	32.18%	157,090	30.03%
1-4 Family Construction	30,462	5.52%	36,277	6.93%
Other construction and land development	107,489	19.49%	103,238	19.74%
Total construction	137,951	25.01%	139,515	26.67%
Second mortgages	14,356	2.60%	15,599	2.98%
Multifamily	9,152	1.66%	9,370	1.79%
Agriculture	4,859	0.88%	5,143	0.98%
Total real estate loans	480,163	87.05%	456,324	87.23%
Agriculture loans	1,398	0.25%	988	0.19%
Commercial and industrial loans	44,287	8.03%	44,332	8.48%
Total commercial loans	45,685	8.28%	45,320	8.67%
Total revolving credit and other consumer	13,490	2.45%	14,457	2.76%
All other loans	12,228	2.22%	7,005	1.34%
Gross loans	551,566	100.00%	523,106	100.00%
Unearned income on loans	(702)		(780)	
Merger related fair value adjustment	935		972	
Total non-covered loans	\$ 551,799		\$ 523,298	

The following is a summary of information for impaired and nonaccrual loans as of June 30, 2009, excluding FDIC covered assets (dollars in thousands):

Amount

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Impaired loans without a valuation allowance	\$ 24,188
Impaired loans with a valuation allowance	24,681
Total impaired loans	\$ 48,869
Valuation allowance related to impaired loans	\$ 6,729
Total nonaccrual loans	\$ 24,482
Total loans 90 days or more past due and still accruing	\$ 514
Average investment in impaired loans during the six months ending June 30, 2009	\$ 39,166
Interest income recognized on impaired loans	\$ 773
Interest income recognized on a cash basis on impaired loans	\$ 773

See *Management's Discussion and Analysis of Financial Condition and Results of Operations - Asset Quality* for additional information regarding impaired loans.

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9. COVERED ASSETS

The Company is applying the provisions of FASB ASC 310 to all loans acquired in the SFSB acquisition (the covered loans).

The following table reflects the contractual cash flows, cash flows expected at acquisition, and fair value of loans as of the acquisition date. These amounts were determined based upon the estimated remaining life of the covered loans, which includes the effects of prepayments.

(In Thousands)	Total Loans
Contractually required principal and interest at acquisition	\$ 431,081
Nonaccretable difference (expected losses of \$99,648 and foregone interest of \$72,157)	171,805
Cash flows expected to be collected at acquisition	\$ 259,276
Accretable yield (interest component of expected cash flows)	61,023
Basis in acquired loans at acquisition	\$ 198,253

As of January 1, 2009 there were no covered loans. As of June 30, 2009, the outstanding balance of the covered loans accounted for under FASB ASC 310-30 is \$278,201. The carrying amount as of June 30, 2009 is comprised of the following.

(Dollars in Thousands)	June 30, 2009 Covered Loans	
Open End 1-4 Family Loans	\$ 8,341	4.68%
1-4 Family First Liens	124,900	70.04%
Total residential 1-4 family	133,241	74.72%
Owner occupied nonfarm nonresidential		0.00%
Non owner occupied nonfarm nonresidential	6,767	3.80%
Total commercial	6,767	3.80%
1-4 Family Construction	8,184	4.59%
Other construction and land dev.	20,260	11.36%
Total construction	28,444	15.95%
Second mortgages	9,316	5.22%
Multifamily		0.00%
Agriculture	245	0.14%
Total real estate loans	178,013	99.83%
Agriculture loans		0.00%
Commercial and industrial loans		0.00%
Total commercial loans		0.00%

Total revolving credit and other consumer	299	0.17%
Total covered loans	\$ 178,312	100.00%

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The change in the accretable yield balance since January 1, 2009 is as follows:

	Accretable Yield
Balance at January 1, 2009	\$
Additions	61,023
Less Accretion	(7,228)
Reclassification from (to) Nonaccretable Yield	
Balance at June 30, 2009	\$ 53,795

These loans are not classified as nonperforming assets June 30, 2009 as the loans are accounted for on a pooled basis and the pools are considered to be performing. Therefore, interest income, through accretion of the difference between the carrying amount of the loans and the expected cash flows, is being recognized on all purchased loans. There was no allowance for loan losses recorded on covered loans at June 30, 2009.

10. SHARED-LOSS AGREEMENTS AND FDIC INDEMNIFICATION ASSET

On January 30, 2009, the Company entered into a purchase and assumption agreement with shared-loss with the FDIC to assume all of the deposits and acquire certain assets of Suburban Federal Savings Bank. Under the shared-loss agreements, the FDIC will reimburse the Bank for 80% of losses arising from covered loans and foreclosed real estate assets, on the first \$118 million of such covered loans and foreclosed real estate assets, and for 95% of losses on covered loans and foreclosed real estate assets thereafter. Under the shared-loss agreements, a loss on a covered loan or foreclosed real estate is defined generally as a realized loss incurred through a permitted disposition, foreclosure, short-sale or restructuring of the covered loan or foreclosed real estate. The reimbursements for losses on single family one-to-four residential mortgage loans are to be made monthly until the end of the month in which the tenth anniversary of the closing of the transaction occurs, and the reimbursements for losses on other covered assets are to be made quarterly until the end of the quarter in which the eighth anniversary of the closing of the transaction occurs. The shared-loss agreements provide for indemnification from the first dollar of losses without any threshold requirement. The reimbursable losses from the FDIC are based on the book value of the relevant loan as determined by the FDIC at the date of the transaction, January 30, 2009. New loans made after that date are not covered by the shared-loss agreements. The fair value of this loss sharing agreement is detailed below.

The Company is accounting for the shared-loss agreements as an indemnification asset pursuant to the guidance in FASB ASC 805 *Business Combinations* (formerly SFAS 141(R)). The FDIC indemnification asset is measured separately from the covered loans and other real estate owned assets because it is not contractually embedded in the covered loan and other real estate owned assets and is not transferable should the Company choose to dispose of them. Fair value was estimated using projected cash flows available for loss sharing based on the credit adjustments estimated for each loan pool and OREO and the loss sharing percentages outlined in the Purchase and Assumption Agreements with the FDIC. These cash flows were discounted to reflect the uncertainty of the timing and receipt of the loss sharing reimbursement from the FDIC.

Because the acquired loans are subject to a FDIC loss sharing agreement and a corresponding Indemnification Asset exists to represent the value of expected payments from the FDIC, increases and decreases in loan accretable yield due to loss expectations will also have an impact to the accretable yield for the FDIC indemnification asset. Improvement in loss expectations will typically increase loan accretable yield and decrease the yield on the FDIC indemnification asset, and in some instances, result in an amortizable premium on the FDIC indemnification asset. Increases in loss expectations will typically be recognized as impairment in the current period through allowance for loan losses while resulting in additional non-interest income for the amount of the increase in the FDIC indemnification asset.

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The following tables present the balances of the FDIC indemnification asset related to the Suburban Federal Savings Bank transaction at January 30, 2009 (the transaction date) and December 31, 2009:

(In Thousands)		January 30, 2009	
Anticipated realizable loss		\$	108,756
Assumed loss sharing recovery percentage			approximately 80 %
Estimated loss sharing value			86,988
Premium (discount)			(2,404)
FDIC indemnification asset		\$	84,584
		June 30, 2009	
Anticipated realizable loss remaining		\$	107,119
Assumed loss sharing recovery percentage			approximately 80 %
Estimated loss sharing value			85,695
Premium (discount)			(2,104)
FDIC indemnification asset		\$	83,591

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11. ALLOWANCE FOR LOAN LOSSES

Activity in the allowance for loan losses, for the three and six months ended June 30, 2009; the one month ended June 30, 2008 and the five months ended May 31, 2008 Predecessor period was comprised of the following:

				BOE Predecessor	TFC Predecessor
	Three months ended June 30, 2009	Six months ended June 30, 2009	One month ended June 30, 2008	Five months ended May 31, 2008	Five months ended May 31, 2008
(dollars in thousands)					
Beginning allowance	\$ 11,543	\$ 6,939	\$ 5,305	\$ 2,595	\$ 3,036
Provision for loan losses	540	6,040	234	200	1,348
Recoveries of loans charged off	43	82	13	25	
Loans charged off	59	(876)	(7)	(91)	(958)
Allowance at end of period	\$ 12,185	\$ 12,185	\$ 5,545	\$ 2,729	\$ 3,426

For information reported for June 30, 2008, the figures presented are solely for the month of June 2008, as the Company did not have banking operations prior to its merger with each of TFC and BOE at May 31, 2008, and as such, did not have an allowance for loan losses.

At June 30, 2009, total impaired loans equaled \$48.9 million, excluding FDIC covered assets. As required by the fair value accounting rules for the SFSB transaction in the first quarter of 2009, no allowance for loan losses was recorded on loans acquired since the loans were recorded at fair value and adjusted for expected credit losses, less amounts to be reimbursed by the FDIC. For additional information regarding the accounting entries, see the Company's Current Report on Form 8-K/A (Amendment No. 1) filed on April 17, 2009, under Note 2 Description of the Pro Forma Purchase Accounting Adjustments.

Significant provisions were made to the loan loss reserve during the six months ended June 30, 2009, as economic conditions deteriorated. In addition, net-charge off activity increased as certain loans were deemed uncollectible.

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The following table presents charge-offs and recoveries by loan category for the three and six months ended June 30, 2009, the one month ended June 30, 2008, and for Predecessor companies for the five months ended May 31, 2008.

	For the three months ended June 30, 2009			For the six months ended June 30, 2009			For the one month ended June 30, 2008			BOE Predecessor For the five months ended May 31, 2008			TFC Predecessor For the five months ended May 31, 2008		
	Charge- offs	Recoveries	Net Charge- offs	Charge- offs	Recoveries	Net Charge- offs	Charge- offs	Recoveries	Net Charge- offs	Charge- offs	Recoveries	Net Charge- offs	Charge- offs	Recoveries	Net Charge- offs
(dollars in thousands)															
Open End 1-4 Family loans	\$ (114)	\$	\$ (114)	\$ 168	\$	\$ 168	\$	\$	\$	\$	\$	\$	\$	\$	\$
1-4 Family First Liens	108		108	108		108									
Total residential 1-4 family	(6)		(6)	276		276									
Owner occupied nonfarm nonresidential															
Non owner occupied nonfarm nonresidential															
Total commercial															
1-4 Family Construction	(206)	2	(208)	61	16	45									
Other construction and land development	8		8	8		8							70		70
Total construction	(198)	2	(200)	69	16	53							70		70
Second mortgages				34		34									
Multifamily															
Agriculture	13		13	13		13									
Total real estate loans	(191)	2	(193)	392	16	376							70		70
Agriculture loans															
Commercial and industrial loans	68	2	66	318	3	315				5	(5)		835		835
Total commercial loans	68	2	66	318	3	315				5	(5)		835		835
Total revolving credit and other consumer	64	39	25	166	63	103	7	13	(6)	91	20	71	53		53
All other loans															
Total non-covered loans	\$ (59)	\$ 43	\$ (102)	\$ 876	\$ 82	\$ 794	\$ 7	\$ 13	\$ (6)	\$ 91	\$ 25	\$ 66	\$ 958	\$	\$ 958

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The following table provides interest-bearing deposit information by category for the dates indicated:

Balance by deposit type	June 30, 2009	December 31, 2008
	(dollars in thousands)	
NOW	\$ 90,380	\$ 76,575
MMDA	115,048	55,200
Savings	58,380	34,688
Time deposits less than \$100,000	453,953	303,424
Time deposits greater than \$100,000	289,737	276,762
Total interest-bearing deposits	\$ 1,007,498	\$ 746,649

Interest-bearing deposits increased \$260.8 million from December 31, 2008 to June 30, 2009. Noninterest-bearing deposits, in the form of demand deposit accounts, were \$59.9 million at June 30, 2009, an increase of \$250,000 since December 31, 2008. These increases were primarily due to the deposits assumed from the SFSB transaction of \$302.8 million on January 30, 2009, and were concentrated in certificates of deposit.

13. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net income or loss available to common stockholders by the weighted average number of shares outstanding during the period. Diluted EPS is computed using the weighted average number of common shares outstanding during the period, including the effect of all potentially dilutive potential common shares outstanding attributable to stock instruments.

(dollars and shares in thousands, except per share data)	(Loss)/ Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
For the Three Months ended June 30, 2009			
Basic EPS	\$ (23,217)	21,468	\$ (1.08)
Effect of dilutive stock awards and options			
Diluted EPS	\$ (23,217)	21,468	\$ (1.08)
For the Three Months ended June 30, 2008			
Basic EPS	\$ 288	13,407	\$ 0.02
Effect of dilutive stock awards and options		1,876	
Diluted EPS	\$ 288	15,283	\$ 0.02
For the Six Months ended June 30, 2009			
Basic EPS	\$ (16,422)	21,468	\$ (0.76)
Effect of dilutive stock awards and options			
Diluted EPS	\$ (16,422)	21,468	\$ (0.76)
For the Six Months ended June 30, 2008			

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Basic EPS	\$	399	11,391	\$ 0.04
Effect of dilutive stock awards and options			2,162	(0.01)
Diluted EPS	\$	399	13,553	\$ 0.03

There were 5,973,870 shares in the Company available through options and warrants that were considered anti-dilutive at June 30, 2009.

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BOE Predecessor (Dollars and shares in thousands, except per share data)	(Loss) Income (Numerator)	Weighted	
		Average	
		Shares (Denominator)	Per Share Amount
For the five months ended May 31, 2008			
Basic EPS	\$ (188)	1,214	\$ (0.15)
Effect of dilutive stock awards			
Diluted EPS	\$ (188)	1,214	\$ (0.15)

TFC Predecessor (Dollars and shares in thousands, except per share data)	(Loss) Income (Numerator)	Weighted Average	
		Shares (Denominator)	Per Share Amount
For the five months ended May 31, 2008			
Basic EPS	\$ (3,901)	4,587	\$ (0.85)
Effect of dilutive stock awards			
Diluted EPS	\$ (3,901)	4,587	\$ (0.85)

14. DEFINED BENEFIT PLAN

The Company adopted the Bank noncontributory, defined benefit pension plan for all full-time, pre-merger Bank employees over 21 years of age at May 31, 2008. Benefits are generally based upon years of service and the employees' compensation. The Company funds pension costs in accordance with the funding provisions of the Employee Retirement Income Security Act.

Components of Net Periodic Benefit Cost

(In thousands)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	BOE Predecessor Five Months Ended May 31, 2008	TFC Predecessor Five Months Ended May 31, 2008
Service cost	\$ 184	\$ 109	\$ 155	Not applicable
Interest cost	162	90	128	
Expected return on plan assets	(106)	(94)	(133)	
Amortization of prior service cost	2	1	2	
Amortization of net obligation at transition	(2)	(1)	(2)	
Amortization of net loss	44	5	7	
Net periodic benefit cost	\$ 284	\$ 111	\$ 157	

At June 30, 2009, no employer contributions have been made for the plan year. The Company is currently analyzing the Defined Benefit Plan as well as other alternatives, such as enhancing its Defined Contribution Plan (401(k)). A determination during fiscal 2009 will be made for the current and future benefits for all full-time employees of the combined entities. The plan was frozen to new entrants prior to BOE's merger with the Company.

15. SUBSEQUENT EVENTS

On July 20, 2009, the Company amended its certificate of incorporation to increase the number of authorized shares of common stock to 200,000,000. The Company approved this amendment at the 2009 annual meeting of stockholders.

On July 30, 2009, the Company's Board of Directors declared a quarterly dividend of \$0.04 per share with respect to the Company's outstanding common stock. The dividend will be payable on August 24, 2009, to stockholders of record at the close of business on August 10, 2009.

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

The following discussion and analysis of the financial condition at June 30, 2009 and results of operations of the Company for the three and six months ended June 30, 2009 should be read in conjunction with the Company's consolidated financial statements and the accompanying notes to consolidated financial statements included in this report and in the Company's Annual Report on Form 10-K/A (Amendment No.3) for the year ended December 31, 2008.

Overview

Community Bankers Trust Corporation (the "Company") is a bank holding company that was incorporated under Delaware law on April 6, 2005. The Company is headquartered in Glen Allen, Virginia and is the holding company for Essex Bank, a Virginia state bank with 25 full-service offices in Virginia, Maryland and Georgia.

The Bank was established in 1926 and is headquartered in Tappahannock, Virginia. The Bank engages in a general commercial banking business and provides a wide range of financial services primarily to individuals and small businesses, including individual and commercial demand and time deposit accounts, commercial and consumer loans, travelers checks, safe deposit box facilities, investment services and fixed rate residential mortgages. Fourteen branches are located in Virginia, primarily from the Chesapeake Bay to just west of Richmond, seven are located in Maryland along the Baltimore-Washington corridor and four are located in the Atlanta, Georgia metropolitan market.

The Company generates a significant amount of its income from the net interest income earned by the Bank. Net interest income is the difference between interest income and interest expense. Interest income depends on the amount of interest-earning assets outstanding during the period and the interest rates earned thereon. The Company's cost of funds is a function of the average amount of interest-bearing deposits and borrowed money outstanding during the period and the interest rates paid thereon. The quality of the assets further influences the amount of interest income lost on non-accrual loans and the amount of additions to the allowance for loan losses. Additionally, the Bank earns non-interest income from service charges on deposit accounts and other fee or commission-based services and products. Other sources of non-interest income can include gains or losses on securities transactions, gains from loans sales, transactions involving bank-owned property, and income from Bank Owned Life Insurance ("BOLI") policies. The Company's income is offset by non-interest expense, which consists of goodwill impairment and other charges, salaries and benefits, occupancy and equipment costs, professional fees, and other operational expenses. The provision for loan losses and income taxes materially affect income.

Caution About Forward-Looking Statements

The Company makes certain forward-looking statements in this Form 10-Q that are subject to risks and uncertainties. These forward-looking statements include statements regarding our profitability, liquidity, allowance for loan losses, interest rate sensitivity, market risk, growth strategy, and financial and other goals. These forward-looking statements are generally identified by phrases such as "the Company expects," "the Company believes" or words of similar import.

These forward-looking statements are subject to significant uncertainties because they are based upon or are affected by factors, including, without limitation, the effects of and changes in the following:

general economic and market conditions, either nationally or locally;

the interest rate environment;

competitive pressures among banks and financial institutions or from companies outside the banking industry;

real estate values;

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the quality or composition of the Company's loan or investment portfolios;

the demand for deposit, loan, and investment products and other financial services;

the demand, development and acceptance of new products and services;

the timing of future reimbursements from the FDIC to the Company under the shared-loss agreements;

consumer profiles and spending and savings habits;

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the securities and credit markets;

the integration of banking and other internal operations, and associated costs, including the integration of SFSB's operations in the third quarter of 2009;

management's evaluation of goodwill and other assets on a periodic basis, and any resulting impairment charges, under applicable accounting standards;

the soundness of other financial institutions with which the Company does business;

inflation;

technology; and

legislative and regulatory requirements.

These factors and additional risks and uncertainties are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 and other reports filed from time to time by the Company with the Securities and Exchange Commission.

Although the Company believes that its expectations with respect to the forward-looking statements are based upon reliable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Critical Accounting Policies

The following is a summary of the Company's critical accounting policies that are highly dependent on estimates, assumptions and judgments.

Allowance for Loan and Lease Losses

The allowance for loan and lease losses (ALLL) is maintained at a level that is appropriate to cover estimated credit losses on individually evaluated loans determined to be impaired, as well as estimated credit losses inherent in the remainder of the loan and lease portfolio. Since arriving at an appropriate ALLL involves a high degree of management judgment, an ongoing quarterly analysis to develop a range of estimated losses is utilized. In accordance with accounting principles generally accepted in the United States, best estimates within the range of potential credit loss to determine the appropriate ALLL is utilized. Credit losses are charged and recoveries are credited to the ALLL.

The Company utilizes an internal risk grading system for its loans. Those larger credits that exhibit probable or well defined credit weaknesses are subject to individual review. The borrower's cash flow, adequacy of collateral coverage, and other options available to the Company, including legal remedies, are evaluated. The review of individual loans includes those loans that are impaired as defined by SFAS 114, *Accounting by Creditors for Impairment of a Loan*. Collectability of both principal and interest when assessing the need for loss provision is considered. Historical loss rates are applied to other loans not subject to specific allocations. The loss rates are determined from historical net charge offs experienced by the Bank.

Historical loss rates for commercial and retail loans are adjusted for significant factors that, in management's judgment, reflect the impact of any current conditions on loss recognition. Factors that are considered include delinquency trends, current economic conditions and trends, strength of supervision and administration of the loan portfolio, levels of underperforming loans, level of recoveries to prior year's charge offs, trend in loan losses, industry concentrations and their relative strengths, amount of unsecured loans and underwriting exceptions. These factors are

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reviewed quarterly and a weighted score is assigned depending on the level and extent of the risk. The total of each of these weighted factors is then applied against the applicable portion of the portfolio and the ALLL is adjusted to ensure an appropriate level.

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP). The financial information contained within the statements is, to a significant extent, financial information that is based on measures of the financial effects of transactions and events that have already occurred. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or relieving a liability. The Company uses

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historical loss factors as one factor in determining the inherent loss that may be present in its loan portfolio. Actual losses could differ significantly from the historical factors that the Company uses. In addition, GAAP itself may change from one previously acceptable method to another method. Although the economics of the Company's transactions would be the same, the timing of events that would impact its transactions could change.

Loans Acquired in a Transfer

The Company's acquired loans from the SFSB acquisition (the "covered loans"), subject to FASB ASC Topic 805, *Business Combinations* (formerly SFAS 141(R)), are recorded at fair value and no separate valuation allowance is recorded at the date of acquisition. FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* (formerly SOP 03-3) applies to loans acquired with evidence of deterioration of credit quality since origination acquired by completion of transfer for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivable. The Company is applying the provisions of FASB ASC 310-30 to all loans acquired in the Suburban Federal Savings Bank acquisition, not just the loans acquired with evidence of deterioration of credit quality since origination acquired by completion of transfer for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivable. The Company has grouped loans together based on common risk characteristics including product type, delinquency status and loan documentation requirements among others.

The Company makes an estimate of the total cash flows it expects to collect from a pool of loans, which includes undiscounted expected principal and interest. The excess of that amount over the fair value of the pool is referred to as accretable yield. Accretable yield is recognized as interest income on a constant yield basis over the life of the pool. The Company also determines each pool's contractual principal and contractual interest payments. The excess of that amount over the total cash flows it expects to collect from the pool is referred to as nonaccretable difference, which is not accreted into income. Judgmental prepayment assumptions are applied to both contractually required payments and cash flows expected to be collected at acquisition. Over the life of the loan or pool, the Company continues to estimate cash flows expected to be collected. Subsequent increases in expected or actual cash flows are first used to reverse any existing valuation allowance for that loan or pool. Any remaining increase in cash flows expected to be collected is recognized as an adjustment to the accretable yield with the amount of periodic accretion adjusted over the remaining life of the pool. Subsequent decreases in cash flows expected to be collected over the life of the pool are recognized as impairment in the current period through allowance for loan loss.

Income Taxes

The Company follows tax guidance, including the Financial Accounting Standards Board's (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes- an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes* (SFAS 109). In determining the appropriate level of income taxes to be recorded each reporting, management assesses the potential tax effects and records those amounts in both current and deferred tax accounts, whether may be an asset or liability. In addition, an income tax expense or benefit is determined, which is recorded on the consolidated income statement.

Goodwill and Other Intangible Assets

The Company adopted SFAS 142, *Goodwill and Other Intangible Assets*. Accordingly, goodwill is no longer subject to amortization over its estimated useful life, but is subject to at least an annual assessment for impairment by applying a fair value-based test. As a result of the mergers with each of TFC and BOE at May 31, 2008, goodwill was initially recorded for \$39.5 million. Subsequently, adjustments were recorded to properly reflect goodwill on the financial statements. The Company assessed goodwill for impairment as of the one year anniversary date of the mergers, at May 31, 2009.

During 2008, management discovered that there was an error in the fair value of stock options issued by the Company in settlement of the TFC and BOE stock options outstanding as of the respective merger dates. When correcting this valuation error, the adjustment was inadvertently recorded twice. The result was an understatement of Goodwill and Deferred Taxes Liabilities of approximately \$2.9 million and \$1.5 million, respectively. An adjustment has been made to correct this error and the financial statements for the year ended December 31, 2008 have been restated.

The initial step in identifying potential impairment involves comparing the current fair value of such goodwill to its recorded or carrying amount. If the carrying value exceeds such fair value, there is possible impairment. Next, a second step is performed to determine the amount of the impairment, if any. This requires a comparison of the Company's book value to the fair value of its assets, liabilities, and intangibles. If the carrying amount of goodwill exceeds the fair value, an impairment charge must be recorded in an amount equal to the excess. The Company determined that goodwill was impaired as of May 31, 2009, and a \$24.0 million impairment charge was recorded during the second quarter of

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2009. The goodwill impairment charge was due to an overall decline in general economic conditions, rapid change in the market valuations of financial institutions and the discount that shares of the Company's common stock have traded to their tangible book value for an extended period of time.

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Additionally, under SFAS 142, acquired intangible assets (such as core deposit intangibles) are separately recognized if the benefit of the assets can be sold, transferred, licensed, rented, or exchanged, and amortized over their useful lives. Branch acquisition transactions were outside the scope of SFAS 142 and, accordingly, intangible assets related to such transactions continued to amortize upon the adoption of SFAS 142. The costs of purchased deposit relationships and other intangible assets, based on independent valuation by a qualified third party, are being amortized over their estimated lives. Core deposit intangible amortization expense charged to operations was \$654,000 and \$1.1 million for the three and six months ended June 30, 2009, respectively. The Company did not record any goodwill or other intangible prior to the TFC and BOE mergers. As a result of the TCB and SFSB transactions, core deposit intangibles were recorded of \$3.2 million and \$2.2 million, respectively. Also related to the SFSB transaction during the first quarter of 2009 was a gain of \$16.2 million (\$10.7 million, net of taxes), which was recorded as a one-time gain on the income statement.

Financial Condition

At June 30, 2009, the Company had total assets of \$1.276 billion, an increase of \$246.0 million or 23.88% from December 31, 2008. Total loans, excluding FDIC covered assets, equaled \$551.8 million at June 30, 2009, increasing \$28.5 million, or 5.45% from December 31, 2008. Securities totaled \$315.9 million and increased \$23.4 million, or 8.00% during the first half of 2009. The Company had federal funds sold of \$25.8 million at June 30, 2009, versus \$10.2 million at year-end 2008, an increase of \$15.6 million or 153.41%.

The increase in asset size was primarily due to the SFSB transaction in Maryland. At June 30, 2009, FDIC related items were comprised of loans of \$178.3 million, an indemnification asset of \$83.6 million, other real estate owned of \$12.5 million, and a receivable for expenses incurred of \$1.2 million. (The FDIC indemnification asset is the present value of the amount we expect to collect from the FDIC under the shared-loss agreements as a result of the difference between the initial or contractual value of the covered assets received from the transaction, less their fair value). Securities from SFSB were incorporated into the Company's securities portfolio at fair value as the effective time of the transaction, and are not considered covered assets under the terms of the FDIC shared-loss agreements.

The Company is required to account for the effect of market changes in the value of securities available-for-sale (AFS) under SFAS 115. The market value of the June 30, 2009 AFS portfolio was \$178.9 million at June 30, 2009, and the net unrealized gain on the AFS portfolio was \$1.3 million, net of taxes, and included as part of the Company's accumulated other comprehensive income of \$70,000. Since December 31, 2008, the interest rate environment has experienced declining rates, and as a result the AFS portfolio shifted from a net unrealized loss of \$700,000 to a net unrealized gain of \$2.1 million, exclusive of taxes over the first six months of 2009.

Total deposits at June 30, 2009 were \$1.067 billion, which increased \$261.1 million from December 31, 2008. Deposit growth was attributed to the SFSB transaction, which was concentrated in certificates of deposit. At June 30, 2009, total deposits in our Maryland branches aggregated \$291.2 million of which \$221.4 million were time deposits. The Company's total loans-to-deposits ratio was 68.40% at June 30, 2009 and 64.90% at December 31, 2008.

Stockholders' equity at June 30, 2009 was \$146.2 million and represented 11.45% of total assets. Stockholders' equity was \$164.4 million, or 15.97% of total assets at December 31, 2008.

Results of Operations

Net Income

For the three months ended June 30, 2009, net losses before dividends and accretion on preferred stock were \$23.0 million, compared with net income of \$288,000 for the same period in 2008. Net losses available to common stockholders was \$23.2 million, which represented \$1.08 per share on a fully diluted basis, versus net income available to common stockholders of \$288,000, or \$0.02 per share on a fully diluted basis for the same period in 2008. Second quarter losses were driven by the goodwill impairment charge of \$24.0 million, which is not tax deductible, and was related to the goodwill impairment assessment performed as of the anniversary date of the mergers with each of TFC and BOE.

For the six months ended June 30, 2009, net losses before dividends and accretion on preferred stock was \$15.9 million, compared with net income \$399,000 for the same period in 2008. Net losses available to common stockholders was \$16.4 million, which represented \$0.76 per share on a fully diluted basis, versus net income available to common stockholders of \$399,000, or \$0.03 per share on a fully diluted basis for the same period in 2008. Losses for the six months ended June 30, 2009, were driven by the goodwill impairment charge, and partially offset by a one-time gain of \$16.2 million, excluding taxes, related to the SFSB transaction in the first quarter.

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Net Interest Income

The Company's results of operations are significantly affected by its ability to manage effectively the interest rate sensitivity and maturity of its interest-earning assets and interest-bearing liabilities. At June 30, 2009, the Company's interest-earning assets exceeded its interest-bearing liabilities by approximately \$25.8 million, compared with a \$137.9 million excess at December 31, 2008.

Net interest income was \$10.1 million for the three months ended June 30, 2009, compared with \$2.0 million for the same period in 2008. The net interest income is useful in determining the net interest margin and the net interest spread. The net interest margin is the net interest income for the reporting period divided by average earning assets for the same period. For the three months ended June 30, 2009, the net interest margin was 3.74%. The net interest spread is the difference between the yield on average earning assets and cost of funds associated with interest-bearing liabilities. For the three months ended June 30, 2009, the net interest spread was 3.62%. For the six months ended June 30, 2009, net interest income was \$18.8 million, and equated to a net interest margin of 3.57%, and net interest spread was 3.41%.

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Components used in determining the net interest spread and the net interest margin, including yields on assets and costs of funds by category, are depicted in the following table:

COMMUNITY BANKERS TRUST CORPORATION

NET INTEREST MARGIN ANALYSIS

AVERAGE BALANCE SHEETS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009

	For the three months ended June 30, 2009			For the six months ended June 30, 2009		
	Average Balance Sheet	Interest Income/ Expense	Average Rates Earned/Paid	Average Balance Sheet	Interest Income/ Expense	Average Rates Earned/Paid
	(Dollars in thousands)					
ASSETS:						
FDIC covered loans, including fees	\$ 183,400	4,278	9.33%	\$ 157,689	\$ 7,228	9.17%
Loans non covered, including fees	548,577	\$ 8,959	6.53%	541,717	17,416	6.43%
Interest bearing bank balances	19,741	81	1.64%	29,681	202	1.36%
Federal funds sold	24,142	12	0.20%	20,028	26	0.26%
Investments (taxable)	262,006	2,607	3.98%	269,118	5,499	4.09%
Investments (tax exempt) ⁽¹⁾	83,505	1,242	5.95%	80,450	2,389	5.94%
Total earning assets	1,121,371	17,179	6.13%	1,098,683	32,760	5.96%
Allowance for loan losses	(11,009)			(9,233)		
Non-earning assets	207,266			193,968		
Total assets	\$ 1,317,628			\$ 1,283,418		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits:						
Demand -						
Interest bearing	\$ 203,965	\$ 485	0.95%	\$ 190,673	\$ 1,175	1.23%
Savings	57,364	114	0.79%	52,881	274	1.04%
Time deposits	763,276	5,700	2.99%	740,017	10,968	2.96%
Total deposits	1,024,605	6,299	2.46%	983,571	12,417	2.52%
Federal funds purchased	1,832	4	0.87%	1,059	4	0.76%
FHLB and other borrowings	40,081	382	3.81%	45,127	733	3.25%
Total interest-bearing liabilities	1,066,518	6,685	2.51%	1,029,757	13,154	2.55%
Non-interest bearing deposits	61,421			61,481		
Other liabilities	29,061			31,022		
Total liabilities	1,157,000			1,122,260		
Stockholders' equity	160,628			161,159		

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Total liabilities and stockholders' equity	\$ 1,317,628	\$ 1,283,419
Net interest earnings	\$ 10,494	\$ 19,606
Interest rate spread	3.62%	3.41%
Net interest margin	3.74%	3.57%

⁽¹⁾ Income and yields are reported on a tax equivalent basis assuming a federal tax rate of 34%.

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A net interest margin analysis is not provided for the three and six months ended June 30, 2008, since there were no banking operations for the Company for the first five months of 2008.

Provision for Credit Losses

For the three months ended June 30, 2009, the Company's provision for loan losses was \$540,000. For the six months ended June 30, 2009, provisions were \$6.0 million. For each of the three and six month periods ended June 30, 2008, provisions were \$234,000.

Significant provisions were made to the loan loss reserve during the six months ended June 30, 2009, as economic conditions continued to show signs of deterioration. The provisions during this period are attributable to downgraded credits and further insulation from the economic downturn. Management continues to monitor the loan portfolio closely and make appropriate adjustments using the Company's internal risk rating system. Provisions are primarily related to the loans originated with the Virginia operations. While the Maryland loan portfolio contains significant risk, it was considered in determining the initial fair value, which was reflected in adjustments recorded at the time of the SFSB transaction, less the FDIC guaranteed portion of losses on covered assets. Net-charge off activity has increased during recent quarters, a trend that is expected to continue until weakening economic conditions begin to subside. Please refer to the *Asset Quality* portion of this section for further analysis.

Noninterest Income

For the three months ended June 30, 2009, noninterest income was \$1.6 million, compared with \$299,000 in the same period of 2008. The large increase over the comparable periods was due the fact that there were no banking operations for the Company for the first five months of 2008. The Company recorded net gains on securities sold of \$341,000 in the 2009 period. Service charges on deposit accounts aggregated \$618,000, while other noninterest income was \$663,000.

For the six months ended June 30, 2009, noninterest income was \$18.7 million, including the first quarter gain on the SFSB transaction of \$16.2 million, compared with \$299,000 during the same period of 2008. Service charges on deposit accounts aggregated \$1.2 million, net gains on securities sold were \$293,000 and other noninterest income was \$1.0 million. As previously mentioned, the Company recorded a one-time gain of \$16.2 million related to the negative bid for certain assets acquired and liabilities assumed from the SFSB transaction.

Noninterest Expenses

For the three month period ended June 30, 2009, noninterest expenses were \$34.5 million. A goodwill impairment charge of \$24.0 million diminished efforts to generate quarterly earnings, and was the single largest component of noninterest expenses. Salaries and employee benefits were \$5.0 million. This was the first quarter where all of SFSB's operations and personnel costs were incurred for a complete three month reporting period. Excluding the goodwill impairment charge, salaries and benefits represented 47.96% of noninterest expenses. During the second quarter of 2009, we added seven full-time equivalent employees. Other overhead costs included other operating expenses of \$1.6 million, amortization of intangibles of \$654,000, occupancy expenses of \$554,000, equipment expense of \$419,000, data processing fees of \$732,000, legal fees of \$305,000, and other professional fees of \$456,000. FDIC assessments for the quarter equaled \$744,000, which included a special assessment of \$583,000 in their effort to restore the bank insurance fund to a safer level.

For the six month period ended June 30, 2009, noninterest expenses were \$43.9 million, inclusive of the goodwill impairment charge. Salaries and employee benefits were \$9.5 million and represented 47.57% of overhead exclusive of the goodwill impairment charge. Members of senior management were hired during the first and second quarters, and the full effect of the salaries associated with those individuals will occur in future periods. Other overhead costs included other operating expenses of \$3.4 million, amortization of intangibles of \$1.1 million, occupancy expenses of \$1.1 million, equipment expense of \$762,000, data processing fees of \$1.5 million, professional fees of \$1.2 million, legal fees of \$555,000 and FCIC assessments of \$874,000.

Income Taxes

An income tax benefit of \$410,000 was recorded for the three months ended June 30, 2009, and there was an income tax expense of \$3.5 million for the six months ended June 30, 2009. Income tax expenses were \$84,000 and \$158,000 for the same respective periods in 2008. This substantial difference is directly attributable to the goodwill impairment charge recorded during the second quarter of 2009, and the Company's inability to use it as a tax deduction, despite the substantial reduction in earnings. The Company had a net deferred tax liability at June 30, 2009.

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Supplemental Results of Operations Information on Predecessors

The following information represents a discussion and analysis of the results of operations of each of the Company's predecessors for the five months ended May 31, 2008.

TransCommunity Financial Corporation (TFC)

Results of Operations

For the five months ended May 31, 2008, net losses were \$3.9 million or \$(.85) per share. The loss incurred was primarily the result of one-time noninterest expenses related to the May 31, 2008 acquisition by the Company as well as an increase in the provision for loan losses.

Net interest income was \$3.8 million for the five months ended May 31, 2008. Net interest margin was 3.86%

For the five months ended May 31, 2008, the Company's provision for loan losses was \$1.3 million. The increase in loan loss reserves was due to a combination of the provisions required to support loan growth, plus downgraded loans and seasoning of the loan portfolio.

For the five months ended May 31, 2008, noninterest income was \$429,000.

For the five months ended May 31, 2008, noninterest expenses were \$8.2 million. Salaries and employee benefits were \$3.7 million and represented 45.06% of all noninterest expenses for the period. Additionally, the Company incurred occupancy expenses of \$318,000, equipment expense of \$295,000, and other noninterest expenses of \$3.9 million, which were comprised of data processing fees of \$1.9 million, professional fees of \$1.0 million, legal and accounting fees of \$260,000, and other expenses totaling \$702,000.

One-time noninterest expenses related to the May 31, 2008 acquisition by the Company included \$1.3 million in salaries and benefits related to severance and bonuses, \$1.7 million in data processing resulting from the termination of a data processing contract and \$1.0 million in professional fees.

An income tax benefit of \$1.5 million was recorded for the five months ended May 31, 2008.

BOE Financial Services of Virginia, Inc. (BOE)

Results of Operations

For the five months ended May 31, 2008, net losses were \$188,000 or \$(0.15) per share. The loss incurred was primarily the result of one-time noninterest expenses related to the May 31, 2008 acquisition by the Company.

Net interest income was \$4.0 million for the five months ended May 31, 2008. Net interest margin was 3.62%

For the five months ended May 31, 2008, the Company's provision for loan losses was \$200,000. Increases were made to the loan loss reserve due to general seasoning of the portfolio.

For the five months ended May 31, 2008, noninterest income was \$854,000. Comprising this amount, service charge income was \$464,000 and other income was \$390,000. Included in other income for the five months ended May 31, 2008 is a \$92,000 loss on sale of other real estate.

For the five months ended May 31, 2008, noninterest expenses were \$4.9 million. Salaries and employee benefits were \$2.5 million and represented 51.07% of all noninterest expenses for the period. Additionally the Company incurred data processing fees of \$394,000, legal fees of \$306,000, equipment expense of \$286,000, professional fees of \$258,000, and occupancy expenses of \$216,000.

One-time noninterest expenses related to the May 31, 2008 acquisition by the Company included \$375,000 in salaries and benefits, \$160,000 in professional fees, \$84,000 in legal fees, \$54,000 in equipment expenses, and \$167,000 in data processing expenses.

An income tax benefit of \$10,000 was recorded for the five months ended May 31, 2008.

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Asset Quality

The allowance for loan losses represents management's estimate of the amount appropriate to provide for probable losses inherent in the non-FDIC covered loan portfolio. Probable losses in the covered loans are incorporated in the fair market value analysis for the covered loans, and accordingly impact the covered loans balance and the FDIC indemnification asset balance, and not the allowance for loan losses. As such, the following asset quality information separates the covered loans from the non covered loans.

Total Loans Excluding Covered Loans

The Company's asset quality is continually monitored, and the Company's management has established an allowance for loan losses that it believes is appropriate for the risk of loss inherent in the loan portfolio. Among other factors, management considers the Company's historical loss experience, the size and composition of the loan portfolio, the value and appropriateness of collateral and guarantors, non-performing credits and current and anticipated economic conditions. There are additional risks of future loan losses, which cannot be precisely quantified nor attributed to particular loans or classes of loans. Because those risks include general economic trends, as well as conditions affecting individual borrowers, the allowance for loan losses is an estimate. The allowance is also subject to regulatory examinations and determination as to adequacy, which may take into account such factors as the methodology used to calculate the allowance and size of the allowance in comparison to peer companies identified by regulatory agencies.

The Company maintains a list of loans that have potential weaknesses that may need special attention. This nonperforming loan list is used to monitor such loans and is used in the determination of the appropriateness of the Company's allowance for loan losses. At June 30, 2009, nonperforming assets, excluding FDIC covered assets, totaled \$25.9 million, compared to \$11.5 million at March 31, 2009 and \$5.2 million at December 31, 2008, respectively. This \$20.7 million increase in nonperforming loans during the first two quarters of 2009, was primarily attributable to eight credit relationships aggregating approximately \$18.6 million being placed in nonaccrual status. These credit relationships accounted for nearly 90% of the increase during the first two quarter of 2009 and ranged in size from \$7.2 million to \$0.8 million. These borrowers are commercial/ residential land developers and their loans are secured by real estate. As of June 30, 2009, credit exposure for these eight borrowers was \$18.6 million, with approximately \$2.5 million allowance allocated. The remaining \$2.1 million increase in nonperforming assets during the first two quarters of 2009, were all smaller credit relationships. These creditors were primarily commercial/residential land developers with loans secured by real estate. Excluding FDIC covered loans, net charge-offs were \$346,000 and \$794,000 for the three and six months ended June 30, 2009, respectively

At June 30, 2009, nonaccrual loans, excluding FDIC covered assets, were \$24.5 million, or 4.44%, of total loans. Excluding loans at the Maryland operations, loans past due 90 days or more and accruing interest were \$514,000. Other real estate owned (OREO) equaled \$864,000, excluding OREO in the Maryland operations.

Nationally, industry concerns over asset quality have increased due in large part to issues related to subprime mortgage lending, declining real estate activity and general economic concerns. While the Company has experienced reduced residential real estate activity, the markets in which the Company operates indicate a weakened economic condition. While the Company incurred appropriate provisions for loan losses and thus an adequate level of allowance for loan losses, there has been continued deterioration in the quality of the loan portfolio. Residential loan demand has moderated somewhat, but the Company is still experiencing continued loan demand, particularly in commercial real estate. Management will continue to monitor delinquencies, risk rating changes, charge-offs, market trends and other indicators of risk in the Company's portfolio, particularly those tied to residential real estate, and adjust the allowance for loan losses accordingly.

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The following table sets forth selected asset quality data, excluding FDIC covered assets, and ratios for the dates indicated:

(dollars in thousands)	June 30, 2009	December 31, 2008
Nonaccrual loans	\$ 24,482	\$ 4,534
Loans past due over 90 days	514	397
Other real estate owned	864	223
 Total nonperforming assets	 \$ 25,860	 \$ 5,154
 Balances		
Allowance for loan losses	\$ 12,185	\$ 6,939
Average loans during quarter, net of unearned income	\$ 548,577	\$ 511,042
Loans, net of unearned income	\$ 551,799	\$ 523,298
 Ratios		
Allowance for loan losses to loans	2.21%	1.33%
Allowance for loan losses to nonperforming assets	47.12%	134.63%
Nonperforming assets to loans & other real estate	4.68%	0.98%
Net charge-offs for quarter to average loans, annualized	0.25%	0.32%

A further breakout of nonaccrual loans, excluding covered loans, at June 30, 2009 and December 31, 2008 is below:

	June 30, 2009			December 31, 2008		
(Dollars in Thousands)	Amount of Non Accrual	Non Covered Loans	Percentage of Non Covered Loans	Amount of Non Accrual	Non Covered Loans	Percentage of Non Covered Loans
Open End 1-4 Family Loans	\$ 12	\$ 29,703	0.04%	\$ 276	\$ 30,323	0.91%
1-4 Family First Liens	2,556	106,665	2.40%	318	99,284	0.32%
 Total residential 1-4 family	 2,568	 136,368	 1.88%	 594	 129,607	 0.46%
 Owner occupied nonfarm nonresidential	 4,087	 77,036	 5.31%	 200	 63,218	 0.32%
Non owner occupied nonfarm nonresidential	2,617	100,441	2.61%	582	93,872	0.62%
 Total commercial	 6,704	 177,477	 3.78%	 782	 157,090	 0.50%
 1-4 Family Construction	 2,311	 30,462	 7.59%	 1,194	 36,277	 3.29%
Other construction and land dev.	11,831	107,489	11.01%	461	103,238	0.45%
 Total construction	 14,142	 137,951	 10.25%	 1,655	 139,515	 1.19%
 Second mortgages	 618	 14,356	 4.30%	 497	 15,599	 3.19%
Multifamily		9,152	0.00%		9,370	0.00%
Agriculture		4,859	0.00%	433	5,143	8.42%
 Total real estate loans	 24,032	 480,163	 5.00%	 3,961	 456,324	 0.87%
Agriculture loans		1,398	0.00%		988	0.00%
Commercial and industrial loans	229	44,287	0.52%	224	44,332	0.51%
 Total commercial loans	 229	 45,685	 0.50%	 224	 45,320	 0.49%

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Total revolving credit and other consumer		13,490	0.00%	25	14,457	0.17%
All other loans	221	12,228	1.81%	324	7,005	4.63%
Gross loans	\$ 24,482	\$ 551,566	4.44%	\$ 4,534	\$ 523,106	0.87%

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Total Delinquencies

The following table presents a summary of non covered loans, greater than 30 days and less than 90 days past due at the dates indicated (dollars in thousands):

	June 30, 2009	December 31, 2008
30-89 Days Past Due	\$ 13,623	\$ 15,191
% of Non-covered	2.47%	2.90%

Covered Loans

Covered loans are not classified as nonperforming assets at June 30, 2009 as the loans are accounted for on a pooled basis and the pools are considered to be performing. Therefore, interest income, through accretion of the difference between the carrying amount of the loans and the expected cash flows, is being recognized on all purchased loans. There was no allowance for loan losses recorded on covered loans at June 30, 2009.

Impairments

See Note 11 to the unaudited consolidated financial statements for information related to the allowance for loan losses. At June 30, 2009, total impaired loans equaled \$48.9 million, excluding FDIC covered assets.

Impaired loans, by definition, are loans where management believes that it is more likely than not that the borrower will not be able to fully meet its contractual obligations, including all principal and interest payments. Under our current internal loan grading system, this would include all loans adversely classified substandard or worse. These impaired loans have been determined through analysis, appraisals, or other methods used by management.

During the recent review of impaired loans, it was determined that loans risk graded as watch/special mention were included along with the listing of substandard or doubtful loans reported as impaired loans. Watch/special mention loans, by definition within the Bank's credit policy, are loans where management expects to be repaid under the contractual terms. Therefore, watch/special mention loans do not meet the definition of impaired loans.

In the original Form 10-Qs filed by the Company for 2009, management included all watch/special mention loans in addition to those deemed substandard and doubtful as impaired loans. Those loans internally rated watch or special mention, by definition within the Bank's credit policy, are loans that are expected to be repaid under the contractual terms and are not considered impaired. As a result, loans previously classified as impaired would have more accurately been reflected as detailed in the following table.

As previously reported:

(dollars in thousands)	June 30, 2009
Impaired with a valuation allowance	\$ 24,681
Impaired without a valuation allowance	65,686
Total impaired loans	\$ 90,367

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Under the Company's new loan grading system:

(dollars in thousands)	June 30, 2009
Impaired with a valuation allowance	\$ 24,681
Impaired without a valuation allowance	24,188
Total impaired loans	\$ 48,869

The Company has restated its reporting of impaired loans in this report, and intends to consistently apply its internal loan risk rating system under the prescribed format in future reporting periods. The Company has determined that this application will not have, or would have had, a material impact on its financial statements.

Capital Requirements

The determination of capital adequacy depends upon a number of factors, such as asset quality, liquidity, earnings, growth trends and economic conditions. The Company seeks to maintain a strong capital base to support its growth and expansion plans, provide stability to current operations and promote public confidence in the Company.

The federal banking regulators have defined three tests for assessing the capital strength and adequacy of banks, based on two definitions of capital. Tier 1 Capital is defined as a combination of common and qualifying preferred stockholders' equity less goodwill. Tier 2 Capital is defined as qualifying subordinated debt and a portion of the allowance for loan losses. Total Capital is defined as Tier 1 Capital plus Tier 2 Capital.

Three risk-based capital ratios are computed using the above capital definitions, total assets and risk-weighted assets and are measured against regulatory minimums to ascertain adequacy. All assets and off-balance sheet risk items are grouped into categories according to degree of risk and assigned a risk-weighting and the resulting total is risk-weighted assets. Tier 1 Risk-based Capital is Tier 1 Capital divided by risk-weighted assets. Total Risk-based Capital is Total Capital divided by risk-weighted assets. The Leverage ratio is Tier 1 Capital divided by total average assets.

At June 30, 2009, the Company's ratio of total capital to risk-weighted assets was 17.73%. The ratio of Tier 1 Capital to risk-weighted assets was 16.59%, and the leverage ratio (Tier 1 capital to average adjusted total assets) was 9.14%. All three ratios exceed capital adequacy guidelines outlined by its regulator, and the Company is considered well-capitalized. At December 31, 2008, the Company's ratio of total capital to risk-weighted assets was 20.00%. The ratio of Tier 1 Capital to risk-weighted assets was 18.92%, and the leverage ratio (Tier 1 capital to average adjusted total assets) was 12.54%. In the fourth quarter of 2003, BOE issued trust preferred subordinated debt that qualifies as regulatory capital. This trust preferred debt has a 30-year maturity with a 5-year call option and was issued at a rate of three month LIBOR plus 3.00% and was priced at 4.46% in the second quarter of 2009.

Liquidity

Liquidity represents the Company's ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash, interest-bearing deposits with banks, federal funds sold, and certain investment securities. As a result of the Company's management of liquid assets and the ability to generate liquidity through liability funding, management believes that the Company maintains overall liquidity sufficient to satisfy its depositors' requirements and meet its customer's credit needs.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its clients and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

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The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates or prices such as interest rates, foreign currency exchange rates, commodity prices and equity prices. The Company's primary market risk exposure is interest rate risk. The ongoing monitoring and management of interest rate risk is an important component of the Company's asset/liability management process, which is governed by policies established by its Board of Directors that are reviewed and approved annually. The Board of Directors delegates responsibility for carrying out asset/liability management policies to the Asset/Liability Committee (ALCO) of the Bank. In this capacity, ALCO develops guidelines and strategies that govern the Company's asset/liability management related activities, based upon estimated market risk sensitivity, policy limits and overall market interest rate levels and trends.

Interest rate risk represents the sensitivity of earnings to changes in market interest rates. As interest rates change, the interest income and expense streams associated with the Company's financial instruments also change, affecting net interest income, the primary component of the Company's earnings. ALCO uses the results of a detailed and dynamic simulation model to quantify the estimated exposure of net interest income to sustained interest rate changes. While ALCO routinely monitors simulated net interest income sensitivity over various periods, it also employs additional tools to monitor potential longer-term interest rate risk.

The simulation model captures the impact of changing interest rates on the interest income received and interest expense paid on all assets and liabilities reflected on the Company's balance sheet. The simulation model is prepared and updated monthly. This sensitivity analysis is compared to ALCO policy limits, which specify a maximum tolerance level for net interest income exposure over a one-year horizon, assuming no balance sheet growth, given a 200 basis point upward shift and a 200 basis point downward shift in interest rates. A parallel shift in rates over a 12-month period is assumed. The following table represents the change to net interest income given interest rate shocks up and down 100 and 200 basis points at June 30, 2009:

(dollars in thousands)	Change In Net Interest Income	
	%	\$
Interest Rate Shock:		
+200 basis points	2.37%	1,076
+100 basis points	1.00%	455
No change	0.00%	
-100 basis points	-2.19%	(996)
-200 basis points	-2.83%	(1,286)

At June 30, 2009, the Company's interest rate risk model indicated that, in a rising rate environment of 200 basis points over a 12 month period, net interest income could increase by 2.37%. For the same time period, the interest rate risk model indicated that in a declining rate environment of 200 basis points, net interest income could decrease by 2.83%. While these percentages are subjective based upon assumptions used within the model, management believes the balance sheet is appropriately balanced with acceptable risk to changes in interest rates.

The preceding sensitivity analysis does not represent a forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions, including the nature and timing of interest rate levels such as yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment or replacement of asset and liability cash flows. While assumptions are developed based upon current economic and local market conditions, the Company cannot make any assurances about the predictive nature of these assumptions, including how customer preferences or competitor influences might change.

Also, as market conditions vary from those assumed in the sensitivity analysis, actual results will also differ due to factors such as prepayment and refinancing levels likely deviating from those assumed, the varying impact of interest rate change, caps or floors on adjustable rate assets, the potential effect of changing debt service levels on customers with adjustable rate loans, depositor early withdrawals and product preference changes, and other internal and external variables. Furthermore, the sensitivity analysis does not reflect actions that ALCO might take in response to, or in anticipation of, changes in interest rates.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this Form 10-Q, the Company's management, with the participation of the Company's chief executive officer and chief financial officer, conducted evaluations of the Company's disclosure controls and procedures. As defined under Section 13a-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management to allow timely decisions regarding required disclosures.

Based on this evaluation, the Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures were not effective to ensure that material information is recorded, processed, summarized and reported by management of the Company on a timely basis in order to comply with the Company's disclosure obligations under the Exchange Act and the rules and regulations promulgated thereunder. The two issues that the Company has identified in making this conclusion at the end of the second quarter of 2009 are the view that the Company's financial and accounting department has not efficiently documented and assessed accounting issues related to non-routine transactions, such as mergers and non-recurring items that the Company has had to evaluate since May 2008, and the view that the Company's financial and accounting department is understaffed. These views reflect additional, and broader, considerations that the Company has made to the conclusions that it made, and that it disclosed in prior filings, as of December 31, 2008 and March 31, 2009.

Additional information with respect to these issues is included in the discussion below.

Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles. In the Annual Report on Form 10-K for the year ended December 31, 2008, management's assessment of the effectiveness of the Company's internal control over financial reporting reported a material weakness regarding the accounting for non-routine transactions, as described below. While management is not required to re-assess the effectiveness of internal control over financial reporting during the fiscal year, the Company has concluded that this material weakness exists as of June 30, 2009. Specifically, the Company's financial and accounting department has lacked sufficient resources and expertise to properly account for certain non-routine transactions, the Company's policies and procedures have not provided for timely review of significant non-routine transactions and related accounting entries and the Company has not maintained sufficient documentation related to the application of GAAP to significant non-routine transactions.

Subsequent to the filing of the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2008, management believed that it had identified errors related to the Company's accounting for subsidiary costs that were applied in the Company's mergers with TFC and BOE. The errors were believed to have been based on the failure of the Company to reconcile merger-related goodwill on a regular basis and errors in the calculation of certain elements of goodwill and resulted in the entry of an amount in excess of the actual accrued merger costs. This misstatement was believed to have resulted in an overstatement of goodwill and retained earnings at September 30, 2008. It was also believed to have resulted in an understatement of salaries and employee benefits expense and an overstatement of net income, each by \$375,000, for the three and nine months ended September 30, 2008.

During the evaluation of these accounting errors, the Company's chief executive officer and chief financial officer concluded that they were the result of a material weakness in the Company's internal control over financial reporting with respect to the accounting for non-routine transactions, as described above. A material weakness is a significant deficiency (as defined in the Public Company Accounting Oversight Board's Auditing Standard No. 2), or combination of deficiencies, such that there is a reasonable possibility that a material misstatement in the annual or interim financial statements will not be prevented or detected on a timely basis by employees in the normal course of their work.

Following additional analysis and discussion with the Company's internal auditors and external auditors, the Certifying Officers have now concluded that there were no errors related to the Company's accounting for subsidiary costs that were applied in the Company's mergers with TFC and BOE. Due to the lack of such errors and the corresponding conclusion that there were no overstatements or understatements in the relevant financial statements, the Company will not restate the financial statements included in the Company's Quarterly Report on Form 10-Q.

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for the period ended September 30, 2008.

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Despite this revised conclusion, however, the Company believes that a material weakness regarding the accounting for non-routine transactions remains as of June 30, 2009. An example of the existence of such a material weakness includes the uncertainty in the resolution of the accounting errors described above. The Company's management had concluded as of December 31, 2008 that the errors were related to the accrual of certain costs related to the goodwill acquired through the Company's mergers with TFC and BOE. Following additional review, management then concluded as of March 31, 2009 that the errors related to accounting adjustments for subsidiary costs that were applied in the Company's two mergers. Management has now concluded that no errors exist. The Company also notes that it had to correct publicly its earnings release for the second quarter of 2009 to make certain adjustments relating to the tax effect of its goodwill impairment charge. This correction did not affect any of the Company's periodic filings.

Furthermore, while it has not identified any specific issues that could result in a restatement of past financial statements, the Company acknowledges that its financial and accounting documentation for non-routine transactions is less than satisfactory for the criteria required for the framework for effective internal control over financial reporting.

In addition, the Company's financial and accounting department is current understaffed for the responsibilities that it has had in recent fiscal quarters. While the Company has a chief financial officer and a chief accounting officer, the Company has not had a bank controller since April 2009. In addition, the Company's financial and accounting department has had to evaluate numerous accounting issues in addition to the day-to-day fiscal operations of the Company and periodic filings with the SEC. For example, the Company acquired the operations of SFSB in January 2009, and the on-going consolidation of those operations and analysis of unprecedented accounting issues relating to shared-loss agreements with the FDIC have strained the resources presently available at the Company.

In acknowledging the existence of a material weakness and the specific issues associated with it, the Company notes that it has not restated, and does not plan to restate, any past financial statements and that the Company's financial and accounting department performs its responsibilities with respect to the completion of complete and accurate financial information in its periodic filings with the SEC.

Remediation Steps to Address Material Weakness

As a result of the material weakness described above, the Company continues to take appropriate remediation steps. The Company continues to evaluate its financial accounting staff levels and expertise and is implementing appropriate oversight and review procedures. The Company engaged a public accounting firm to serve as its internal auditing firm beginning in April 2009. The Company created and hired a new chief internal auditor, who reports directly to the Company's Audit Committee, in June 2009, and the Company expects to fill its corporate controller position in the near future. The Company has also hired additional key members of management, including a chief administrative officer, a chief credit officer and a general counsel, during the first six months of 2009, and these individuals are actively assisting the Company in reviewing, assessing and implementing, as appropriate, numerous policies and procedures applicable to the Company and its operations. The Company believes that it is taking the necessary corrective actions to eliminate the material weakness.

Except as may be described above, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2009, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the Company's business, to which the Company, including its subsidiaries, is a party or of which the property of the Company is subject.

Item 1A. *Risk Factors*

At August 10, 2009, there were no material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

None.

Item 3. *Defaults upon Senior Securities*

None.

Item 4. *Submission of Matters to a Vote of Security Holders*

The Company's annual meeting of stockholders was held on June 18, 2009. At the annual meeting, the stockholders of the Company took the following actions:

The stockholders elected each of P. Emerson Hughes, Jr., George M. Longest, Jr., John C. Watkins and Robin Traywick Williams as directors for a three-year term. The elections were approved by the following votes:

Directors	Votes For	Votes Withheld
P. Emerson Hughes, Jr.	15,929,246	434,292
George M. Longest, Jr.	15,922,823	440,715
John C. Watkins	15,839,809	523,729
Robin Traywick Williams	14,498,992	1,864,546

The stockholders approved an amendment to the Company's certificate of incorporation to increase the number of authorized shares of common stock to 200,000,000. With respect to this action, there were 12,399,126 votes for, 3,834,998 votes against, and 129,414 abstentions.

The stockholders approved the following advisory (non-binding) proposal:

RESOLVED, that the stockholders approve the compensation of executive officers as disclosed in the proxy statement for the Company's 2009 annual meeting pursuant to the rules of the Securities and Exchange Commission.

With respect to this action, there were 13,290,569 votes for, 1,515,838 votes against, and 1,557,131 abstentions.

The stockholders approved the Community Bankers Trust Corporation 2009 Stock Incentive Plan. With respect to this action, there were 12,228,729 votes for, 1,078,350 votes against, 467,902 abstentions and 2,588,557 broker non-votes.

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The stockholders ratified of the appointment of Elliott Davis, LLC as the Company's independent registered public accounting firm for the 2009 year. With respect to this action, there were 16,044,780 votes for, 77,068 votes against, and 241,690 abstentions.

There were no other matters presented to the Company's stockholders during the quarter ended June 30, 2009.

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Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Description
10.1	Community Bankers Trust Corporation 2009 Stock Incentive Plan (1)
31.1	Rule 13a-14(a)/15d-14(a) Certification for Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification for Chief Financial Officer*
31.3	Rule 13a-14(a)/15d-14(a) Certification for Chief Executive Officer (Amendment No. 1)**
31.4	Rule 13a-14(a)/15d-14(a) Certification for Chief Financial Officer (Amendment No. 1)**
32.1	Section 1350 Certifications**

* Previously filed.

** Filed herewith.

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed on June 24, 2009 (File No. 001-32590).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMUNITY BANKERS TRUST CORPORATION
(Registrant)

/s/ Bruce E. Thomas
Bruce E. Thomas
Executive Vice President and Chief Financial Officer

Date: January 13, 2011