

CSX CORP
Form DEF 14A
March 30, 2006

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**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

CSX Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

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- (4) Proposed maximum aggregate value of transaction:

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- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 30, 2006

Dear Shareholder:

On behalf of the Board of Directors and the management of CSX Corporation, I invite you to attend the 2006 Annual Meeting of Shareholders. The Meeting will be held on Wednesday, May 3, 2006, at 10:00 a.m. (CDT), at the Arthur R. Outlaw Convention Center, One South Water Street, Mobile, Alabama.

We want all shareholders to be represented at the Meeting. If you vote your shares by proxy, please indicate whether you plan to attend the Meeting. Whether you plan to attend, it is important that your shares be represented, no matter how many shares you own. We encourage you to vote promptly, following the instructions on your Proxy Card.

We look forward to seeing you at the Meeting.

Michael Ward
Chairman of the Board, President
and Chief Executive Officer

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CSX Corporation
2006 Annual Shareholder Meeting
Arthur R. Outlaw Convention Center
One South Water Street Mobile, Ala. 36602
From Interstate 10, take the Water Street Exit to downtown, exit 26B.
Continue on South Water Street to the Arthur R. Outlaw Convention Center.

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Notice of Annual Meeting of Shareholders

Jacksonville, Florida

March 30, 2006

To Our Shareholders:

The Annual Meeting of Shareholders of CSX Corporation will be held at the Arthur R. Outlaw Convention Center, One South Water Street, Mobile, Alabama, on Wednesday, May 3, 2006, at 10:00 a.m. (CDT), for the purpose of considering and acting upon the following matters:

Election of 10 directors;

Ratification of Ernst & Young LLP as Independent Registered Public Accounting Firm for 2006;

Company proposal regarding reapproval of the CSX Omnibus Incentive Plan;

Company proposals regarding elimination of supermajority voting requirements;

Shareholder proposal regarding separate Chairman and CEO; and

Such other matters as may properly come before the Meeting.

The above matters are described in the Proxy Statement. You are urged, after reading the Proxy Statement, to vote your shares by proxy using one of the following methods: (a) mark, sign, date, and return your Proxy Card by mail; or (b) vote by telephone or by the Internet using the instructions on your Proxy Card.

Only shareholders of record at the close of business on March 3, 2006, will be entitled to vote at the Meeting, either in person or by proxy. This Proxy Statement is being mailed to those shareholders on or about March 30, 2006. By Order of the Board of Directors

Ellen M. Fitzsimmons
Senior Vice President-Law and Public Affairs
and Corporate Secretary

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Proxy Statement for 2006 Annual Meeting of Shareholders

About the Annual Meeting

What is the purpose of the Annual Meeting?

At our Annual Meeting (the Meeting), shareholders will act upon the matters outlined in the Notice of Meeting on the first page of this Proxy Statement, including the election of directors, ratification of the Company's Independent Registered Public Accounting Firm (the Independent Auditors), and consideration of the shareholder proposal and three Company proposals. In addition, management will report on the performance of the Company and respond to questions from shareholders.

Where will the Meeting be held?

The Meeting will be held on Wednesday, May 3, 2006, at 10:00 a.m. (CDT), at the Arthur R. Outlaw Convention Center, One South Water Street, Mobile, Alabama. The Arthur R. Outlaw Convention Center is accessible to persons with disabilities. If you have a disability, we can provide reasonable assistance to help you participate in the meeting upon request.

Who is soliciting my vote?

The Board of Directors of CSX (the Board) is soliciting your vote for the 2006 Meeting.

What will I be voting on?

At the Meeting, shareholders will vote on:

Election of Directors

Ratification of Ernst & Young LLP as Independent Auditors for 2006

Three Company proposals: one regarding reapproval of the CSX Omnibus Incentive Plan and two regarding elimination of supermajority voting requirements

One shareholder proposal regarding Separate Chairman and CEO

How many votes do I have?

You will have one vote for every share of CSX stock you owned at the close of business on March 3, 2006 (the Record Date).

How many votes can be cast by all shareholders?

As of the Record Date, CSX had outstanding 220,582,789 shares of common stock entitled to vote. Only shareholders of record at the close of business on March 3, 2006, will be entitled to vote. Each share is entitled to one vote on each matter to be presented at the meeting.

How many shares must be present to hold the Meeting?

The Company's bylaws provide that a majority of the outstanding shares of stock entitled to vote constitutes a quorum at any meeting of shareholders. If a share is represented for any purpose at the Meeting, it is deemed to be present for the transaction of all business. Abstentions, withheld votes and shares held of record by a broker or its nominee that are voted on any matter are included in determining the number of votes present. Broker shares that are not voted on any matter at the Meeting will not be included in determining whether a quorum is present. As of the Record Date, 110,291,395 shares constitute a majority of the outstanding shares.

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We urge you to vote by proxy even if you plan to attend the Meeting so that we will know as soon as possible that enough shares will be present for us to hold the Meeting.

What are the voting procedures?

Election of Directors. The Company's state of incorporation is Virginia. Under Virginia law and the Company's bylaws, directors are elected by a plurality of votes cast by the shares entitled to vote at a meeting at which a quorum is present. This means that the 10 nominees for election as directors who receive the greatest number of votes cast at the Meeting will be elected. In accordance with the Company's amended Corporate Governance Guidelines, in an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election shall promptly tender his or her resignation following certification of the shareholder vote. For more information on the procedures in these circumstances, see Principles of Corporate Governance below.

Elimination of Supermajority Vote. The Company proposals (Items 4 and 5) to eliminate supermajority voting default rules have two different voting procedures. Amending the voting requirements for mergers or share exchanges, certain sales or dispositions of assets, and dissolution, listed as Item 4 on your proxy card, will require approval by the majority vote of the outstanding shares of the Company entitled to vote for the election of directors.

Amending the voting requirements for affiliated transactions with interested shareholders, listed as Item 5 on your proxy card, will require the affirmative vote of a majority of the shares entitled to vote thereon. Under the Virginia Stock Corporation Act, shares that are owned by interested shareholders, generally defined as those that beneficially own more than 10% of any class of the outstanding voting shares of the Company, are not entitled to vote with respect to this amendment. Therefore, the affirmative vote of a majority of the shares of the shareholders of the Company (other than shares held by interested shareholders) is required to approve an amendment to the affiliated transactions voting rules.

All abstentions, broker non-votes, and failures to return a proxy card will have the same effect as a vote against these proposals.

Other Proposals. For all other proposals, the proposal will pass if the votes cast in favor of the proposal exceed the votes cast against the proposal.

Except as noted above, abstentions and broker non-votes are not considered to be voting for or against any proposal and will have no effect on the outcome of any proposal.

How do I vote?

You can vote either in person at the Meeting or by proxy without attending the Meeting. The shares represented by a properly executed proxy will be voted as you direct.

To vote by proxy, you must do one of the following:

Fill out your Proxy Card, date and sign it, and return it by mail,

Vote by telephone using the instructions on your Proxy Card, or

Vote by Internet using the instructions on your Proxy Card.

If you want to vote in person at the Meeting, and you hold your CSX stock in street name (that is, through a bank or broker), you must obtain a proxy from your bank or broker and bring that proxy to the Meeting.

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Can I change my vote?

Yes. A proxy may be revoked by a shareholder any time before it is voted by written notice delivered to the CSX Corporate Secretary, by timely receipt of a later signed proxy (including an Internet or telephone vote), or by voting in person at the Meeting.

What if I don't vote for some of the matters listed on my Proxy Card?

If you return a signed Proxy Card without indicating your vote, your shares will be voted **for** the nominees for director listed on the card, **for** Ernst and Young LLP as Independent Auditors for 2006, **for** the three Company proposals regarding reapproval of the CSX Omnibus Incentive Plan and elimination of supermajority voting requirements, and **against** the shareholder proposal regarding Separate Chairman and CEO.

How are votes counted?

Votes are counted by inspectors of election designated by the Corporate Secretary.

Who pays for soliciting proxies?

The cost of soliciting proxies is being paid by CSX. In addition to solicitation by mail, officers and other designated employees of CSX, for no additional compensation, may request the return of proxies by personal conversations or by telephone or telecopy. It also is expected that, for a fee of approximately \$10,500 plus reimbursement of certain out-of-pocket expenses, additional solicitation will be made by personal interview, telephone or telecopy under the direction of the proxy solicitation firm of Georgeson Shareholder Communications, Inc., 17 State Street, New York, New York 10004.

Could other matters be decided at the Meeting?

CSX is not aware of any matters to come before the Meeting other than those set forth in the accompanying Notice and this Proxy Statement. If any other matters properly arise at the Meeting, the proxies will be voted at the discretion of the proxy holders.

What is the deadline for consideration of shareholder proposals for the 2007 Annual Meeting?

A shareholder who wants to submit a proposal to be included in the Proxy Statement for the 2007 Annual Meeting of Shareholders must send it to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida, 32202, so that it is received on or before December 4, 2006.

A shareholder who wants to submit a proposal that will not be in the proxy statement but will be considered at the 2007 Annual Meeting, pursuant to our bylaws, must send it to the principal executive offices of CSX so that it is received not earlier than the close of business on January 3, 2007 nor later than the close of business on February 2, 2007. The proxies named by the Board with respect to the 2007 Annual Meeting shall have discretionary voting authority with respect to any shareholder proposals received after February 2, 2007.

Does the Board of Directors consider director nominees recommended by shareholders?

Yes, the Governance Committee of the Board will review recommendations as to possible nominees received from shareholders and other qualified sources. Shareholder recommendations should be in writing addressed to the Chair of the Governance Committee, CSX Corporation, 500 Water Street, C160, Jacksonville, Florida, 32202, and should include a statement about the qualifications and experience of the proposed nominee, as discussed further below under Item 1 Election of Directors Committees of the Board Governance.

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What happens if the Meeting is postponed or adjourned?

Your proxy will still be good and may be voted at the reconvened meeting. You will still be able to change or revoke your proxy until it is voted.

Do I need a ticket to attend the Meeting?

Yes, you will be issued an admission ticket at the Shareholder Registration Desk at the Meeting. If you hold your shares in your name, please be prepared to provide proper identification, such as a driver's license. If you hold your shares through a bank or broker, you will need proof of ownership, such as a recent account statement or letter from your bank or broker, along with proper identification.

How can I find CSX's proxy materials and annual report on the Internet?

This Proxy Statement and the 2005 Annual Report are available on the Company's Internet website (www.csx.com).

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Item 1: Election of Directors

Ten directors are to be elected to hold office until the next Annual Meeting of Shareholders is held and their successors are elected. Votes will be cast, unless otherwise specified, for the election of the nominees named below. If, at the time of the Meeting, any nominee should be unable to serve as a director, such votes will be cast for such substitute nominee as may be nominated by the Board. All of the nominees are current directors standing for re-election and were previously elected by the shareholders. One current director, Mr. Charles E. Rice, who served on the Audit Committee and the Finance Committee in 2005, is retiring from the Board and is not standing for re-election.

As of the date of this Proxy Statement, the Board has no reason to believe that any of the nominees named will be unable or unwilling to serve. There are no family relationships among any of these nominees or among any of these nominees and any executive officer, nor is there any arrangement or understanding between any nominee and any other person pursuant to which the nominee was selected.

In the election of directors, the nominees receiving the greatest number of votes shall be elected, even if such votes do not constitute a majority. Certain information regarding each nominee follows. Each nominee has consented to being named in the Proxy Statement and to serve if elected.

The Board of Directors recommends a vote FOR the following nominees.

Elizabeth E. Bailey, 67, is the John C. Hower Professor of Business and Public Policy, at The Wharton School of the University of Pennsylvania. She is also a director of Altria Group, Inc., and of Teachers Insurance and Annuity Association. Dr. Bailey has been a director of CSX since November 1989.

Senator John B. Breaux, 62, is Senior Counsel with Patton Boggs LLP, a law firm. Senator Breaux joined Patton Boggs upon his retirement from the United States Senate in 2005 after serving there since his election in 1986. Prior to that, he spent 14 years in the United States House of Representatives serving on the Public Works and Transportation Committee. In the Senate, he served on the Finance Committee and the Commerce Committee where he was chair of the subcommittee on Surface Transportation. He also serves as Senior Managing Director of the Clinton Group and Managing Director of Riverstone Holdings. Senator Breaux has been a director of CSX since May 2005.

Edward J. Kelly, III, 52, is the Chairman, President and Chief Executive Officer of Mercantile Bankshares Corporation, a bank holding company, having been elected as Chairman in March 2003 and as President and Chief Executive Officer in March 2001. Prior to that he served as Managing Director of J.P. Morgan Chase and predecessor firms. He is also a director of Hartford Financial Services Group. Mr. Kelly has been a director of CSX since July 2002.

Robert D. Kunisch, 64, has been Special Partner in ABS Capital Partners, Inc., a private equity investment firm, since January 2001, and Consultant to the senior management of Cendant Corporation, a global provider of consumer and business services, since January 2001. Mr. Kunisch has been a director of CSX since October 1990.

Southwood J. Morcott, 67, was the Chairman and Chief Executive Officer of Dana Corporation, a manufacturer of automotive and truck parts and provider of commercial credit, until his retirement as CEO in April 1999 and as Chairman in April 2000. He is also a director of Johnson Controls, Inc., and of Navistar International Corporation. Mr. Morcott has been a director of CSX since July 1990.

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David M. Ratcliffe, 57, is the Chairman of the Board, President and Chief Executive Officer of Southern Company, a producer and provider of electric power, having been elected as Chairman and Chief Executive Officer in July 2004 and as President in April 2004. Prior to that, he was President and Chief Executive Officer of Georgia Power Company and Executive Vice President of Southern Company, having served as President of Georgia Power from May 1999 until January 2004. Mr. Ratcliffe also serves as Chairman of the Federal Reserve Bank of Atlanta Board of Directors. Mr. Ratcliffe has been a director of CSX since January 2003.

William C. Richardson, 65, is Immediate Past President and Chief Executive Officer of the W.K. Kellogg Foundation, a major philanthropic institution. Dr. Richardson also serves as Co-Trustee of the W.K. Kellogg Trust. He is also a director of The Bank of New York Company, Inc., the Kellogg Company, and Exelon Corporation. Dr. Richardson has been a director of CSX since December 1992.

Frank S. Royal, M.D., 66, is a physician in private practice in Richmond, Virginia, and a health-care expert. He is also a director of Chesapeake Corporation, Dominion Resources, Inc., HCA Inc., Smithfield Foods, Inc., and SunTrust Banks, Inc. Dr. Royal has been a director of CSX since January 1994.

Donald J. Shepard, 59, has been Chairman of the Executive Board and Chief Executive Officer of AEGON N.V., a holding company of insurance and insurance-related companies, since April 2002. From 1989 until April 2002, Mr. Shepard served as President and Chief Executive Officer of AEGON USA, Inc., a subsidiary of AEGON N.V. In addition, since February 1989, Mr. Shepard has served on the Board of Directors of AEGON USA, Inc. and as Chairman of that Board from 1992 to July 1999 and from May 2000 to April 2002 and has been a member of the Executive Board of AEGON N.V. since 1992. He is also a director of Mercantile Bankshares Corporation. Mr. Shepard has been a director of CSX since January 2003.

Michael J. Ward, 55, is the Chairman of the Board, President and Chief Executive Officer of CSX, having been elected as Chairman and Chief Executive Officer in January 2003 and as President in July 2002. He has served CSX Transportation, Inc., the Company's rail subsidiary, as President since November 2000 and as President and Chief Executive Officer since October 2002. Prior to that, Mr. Ward served CSX Transportation as Executive Vice President-Operations from April through November 2000. He is also a director of Ashland, Inc. Mr. Ward has been a director of CSX since April 2002.

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Director Independence

The Board annually evaluates the independence of each of its directors and, acting through its Governance Committee, the performance of each of its directors. The Board concluded that each director acted in the interests of shareholders and the Company. In addition, the Board has determined that nine of the 10 nominees for election as directors are independent under the listing standards of the New York Stock Exchange. In making this determination, the Board considered transactions or relationships, if any, between each director or his or her immediate family and the Company or its subsidiaries, as well as the listing standards. The purpose of this review was to determine whether any such relationships or transactions were material and thus inconsistent with a determination that the director is independent.

During its deliberations, the Board specifically considered the relationship between the Company and the Southern Company, a producer and provider of electric power. Mr. Ratchliffe, a director and a nominee, currently is the Chairman of the Board, President and Chief Executive Officer of the Southern Company. CSX Transportation, a wholly-owned subsidiary of the Company, delivers coal to generating plants operated by subsidiaries of the Southern Company. Revenue received from the Southern Company does not constitute a material part of the Company's or Southern Company's gross revenues.

As a result of its review, the Board affirmatively determined, based on its understanding of any relationships or transactions, that each of the director nominees is independent, other than Mr. Ward, who is President and Chief Executive Officer of the Company.

Principles of Corporate Governance

The Board is committed to governance principles and practices that facilitate fulfilling its fiduciary duties to shareholders and to the Company. The Board has adopted Corporate Governance Guidelines that reflect the high standards that those who deal with the Company as employees, investors, clients, customers, vendors or in other capacities can and should expect. Key corporate governance principles observed by the Board and the Company include:

Nomination of a slate of directors for election to the Company's Board that is substantially independent, as that term is defined in applicable laws and stock exchange listing standards.

Establishment of qualification guidelines for candidates for director and review of each director's performance and continuing qualification for Board membership.

Membership of the Governance, Compensation and Audit Committees comprised solely of independent directors.

Authority for each Board committee to retain outside, independent advisors and consultants when appropriate.

Adoption of a Code of Ethics, meeting applicable rules and regulations, that covers all directors, officers and employees of CSX, including the Company's Chief Executive Officer, Chief Financial Officer and Controller.

Adoption of a Policy Regarding Shareholder Rights Plans, establishing parameters around the adoption of any future shareholder rights plan, including the expiration of any such plan within one year of adoption if the plan does not receive shareholder approval or ratification.

Adoption of a Policy Regarding Shareholder Approval of Severance Agreements, requiring shareholder approval of certain future severance agreements with senior executives that provide for benefits in an amount exceeding a threshold set forth in the Policy.

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Amendment of the Corporate Governance Guidelines on February 8, 2006, incorporating a policy regarding director elections. Under the amended Corporate Governance Guidelines, in an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election shall promptly tender his or her resignation following certification of the shareholder vote. The Governance Committee will evaluate the tender of the resignation, taking the best interests of CSX and its shareholders into account, and will make a recommendation to the Board of Directors. The Board of Directors will then decide whether to accept the resignation within 90 days of the certification of election.

CSX's Corporate Governance Guidelines, Code of Ethics, the charters of each standing committee, and policies adopted by the Board are available on the Company's Internet website (www.csx.com). Shareholders may also request a free copy of any of these documents by writing to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida 32202.

Any waivers of or changes to the Code of Ethics that apply to our directors or executive officers will be disclosed on CSX's Internet website (www.csx.com). There were no such waivers or changes in 2005.

Shareholders who wish to communicate with the Board generally, or with a particular director, may forward correspondence to CSX Corporation, Office of the Corporate Secretary, 500 Water Street, C160, Jacksonville, Florida 32202.

Pursuant to procedures established by the non-management directors of the Board, the Office of the Corporate Secretary will forward appropriate correspondence to the Board or a particular director. Appropriate correspondence generally includes any legitimate, non-harassing inquiries or statements. Interested parties who wish to communicate directly with non-management directors may forward correspondence to Presiding Director, CSX Board of Directors, CSX Corporation, 500 Water Street, C160, Jacksonville, Florida 32202.

Meetings of the Board and Executive Sessions

During 2005, there were six meetings of the Board. Each director attended 75 percent or more of the meetings of the Board and the meetings of the committees on which he or she served.

The non-management directors meet alone in executive session at each Board meeting. Non-management directors are all those who are not Company officers. These executive sessions are chaired by a Presiding Director who is an independent director selected annually by the Governance Committee. Dr. Richardson currently serves as the Presiding Director. In addition, the independent directors have periodic special meetings without management in connection with regularly scheduled Board meetings.

While the Company does not have a formal policy regarding director attendance at Annual Meetings, the Company encourages directors to attend the Annual Meeting. Every director attended the 2005 Annual Meeting.

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CSX has five standing committees: the Audit Committee, the Compensation Committee, the Finance Committee, the Governance Committee and the Public Affairs Committee. Each of these committees has a written charter approved by the Board of Directors, a copy of which can be found on the Company's Internet website (www.csx.com). In addition, the Board has an Executive Committee, which is discussed below. The members of the committees are identified in the following table.

Director	Audit	Compensation	Executive	Finance	Governance	Public Affairs
Elizabeth E. Bailey	X		X			Chair
John B. Breaux					X	X
Edward J. Kelly, III	Chair		X	X		
Robert D. Kunisch		X	X		Chair	
Southwood J. Morcott					X	X
David M. Ratcliffe					X	X
Charles E. Rice*	X			X		
William C. Richardson	X	X	X			
Frank S. Royal		Chair	X		X	
Donald J. Shepard		X	X	Chair		
Michael J. Ward			Chair			

* Retiring as director
in May 2006

Executive Committee

The Executive Committee meets only as needed and has authority to act for the Board on most matters during the intervals between Board meetings. The Executive Committee has seven members, consisting of the Chairman of the Board, the chairs of each of the five substantive committees, and Dr. Richardson, the Presiding Director. The Committee did not meet in 2005.

Audit Committee

The Audit Committee selects Independent Auditors and submits its choice to the shareholders for ratification. Its primary functions include oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the Independent Auditors' qualifications and independence, and the performance of the Independent Auditors and the Company's internal audit function.

Specifically, the Committee retains, appoints, oversees and approves compensation of the Company's Independent Auditors, reviews the scope and methodology of the Independent Auditors' proposed audits, reviews the Company's financial statements, and monitors the Company's internal control over financial reporting by, among other things, discussing certain aspects thereof with the Independent Auditors and management. In addition, the Committee pre-approves all audit and non-audit services to be provided by the Independent Auditors as discussed under Fees Paid to Independent Registered Public Accounting Firm Pre-Approval Policies and Procedures. Finally, the Committee maintains procedures for the receipt and treatment of complaints regarding the Company's accounting, internal accounting controls or auditing matters. The Audit Committee charter is attached as Appendix A to this Proxy Statement.

The Audit Committee has four members, each of whom the Board has determined to be independent pursuant to the independence standards promulgated by the New York Stock Exchange and the Securities and Exchange Commission (SEC). The Committee held eight meetings in 2005.

The Board has determined that the Company has at least one audit committee financial expert, as that term is defined by SEC rules and regulations, serving on the Audit Committee. Mr. Kelly is the Committee's financial expert and is independent pursuant to the standards promulgated by the New York Stock Exchange and the SEC. Please refer

to the Report of the Audit Committee below for additional information regarding the Audit Committee.

Compensation Committee

The primary functions of the Compensation Committee are to: (i) establish the Company's philosophy with respect to executive compensation and benefits; (ii) periodically review the Company's compensation practices and policies, benefit plans, and perquisites applicable to all employees and executives to ensure consistency with the Company's compensation philosophy; (iii) assure the Company's benefit plans, practices, programs and policies maintained for employees and directors comply with all applicable laws; (iv) in consultation with the Board, review and approve corporate goals and objectives relevant to compensation and benefits for the Chief Executive Officer, and evaluate the Chief Executive Officer's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors, as directed by the Board, set the level of compensation

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of the Chief Executive Officer based on such evaluation; (v) review and recommend approval of management compensation and Company compensation plans, including benefits for key employees as determined by this Committee from time to time; and (vi) establish performance objectives for certain executives, and certify the attainment of those objectives in connection with the payment of performance-based compensation within the meaning of Internal Revenue Code Section 162(m). In addition, the Committee monitors the administration of certain executive and management compensation and benefit programs.

The Compensation Committee has four members, all of whom are outside directors within the meaning of regulations promulgated pursuant to Internal Revenue Code Section 162(m) and are independent pursuant to the independence standards promulgated by the New York Stock Exchange. The Committee held seven meetings in 2005. Please refer to the Report of the Compensation Committee on Executive Compensation below for additional information regarding the functions and operations of the Compensation Committee.

Finance Committee

The Finance Committee provides general oversight and review of financial matters affecting the Company, including the monitoring of corporate debt, cash flow, and liabilities for and the funding and investment policies and performance relating to assets maintained in conjunction with employee benefit plans maintained by the Company and its affiliates. This three-member Committee held four meetings in 2005.

Governance Committee

The Governance Committee of the Board identifies individuals qualified to become board members and recommends candidates for election to the Board. In addition, the Committee develops criteria regarding director qualification and reviews and recommends changes in Board composition, committee structure, and director compensation. The Committee develops, recommends and monitors corporate governance principles and conducts regular evaluations of director performance and of the effectiveness of the Board as a working group. The Governance Committee also reviews significant changes in corporate structure, succession in senior management, and other internal matters of broad corporate importance.

The Committee has four members. The Committee is composed solely of independent directors pursuant to the independence standards promulgated by the New York Stock Exchange. The Committee held seven meetings in 2005.

The Governance Committee generally identifies nominees for directors based upon outside research and suggestions from directors and officers of the Company. The Committee will also consider persons recommended by shareholders of the Company in selecting director nominees. Potential nominees suggested by shareholders will be evaluated by the Committee on the same basis as individuals identified directly by the Committee or from other sources. As a group, the Board is expected to represent a broad diversity of experience in business matters and to be able to assess and evaluate the role and policies of the Company in the face of changing conditions in the economy, regulatory environment and customer expectations. While there is not a formal list of qualifications, nominees for Board membership are expected to be prominent individuals with demonstrated leadership ability and to possess outstanding integrity, values and judgment. Nominees must be willing to devote the substantial time required to carry out the duties and responsibilities of directors. In addition, each Board member is expected to represent the broad interests of the Company and its shareholders as a group, and not any particular constituency. The Committee uses these and other relevant criteria to evaluate potential nominees.

Shareholders who wish to recommend a director nominee must do so in accordance with the Company's bylaws. In general, written notice of a proposed shareholder nomination must be delivered to the Company at least 90 days but no more than 120 days before the Annual Meeting. Nominations must be accompanied by a description of the proposed nominee's qualifications and experience and his or her consent to serve if elected. Such recommendations must also indicate the nominating shareholder's name and address and the class and number of shares that he or she owns.

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Public Affairs Committee

The Public Affairs Committee reviews and makes recommendations concerning the Company's practices and programs designed to address important public policy issues that may impact the Company, its shareholders, and the general public. This five-member Committee held five meetings during 2005.

Directors' Compensation

General

During 2005, non-employee directors received an annual retainer of \$75,000, at least 50 percent of which was payable in CSX stock pursuant to the CSX Corporation Stock Plan for Directors (the "Stock Plan"). The Chair of each Board committee other than the Audit Committee received an additional \$10,000. The Chair of the Audit Committee received an additional \$15,000, and each member of the Audit Committee also received an additional \$5,000. In December 2005, each non-employee director also received a deferred grant of 2,500 shares of CSX stock, which had a market value of \$122,825 based on an average price per share of \$49.13 on the date of grant. Directors also are eligible to receive other compensation and benefits as discussed below.

During 2005, each director was eligible to defer all or a portion of his or her director's fees, including cash compensation and stock, under the CSX Directors Deferred Compensation Plan (the "Directors Plan"). Deferrals are subject to Section 409A of the Internal Revenue Code ("Section 409A"). Deferrals are credited to an unfunded account and may be invested in eight investment choices, including a CSX common stock equivalent account. These investment choices parallel the investment options offered to employees under the Company's 401(k) plan.

In addition, a participant may elect that in the event of a "change of control" of CSX, as defined under Section 409A, the participant will receive a lump sum payment equal to the balance credited to his or her accounts. Upon a "change of control," as defined under the Directors Plan, amounts sufficient to pay any undistributed benefits will be placed in a trust until distributed under the terms of the Directors Plan pursuant to participants' distribution elections. The trust is a grantor trust, and its assets are subject to the claims of CSX's creditors.

Deferrals of director fees and other awards earned prior to 2005 are not subject to Section 409A. Those deferrals will continue to be administered in accordance with the terms of the Directors Plan in effect as of December 31, 2004.

Stock Ownership Guidelines

The Board has adopted Stock Ownership Guidelines to better align the interests of non-employee directors with the interests of stockholders. These guidelines require that all non-employee directors own shares of CSX. Within five years of election to the Board, a non-employee director is expected to acquire and hold an amount of CSX common stock equal in value to five times the amount of such non-employee director's annual retainer. If the annual retainer increases, the non-employee directors will have five years from the time of the increase to acquire any additional shares needed to satisfy the guidelines. Further information on the Stock Ownership Guidelines is available on the Company's Internet website (www.csx.com).

Charitable Gift Plan

CSX directors elected before 2004 participate in the CSX Directors' Charitable Gift Plan ("Gift Plan"), which is partially funded by Company-owned life insurance. Under the Gift Plan, if a director serves for five consecutive years, the Company will make contributions totaling \$1 million on his or her behalf to charitable institutions designated by the director. Contributions to designated charities are made in installments, with \$100,000 payable upon the director's retirement and the balance payable in installments of \$100,000 per year, starting at the time of the director's death.

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Matching Gift Plan and Other Benefits

Directors also may participate in the CSX Directors Matching Gift Program (Matching Gift Program). The Company will match \$2 for every \$1 that a director contributes to organizations that qualify for support under guidelines established by CSX up to a maximum annual CSX contribution of \$50,000 per director. Retired directors may participate through the end of their year of retirement.

During 2005, 74 charitable organizations received contributions totaling \$642,062 as part of the Matching Gift Program. The underlying amounts varied by director, but did not exceed \$50,000 on behalf of any director.

The Company makes available to directors personal excess liability insurance at no expense to the directors. In addition, directors are entitled to certain discounts when visiting the Company-owned resort. During 2005, the value of the excess liability insurance and the discounts described above, including reimbursement of certain related taxes, varied by director but did not exceed \$11,925 for any director and \$53,744 in the aggregate for all current non-employee directors.

Section 16(a) Beneficial Ownership Reporting Compliance

The Securities Exchange Act of 1934 requires the Company s executive officers and directors, and any persons owning more than 10 percent of a class of the Company s stock, to file certain reports of ownership and changes in ownership with the SEC. Based solely on its review of the copies of Forms 3, 4 and 5 received by it, the Company believes that the Company s executive officers and directors complied with the SEC s reporting requirements with respect to transactions which occurred during fiscal 2005, except that, due to an administrative oversight, Messrs. Ingram and Munoz and Ms. Fitzsimmons inadvertently failed to timely file Form 4s with respect to transactions involving the surrender of shares of restricted stock in connection with tax withholding upon vesting of restricted stock. All of these transactions were filed or corrected on subsequent amended filings.

Report of the Audit Committee

The Audit Committee has reviewed and discussed the Company s audited financial information with management and has discussed with the Independent Auditors the matters required to be discussed by Statement of Auditing Standards No. 61, as amended. In addition, the Audit Committee has received the written disclosures and letter from Ernst & Young LLP, the Company s Independent Registered Public Accounting Firm, as required by Independence Standards Board Standard No. 1. The Committee has discussed Ernst & Young s independence with them. Based on its review and on the discussions described above, the Audit Committee has recommended to the full Board that the audited financial statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 30, 2005.

Audit Committee

Edward J. Kelly, III, Chair

Elizabeth E. Bailey

Charles E. Rice

William C. Richardson

Jacksonville, Florida

February 21, 2006

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Five Year Cumulative Comparison Graph

The following graph provides an indicator of cumulative total shareholder returns, assuming reinvestment of dividends, for the Company as compared to the S&P 500 Stock Index and the Dow Jones U.S. Transportation Average Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG CSX CORPORATION, THE S & P 500 INDEX
AND THE DOW JONES US TRANSPORTATION AVERAGE INDEX

*\$100 invested on 12/31/100 in stock or index-including reinvestment of dividends. Fiscal year ending December 31.
Copyright © 2006, Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.
www.researchdatagroup.com/S&P.htm

Table of Contents**Security Ownership of Certain Beneficial Owners, Directors and Executive Officers**

The following table shows the number of shares of CSX common stock beneficially owned as of March 3, 2006, by each director, nominee for director, executive officer named in the Summary Compensation Table and the directors and executive officers of the Company as a group.

Amount and Nature of Beneficial Ownership

Name of Beneficial Owner ¹	Shares Beneficially Owned	Shares for which Beneficial Ownership can be Acquired within 60 Days ²	Total Beneficial Ownership	Percent of Class ³
Elizabeth E. Bailey	23,355	10,000	33,355	*
Sen. John B. Breaux	3,656	0	3,656	*
Edward J. Kelly, III	11,966	0	11,966	*
Robert D. Kunisch ⁴	33,598	10,000	43,598	*
Southwood J. Morcott	31,212	10,000	41,212	*
David M. Ratcliffe	10,476	0	10,476	*
Charles E. Rice ⁵	38,146	10,000	48,146	*
William C. Richardson	19,879	10,000	29,879	*
Frank S. Royal	26,771	10,000	36,771	*
Donald J. Shepard	14,637	0	14,637	*
Michael J. Ward	252,000 ⁶	361,601	613,601	*
Clarence W. Gooden	87,971 ⁶	16,599	104,570	*
Tony L. Ingram	92,550 ⁶	0	92,550	*
Oscar Munoz	77,422 ⁶	0	77,422	*
Ellen M. Fitzsimmons	58,401 ⁶	1,333	59,734	*
Executive officers as a group ⁷ (a total of 6 including those named above) and all directors and nominees	595,745	395,320	991,065	*
AXA Financial, Inc. ⁸ 1290 Avenue of the Americas New York, NY 10104	20,415,957			9.4%

1. Except as otherwise noted, the persons listed have sole voting power as to all shares listed, including shares held in trust under certain deferred compensation

plans, and also have investment power except with respect to certain shares held in trust under deferred compensation plans, investment of which is governed by the terms of the trust. Ownership information is as of March 3, 2006.

2. Represents shares under options exercisable within 60 days.
3. Based on 220,582,789 shares outstanding on March 3, 2006, plus shares deemed outstanding for which beneficial ownership can be acquired within 60 days by that individual or group. An asterisk (*) indicates that ownership is less than one percent of class.
4. Mr. Kunisch's ownership includes 1,014 shares of stock held in a limited partnership in which Mr. Kunisch owns an interest.

5. Retiring as of May 3, 2006.

6. The ownership of Mr. Ward includes 62,858 shares owned by his wife. The ownership of Mr. Gooden includes 17,000 restricted shares of stock granted under the CSX Omnibus Incentive Plan and 17,429 shares held in a family member's trust over which he has voting and investment power. The ownership of Mr. Ingram includes 20,000 restricted shares of stock granted under the CSX Omnibus Incentive Plan. The ownership of Mr. Munoz includes 15,000 restricted shares of stock granted under the CSX Omnibus Incentive Plan. The ownership of Ms. Fitzsimmons includes 32,465 restricted shares of stock granted under the CSX Omnibus Incentive Plan.

7. This entry includes ownership by

executive officers
including those
named above.

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8. Information reported is derived from a Schedule 13G prepared by AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle and AXA Courtage Assurance Mutuelle, as a group, acting as a parent holding company, AXA, as a parent holding company, and AXA Financial, Inc., as a parent holding company of Alliance Capital Management, L.P., AXA Equitable Life Insurance Company, and Frontier Trust Company (Advest Trust), dated February 14, 2006, and filed jointly with the SEC. As reported in the Schedule 13G, the person filing the statement has the sole power to vote or to direct the vote of 11,067,254 shares, shared power to vote or direct the vote of 2,630,731 shares, the sole power to dispose of or to direct the disposition of 20,401,787 shares, and shared power to dispose of or to direct the disposition of 14,170 shares.

Executive Compensation

The individuals named below include the Company's Chief Executive Officer and the other four executive officers of the Company who were the most highly compensated executive officers of the Company as of the last day of the fiscal year ending December 30, 2005.

Summary Compensation Table

Name and	Annual Compensation		Long-Term Compensation		All
		Other	Restricted Awards	Securities Payouts	
	\$	3,962	\$	1,173	

See accompanying notes to unaudited consolidated financial statements

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COMMUNITY BANKERS TRUST CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(dollars and shares in thousands)

	Preferred		Discount on Preferred	Common Stock		Additional Paid in	Retained	Accumulated Other Comprehensive Income (Loss)	Total
	Stock	Warrants	Stock	Shares	Amount	Capital	Deficit		
Balance January 1, 2013	\$ 17,680	\$ 1,037	\$ (234)	21,670	\$ 217	\$ 144,398	\$ (50,609)	\$ 2,828	\$ 115,317
Amortization of preferred stock warrants			58				(58)		
Issuance of common stock				13		35			35
Dividends paid on preferred stock							(221)		(221)
Issuance of stock options						30			30
Net income							1,324		1,324
Other comprehensive loss								(151)	(151)
Balance March 31, 2013	\$ 17,680	\$ 1,037	\$ (176)	21,683	\$ 217	\$ 144,463	\$ (49,564)	\$ 2,677	\$ 116,334
Balance January 1, 2014	\$ 10,680	\$ 1,037	\$	21,709	\$ 217	\$ 144,656	\$ (45,822)	\$ (4,109)	\$ 106,659
Issuance of common stock				11		41			41
Dividends paid on preferred stock							(65)		(65)
Issuance of stock options						50			50
Net income							1,724		1,724
Other comprehensive income								2,238	2,238
Balance March 31, 2014	\$ 10,680	\$ 1,037	\$	21,720	\$ 217	\$ 144,747	\$ (44,163)	\$ (1,871)	\$ 110,647

See accompanying notes to unaudited consolidated financial statements

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COMMUNITY BANKERS TRUST CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(dollars in thousands)

	March 31, 2014	March 31, 2013
Operating activities:		
Net income	\$ 1,724	\$ 1,324
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and intangibles amortization	859	973
Issuance of common stock and stock options	91	65
Amortization of purchased loan premium	384	306
Deferred tax expense		563
Amortization of security premiums and accretion of discounts, net	963	1,041
Net gain on sale of loans	(48)	
Net gain on sale of securities	(355)	(278)
Net loss on sale and valuation of other real estate	263	630
Changes in assets and liabilities:		
Net decrease in loans held for sale	100	121
Decrease in other assets	1,264	1,490
Increase (decrease) in accrued expenses and other liabilities	1,534	(351)
Net cash provided by operating activities	6,779	5,884
Investing activities:		
Proceeds from available for sale securities	26,415	73,068
Proceeds from held to maturity securities	1,899	3,526
Proceeds from equity securities	586	254
Purchase of available for sale securities	(29,158)	(38,990)
Purchase of equity securities		(47)
Proceeds from sale of other real estate	596	2,279
Improvements of other real estate, net of insurance proceeds	(19)	(185)
Net decrease (increase) in loans	98	(4,022)
Principal recoveries of loans previously charged off	118	246
Purchase of premises and equipment, net	(1,653)	(7)
Purchase of bank owned life insurance investment		(5,000)
Proceeds from sale of loans	2,841	
Net cash provided by investing activities	1,723	31,122
Financing activities:		
Net increase (decrease) in noninterest bearing and interest bearing demand deposits	12,828	(32,260)
Net decrease in federal funds purchased and securities sold under agreements to repurchase	(6,000)	(4,420)
Net decrease in Federal Home Loan Bank borrowings	(179)	(174)
Cash dividends paid	(65)	(221)
Net cash provided by (used in) financing activities	6,584	(37,075)
Net increase (decrease) in cash and cash equivalents	15,086	(69)

Cash and cash equivalents:

Beginning of period	\$	23,835	\$	24,137
End of period	\$	38,921	\$	24,068

		March 31, 2014		March 31, 2013
Supplemental disclosures of cash flow information:				
Interest paid	\$	1,495	\$	1,996
Income taxes paid		115		
Transfers of loans to other real estate owned property		550		756
	See accompanying notes to unaudited consolidated financial statements			

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COMMUNITY BANKERS TRUST CORPORATION

Notes to Unaudited Consolidated Financial Statements

1. NATURE OF BANKING ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Bankers Trust Corporation (the Company) is a bank holding company that was originally incorporated in 2005. On January 1, 2014, the Company completed a reincorporation from Delaware, its original state of incorporation, to Virginia. The form of the reincorporation was the merger of the then existing Delaware corporation into a newly created Virginia corporation. The Company retained the same name and conducts business in the same manner as before the reincorporation.

The Company is headquartered in Richmond, Virginia and is the holding company for Essex Bank (the Bank), a Virginia state bank with 21 full-service offices, 14 of which are in Virginia and seven of which are in Maryland. The Bank also operates two loan production offices in Virginia. The Company relocated its corporate headquarters on March 31, 2014. The Bank opened a new branch office in Annapolis, Maryland on March 25, 2014 and a branch office at its new headquarters in Richmond, Virginia on April 7, 2014.

The Bank was established in 1926. 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 industrial loans, consumer and small business loans, real estate and mortgage loans, investment services, on-line and mobile banking products, and safe deposit box facilities.

Financial Statements

The consolidated statements presented include accounts of the Company and the Bank, its wholly-owned subsidiary. All material intercompany balances and transactions have been eliminated. 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 for the year ended December 31, 2013. The accounting and reporting policies of the Company conform to generally accepted accounting principles (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 of normal accruals, were made that are necessary to present fairly the balance sheet of the Company as of March 31, 2014, and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three months ended March 31, 2014. Results for the three month period ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ended December 31, 2014.

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 when either 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.

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

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through the date the financial statements were issued.

Recent Accounting Pronouncements

In January 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-04, *Receivables - Troubled Debt Restructurings by Creditors (Subtopic 310-40) - Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure*. Although current guidance indicates that a creditor should reclassify a collateralized mortgage loan as other real estate owned when it determines that there has been *in substance a repossession or foreclosure* by the creditor, that is, the creditor receives *physical possession* of the debtor's assets *regardless of whether formal foreclosure proceedings take place*, the terms *in substance a repossession or*

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foreclosure and *physical possession* are not defined in the accounting literature. This has resulted in diversity about when a creditor should derecognize the loan receivable and recognize the real estate property. The objective of the amendments in this Update is to reduce diversity by clarifying when an in substance repossession or foreclosure occurs. The amendments state that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential

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COMMUNITY BANKERS TRUST CORPORATION

Notes to Unaudited Consolidated Financial Statements

real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The amendments are effective for public business entities for annual periods and interim periods within those annual periods beginning after December 15, 2014. Early adoption is permitted. The Company currently records foreclosures in accordance with this guidance; therefore, no changes are necessary for adoption.

Also in January 2014, the FASB issued ASU No. 2014-01, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the FASB Emerging Issues Task Force)*. The amendments in this ASU apply to all reporting entities that invest in qualified affordable housing projects through limited liability entities that are flow through entities for tax purposes. Currently, an investor that invests in a qualified affordable housing project may elect to account for that investment using the effective yield method. Those not electing the effective yield method would account for the investment using the equity method or cost method.

The Task Force received stakeholder feedback indicating that certain of the required conditions for the effective yield method are overly restrictive and thus prevent many investments in qualified affordable housing projects from qualifying for the use of this method. Those stakeholders stated that presenting the investment performance net of taxes as a component of income tax expense (benefit) as prescribed by the effective yield method more fairly represents the economics and provides users with a better understanding of the returns from such investments than the equity or cost methods.

The amendments in this ASU eliminate the effective yield election and permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). Those not electing the proportional amortization method would account for the investment using the equity method or cost method. The decision to apply the proportional amortization method of accounting is an accounting policy decision that should be applied consistently to all qualifying affordable housing project investments rather than a decision to be applied to individual investments. A reporting entity should disclose information that enables users of its financial statements to understand the nature of its investments in qualified affordable housing projects, and the effect of the measurement of its investments in qualified affordable housing projects and the related tax credits on its financial position and results of operations. The amendments in this ASU should be applied retrospectively to all periods presented. The amendments in this ASU are effective for public business entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements****2. SECURITIES**

Amortized costs and fair values of securities available for sale and held to maturity at March 31, 2014 and December 31, 2013 were as follows (dollars in thousands):

	Amortized Cost	March 31, 2014 Gross Unrealized		Fair Value
		Gains	Losses	
Securities Available for Sale				
U.S. Treasury issue and other U.S. Gov t agencies	\$ 107,485	\$ 108	\$ (965)	\$ 106,628
U.S. Gov t sponsored agencies				
State, county and municipal	133,226	1,970	(3,332)	131,864
Corporate and other bonds	5,502	28	(40)	5,490
Mortgage backed U.S. Gov t agencies	2,602	20	(145)	2,477
Mortgage backed U.S. Gov t sponsored agencies	25,126	19	(259)	24,886
Total Securities Available for Sale	\$ 273,941	\$ 2,145	\$ (4,741)	\$ 271,345
Securities Held to Maturity				
State, county and municipal	\$ 9,069	\$ 700	\$	\$ 9,769
Mortgage backed U.S. Gov t agencies	6,202	372		6,574
Mortgage backed U.S. Gov t sponsored agencies	11,354	619		11,973
Total Securities Held to Maturity	\$ 26,625	\$ 1,691	\$	\$ 28,316
	Amortized Cost	December 31, 2013 Gross Unrealized		Fair Value
		Gains	Losses	
Securities Available for Sale				
U.S. Treasury issue and other U.S. Gov t agencies	\$ 99,789	\$ 165	\$ (967)	\$ 98,987
U.S. Gov t sponsored agencies	487		(1)	486
State, county and municipal	138,884	1,297	(6,085)	134,096
Corporate and other bonds	6,369	27	(47)	6,349
Mortgage backed U.S. Gov t agencies	3,608	29	(198)	3,439
Mortgage backed U.S. Gov t sponsored agencies	22,631	69	(280)	22,420
Total Securities Available for Sale	\$ 271,768	\$ 1,587	\$ (7,578)	\$ 265,777
Securities Held to Maturity				
State, county and municipal	\$ 9,385	\$ 718	\$	\$ 10,103
Mortgage backed U.S. Gov t agencies	6,604	398		7,002
Mortgage backed U.S. Gov t sponsored agencies	12,574	626		13,200
Total Securities Held to Maturity	\$ 28,563	\$ 1,742	\$	\$ 30,305

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The amortized cost and fair value of securities at March 31, 2014 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations without any penalties (dollars in thousands):

	Held to Maturity		Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 1,913	\$ 1,942	\$ 19,962	\$ 19,894
Due after one year through five years	23,682	25,219	45,381	45,428
Due after five years through ten years	1,030	1,155	154,269	153,029
Due after ten years			54,329	52,994
Total securities	\$ 26,625	\$ 28,316	\$ 273,941	\$ 271,345

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements**

Proceeds from sales of securities available for sale were \$21.7 million and \$24.8 million during the three months ended March 31 2014 and 2013, respectively. Gains and losses on the sale of securities are determined using the specific identification method. Gross realized gains and losses on sales of securities available for sale during the periods were as follows (dollars in thousands):

	Three Months Ended	
	March 31, 2014	March 31, 2013
Gross realized gains	\$ 406	\$ 321
Gross realized losses	(51)	(43)
Net securities gains	\$ 355	\$ 278

In estimating other than temporary impairment (OTTI) losses, management considers the length of time and the extent to which the fair value has been less than cost, the financial condition and short-term prospects for the issuer, and the intent and ability of management to hold its investment for a period of time to allow a recovery in fair value. There were no investments held that had OTTI losses for the three months ended March 31, 2014 and 2013.

The fair value and gross unrealized losses for securities available for sale, segregated by the length of time that individual securities have been in a continuous gross unrealized loss position, at March 31, 2014 and December 31, 2013 were as follows (dollars in thousands):

	Less than 12 Months		March 31, 2014 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. Gov t agencies	\$ 62,299	\$ (635)	\$ 31,123	\$ (330)	\$ 93,422	\$ (965)
State, county and municipal	69,003	(2,603)	9,619	(729)	78,622	(3,332)
Corporate and other bonds	3,282	(40)			3,282	(40)
Mortgage backed U.S. Gov t agencies	1,852	(145)			1,852	(145)
Mortgage backed U.S. Gov t sponsored agencies	17,440	(229)	2,188	(30)	19,628	(259)
Total	\$ 153,876	\$ (3,652)	\$ 42,930	\$ (1,089)	\$ 196,806	\$ (4,741)

	Less than 12 Months		December 31, 2013 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. Gov t agencies	\$ 35,873	\$ (531)	\$ 37,638	\$ (436)	\$ 73,511	\$ (967)
U.S. Gov t sponsored agencies	486	(1)			486	(1)
State, county and municipal	92,010	(5,343)	6,445	(742)	98,455	(6,085)
Corporate and other bonds	3,332	(42)	991	(5)	4,323	(47)
Mortgage backed U.S. Gov t agencies	2,767	(198)			2,767	(198)
Mortgage backed U.S. Gov t sponsored agencies	14,572	(258)	1,557	(22)	16,129	(280)

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Total	\$ 149,040	\$ (6,373)	\$ 46,631	\$ (1,205)	\$ 195,671	\$ (7,578)
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The unrealized losses (impairments) in the investment portfolio at March 31, 2014 and December 31, 2013 are generally a result of market fluctuations that occur daily. The unrealized losses are from 219 securities at March 31, 2014. Of those, 215 are investment grade, have U.S. government agency guarantees, or are backed by the full faith and credit of local municipalities throughout the United States. Four investment grade corporate obligations comprise the remaining securities with unrealized losses at March 31, 2014. The Company considers the reason for impairment, length of impairment and ability to hold until the full value is recovered in determining if the impairment is temporary in nature. Based on this analysis, the Company has determined these impairments to be temporary in nature. The Company does not intend to sell and it is more likely than not that the Company will not be required to sell these securities until they recover in value.

Market prices are affected by conditions beyond the control of the Company. Investment decisions are made by the management group of the Company and reflect the overall liquidity and strategic asset/liability objectives of the Company. Management analyzes the securities portfolio frequently and manages the portfolio to provide an overall positive impact to the Company's income statement and balance sheet.

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Securities with amortized costs of \$72.8 million and \$109.1 million at March 31, 2014 and December 31, 2013, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. At each of March 31, 2014 and December 31, 2013, there were no securities purchased from a single issuer, other than U.S. Treasury issue and other U.S. Government agencies that comprised more than 10% of the consolidated shareholders' equity.

3. LOANS NOT COVERED BY FDIC SHARED-LOSS AGREEMENT (NON-COVERED LOANS) AND RELATED ALLOWANCE FOR LOAN LOSSES

The Company's non-covered loans at March 31, 2014 and December 31, 2013 were comprised of the following (dollars in thousands):

	March 31, 2014		December 31, 2013	
	Amount	% of Non-Covered Loans	Amount	% of Non-Covered Loans
Mortgage loans on real estate:				
Residential 1-4 family	\$ 146,069	24.60%	\$ 144,382	24.21%
Commercial	254,666	42.89	247,284	41.47
Construction and land development	54,914	9.25	55,278	9.27
Second mortgages	6,623	1.12	6,854	1.15
Multifamily	35,528	5.98	35,774	6.00
Agriculture	8,134	1.37	9,565	1.60
Total real estate loans	505,934	85.21	499,137	83.70
Commercial loans	80,942	13.63	90,142	15.12
Consumer installment loans	5,492	0.92	5,623	0.94
All other loans	1,430	0.24	1,435	0.24
Gross loans	593,798	100.00%	596,337	100.00%
Less unearned income on loans	(188)		(164)	
Non-covered loans, net of unearned income	\$ 593,610		\$ 596,173	

The Company held \$31.2 million and \$38.5 million in balances of loans guaranteed by the United States Department of Agriculture (USDA), which are included in various categories in the table above, at March 31, 2014 and December 31, 2013, respectively. As these loans are 100% guaranteed by the USDA, no loan loss provision is required. These loan balances included an unamortized purchase premium of \$1.9 million and \$2.5 million at March 31, 2014 and December 31, 2013, respectively. Unamortized purchase premium is recognized as an adjustment of the related loan yield on a straight line basis which is substantially equivalent to the results obtained using the effective interest method.

At March 31, 2014 and December 31, 2013, the Company's allowance for credit losses was comprised of the following: (i) specific valuation allowances calculated in accordance with FASB Accounting Standards Codification (ASC) 310, *Receivables*, (ii) general valuation allowances calculated in accordance with FASB ASC 450, *Contingencies*, based on economic conditions and other qualitative risk factors, and (iii) historical valuation allowances calculated using historical loan loss experience. Management identified loans subject to impairment in accordance with ASC 310.

Interest income on nonaccrual loans, if recognized, is recorded using the cash basis method of accounting. Cash basis income of \$139,000 was recognized during the three months ended March 31, 2014. There were no significant amounts recognized during the three months ended

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March 31 2013. For the three months ended March 31, 2014 and 2013, estimated interest income of \$261,000 and \$350,000, respectively, would have been recorded if all such loans had been accruing interest according to their original contractual terms.

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The following table summarizes information related to impaired loans as of March 31, 2014 (dollars in thousands):

	Recorded Investment (1)	Unpaid Principal Balance (2)	Related Allowance
With an allowance recorded:			
Mortgage loans on real estate:			
Residential 1-4 family	\$ 3,507	\$ 3,883	\$ 1,023
Commercial	1,678	1,750	463
Construction and land development	4,169	5,320	514
Second mortgages	225	226	48
Multifamily			
Agriculture			
Total real estate loans	9,579	11,179	2,048
Commercial loans	57	701	12
Consumer installment loans	90	91	19
All other loans			
Subtotal impaired loans with a valuation allowance	9,726	11,971	2,079
With no related allowance recorded:			
Mortgage loans on real estate:			
Residential 1-4 family	1,179	1,224	
Commercial	1,781	2,125	
Construction and land development	1,738	4,356	
Second mortgages			
Multifamily			
Agriculture			
Total real estate loans	4,698	7,705	
Commercial loans			
Consumer installment loans	5	6	
All other loans			
Subtotal impaired loans without a valuation allowance	4,703	7,711	
Total:			
Mortgage loans on real estate:			
Residential 1-4 family	4,686	5,107	1,023
Commercial	3,459	3,875	463
Construction and land development	5,907	9,676	514
Second mortgages	225	226	48
Multifamily			
Agriculture			

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Total real estate loans	14,277	18,884	2,048
Commercial loans	57	701	12
Consumer installment loans	95	97	19
All other loans			
Total impaired loans	\$ 14,429	\$ 19,682	\$ 2,079

- (1) The amount of the investment in a loan, which is not net of a valuation allowance, but which does reflect any direct write-down of the investment
- (2) The contractual amount due, which reflects paydowns applied in accordance with loan documents, but which does not reflect any direct write-downs

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The following table summarizes information related to impaired loans as of December 31, 2013 (dollars in thousands):

	Recorded Investment (1)	Unpaid Principal Balance (2)	Related Allowance
With an allowance recorded:			
Mortgage loans on real estate:			
Residential 1-4 family	\$ 3,485	\$ 3,739	\$ 881
Commercial	920	1,091	150
Construction and land development	4,148	5,298	508
Second mortgages	225	226	40
Multifamily			
Agriculture			
Total real estate loans	8,778	10,354	1,579
Commercial loans	127	794	16
Consumer installment loans	49	51	9
All other loans			
Subtotal impaired loans with a valuation allowance	8,954	11,199	1,604
With no related allowance recorded:			
Mortgage loans on real estate:			
Residential 1-4 family	1,189	1,228	
Commercial	1,714	1,969	
Construction and land development	1,734	4,335	
Second mortgages			
Multifamily			
Agriculture	204	222	
Total real estate loans	4,841	7,754	
Commercial loans			
Consumer installment loans	6	6	
All other loans			
Subtotal impaired loans without a valuation allowance	4,847	7,760	
Total:			
Mortgage loans on real estate:			
Residential 1-4 family	4,674	4,967	881
Commercial	2,634	3,060	150
Construction and land development	5,882	9,633	508
Second mortgages	225	226	40
Multifamily			
Agriculture	204	222	
Total real estate loans	13,619	18,108	1,579

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Commercial loans	127	794	16
Consumer installment loans	55	57	9
All other loans			
Total impaired loans	\$ 13,801	\$ 18,959	\$ 1,604

- (1) The amount of the investment in a loan, which is not net of a valuation allowance, but which does reflect any direct write-down of the investment
- (2) The contractual amount due, which reflects paydowns applied in accordance with loan documents, but which does not reflect any direct write-downs

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The following table summarizes the average recorded investment of impaired loans for the three months ended March 31, 2014 and 2013 (dollars in thousands):

	Three months ended	
	March 31, 2014	March 31, 2013
Mortgage loans on real estate:		
Residential 1-4 family	\$ 4,680	\$ 6,775
Commercial	3,046	4,835
Construction and land development	5,895	9,064
Second mortgages	225	172
Multifamily		
Agriculture	102	242
Total real estate loans	13,948	21,088
Commercial loans	92	397
Consumer installment loans	76	91
All other loans		
Total impaired loans	\$ 14,116	\$ 21,576

The majority of impaired loans are also nonaccruing for which no interest income was recognized during each of the three months ended March 31, 2014 and 2013. No significant amounts of interest income were recognized on accruing impaired loans for each of the three months ended March 31, 2014 and 2013.

The following table presents non-covered nonaccrual loans by category as of March 31, 2014 and December 31, 2013 (dollars in thousands):

	March 31, 2014	December 31, 2013
Mortgage loans on real estate:		
Residential 1-4 family	\$ 4,153	\$ 4,229
Commercial	2,208	1,382
Construction and land development	5,907	5,882
Second mortgages	225	225
Multifamily		
Agriculture		205
Total real estate loans	12,493	11,923
Commercial loans	57	127
Consumer installment loans	95	55
All other loans		
Total loans	\$ 12,645	\$ 12,105

Troubled debt restructures and some substandard loans still accruing interest are loans that management expects to ultimately collect all principal and interest due, but not under the terms of the original contract. A reconciliation of impaired loans to nonaccrual loans at March 31, 2014 and December 31, 2013, is set forth in the table below (dollars in thousands):

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	March 31, 2014	December 31, 2013
Nonaccruals	\$ 12,645	\$ 12,105
Trouble debt restructure and still accruing	1,691	1,696
Substandard and still accruing	93	
Total impaired	\$ 14,429	\$ 13,801

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The following tables present an age analysis of past due status of non-covered loans by category as of March 31, 2014 and December 31, 2013 (dollars in thousands):

	March 31, 2014					Recorded Investment 90 Days Past Due and Accruing
	30-89 Days Past Due	90 Days Past Due	Total Past Due	Current	Total Loans	
Mortgage loans on real estate:						
Residential 1-4 family	\$ 1,352	\$ 4,153	\$ 5,505	\$ 140,564	\$ 146,069	\$
Commercial	347	2,208	2,555	252,111	254,666	
Construction and land development		5,907	5,907	49,007	54,914	
Second mortgages		225	225	6,398	6,623	
Multifamily				35,528	35,528	
Agriculture				8,134	8,134	
Total real estate loans	1,699	12,493	14,192	491,742	505,934	
Commercial loans	245	57	302	80,640	80,942	
Consumer installment loans	13	95	108	5,384	5,492	
All other loans				1,430	1,430	
Total loans	\$ 1,957	\$ 12,645	\$ 14,602	\$ 579,196	\$ 593,798	\$

	December 31, 2013					Recorded Investment 90 Days Past Due and Accruing
	30-89 Days Past Due	90 Days Past Due	Total Past Due	Current	Total Loans	
Mortgage loans on real estate:						
Residential 1-4 family	\$ 1,455	\$ 4,229	\$ 5,684	\$ 138,698	\$ 144,382	\$
Commercial		1,382	1,382	245,902	247,284	
Construction and land development	242	5,882	6,124	49,154	55,278	
Second mortgages		225	225	6,629	6,854	
Multifamily				35,774	35,774	
Agriculture		205	205	9,360	9,565	
Total real estate loans	1,697	11,923	13,620	485,517	499,137	
Commercial loans	115	127	242	89,900	90,142	
Consumer installment loans	58	55	113	5,510	5,623	
All other loans				1,435	1,435	
Total loans	\$ 1,870	\$ 12,105	\$ 13,975	\$ 582,362	\$ 596,337	\$

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Activity in the allowance for loan losses on non-covered loans for the three months ended March 31, 2014 and 2013 is presented in the following tables (dollars in thousands):

	December 31, 2013	Provision Allocation	Charge offs	Recoveries	March 31, 2014
Mortgage loans on real estate:					
Residential 1-4 family	\$ 3,853	\$ (43)	\$ (110)	\$ 7	\$ 3,707
Commercial	2,333	562		69	2,964
Construction and land development	2,252	(359)		1	1,894
Second mortgages	101	12		1	114
Multifamily	151	57			208
Agriculture	81	(24)			57
Total real estate loans	8,771	205	(110)	78	8,944
Commercial loans	1,546	(218)		4	1,332
Consumer installment loans	101	15	(42)	36	110
All other loans	26	(2)			24
Total loans	\$ 10,444	\$	\$ (152)	\$ 118	\$ 10,410

	December 31, 2012	Provision Allocation	Charge offs	Recoveries	March 31, 2013
Mortgage loans on real estate:					
Residential 1-4 family	\$ 3,985	\$ 11	\$ (34)	\$ 46	\$ 4,008
Commercial	2,482	506	(579)	5	2,414
Construction and land development	3,773	(565)		149	3,357
Second mortgages	142	(41)		4	105
Multifamily	303	13			316
Agriculture	61	1			62
Total real estate loans	10,746	(75)	(613)	204	10,262
Commercial loans	1,961	86	(252)	21	1,816
Consumer installment loans	195	(21)	(43)	21	152
All other loans	18	10			28
Total loans	\$ 12,920	\$	\$ (908)	\$ 246	\$ 12,258

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The following tables present information on the non-covered loans evaluated for impairment in the allowance for loan losses as of March 31, 2014 and December 31, 2013 (dollars in thousands):

	March 31, 2014					
	Allowance for Loan Losses			Recorded Investment in Loans		
	Individually Evaluated for Impairment ⁽¹⁾	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment ⁽¹⁾	Collectively Evaluated for Impairment	Total
Mortgage loans on real estate:						
Residential 1-4 family	\$ 1,069	\$ 2,638	\$ 3,707	\$ 7,099	\$ 138,970	\$ 146,069
Commercial	495	2,469	2,964	8,609	246,057	254,666
Construction and land development	557	1,337	1,894	7,055	47,859	54,914
Second mortgages	50	64	114	254	6,369	6,623
Multifamily		208	208		35,528	35,528
Agriculture		57	57		8,134	8,134
Total real estate loans	2,171	6,773	8,944	23,017	482,917	505,934
Commercial loans	15	1,317	1,332	119	80,823	80,942
Consumer installment loans	19	91	110	102	5,390	5,492
All other loans		24	24		1,430	1,430
Total loans	\$ 2,205	\$ 8,205	\$ 10,410	\$ 23,238	\$ 570,560	\$ 593,798

	December 31, 2013					
	Allowance for Loan Losses			Recorded Investment in Loans		
	Individually Evaluated for Impairment ⁽¹⁾	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment ⁽¹⁾	Collectively Evaluated for Impairment	Total
Mortgage loans on real estate:						
Residential 1-4 family	\$ 923	\$ 2,930	\$ 3,853	\$ 6,708	\$ 137,674	\$ 144,382
Commercial	200	2,133	2,333	8,016	239,268	247,284
Construction and land development	651	1,601	2,252	8,619	46,659	55,278
Second mortgages	42	59	101	254	6,600	6,854
Multifamily		151	151		35,774	35,774
Agriculture		81	81	205	9,360	9,565
Total real estate loans	1,816	6,955	8,771	23,802	475,335	499,137
Commercial loans	18	1,528	1,546	192	89,950	90,142
Consumer installment loans	9	92	101	57	5,566	5,623
All other loans		26	26		1,435	1,435
Total loans	\$ 1,843	\$ 8,601	\$ 10,444	\$ 24,051	\$ 572,286	\$ 596,337

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⁽¹⁾ The category Individually Evaluated for Impairment includes loans individually evaluated for impairment and determined not to be impaired. These loans totaled \$8.8 million and \$10.3 million at March 31, 2014 and December 31, 2013, respectively. The allowance for loans losses allocated to these loans was \$126,000 and \$239,000 at March 31, 2014 and December 31, 2013, respectively.

Non-covered loans are monitored for credit quality on a recurring basis. These credit quality indicators are defined as follows:

Pass - A pass loan is not adversely classified, as it does not display any of the characteristics for adverse classification. This category includes purchased loans that are 100% guaranteed by U.S. Government agencies of \$31.2 million and \$38.5 million at March 31, 2014 and December 31, 2013, respectively.

Special Mention - A special mention loan has potential weaknesses that deserve management's close attention. If left uncorrected, such potential weaknesses may result in deterioration of the repayment prospects or collateral position at some future date. Special mention loans are not adversely classified and do not warrant adverse classification.

Substandard - A substandard loan is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as substandard generally have a well defined weakness, or weaknesses, that jeopardize the liquidation of the debt. These loans are characterized by the distinct possibility of loss if the deficiencies are not corrected.

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Doubtful - A doubtful loan has all the weaknesses inherent in a loan classified as substandard with the added characteristics that the weaknesses make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions, and values.

The following tables present the composition of non-covered loans by credit quality indicator at March 31, 2014 and December 31, 2013 (dollars in thousands):

	March 31, 2014				
	Pass	Special Mention	Substandard	Doubtful	Total
Mortgage loans on real estate:					
Residential 1-4 family	\$ 129,052	\$ 9,918	\$ 7,099	\$	\$ 146,069
Commercial	234,268	13,041	7,357		254,666
Construction and land development	46,578	1,303	7,033		54,914
Second mortgages	5,489	880	254		6,623
Multifamily	35,528				35,528
Agriculture	8,134				8,134
Total real estate loans	459,049	25,142	21,743		505,934
Commercial loans	69,227	11,596	119		80,942
Consumer installment loans	5,354	37	101		5,492
All other loans	1,430				1,430
Total loans	\$ 535,060	\$ 36,775	\$ 21,963	\$	\$ 593,798

	December 31, 2013				
	Pass	Special Mention	Substandard	Doubtful	Total
Mortgage loans on real estate:					
Residential 1-4 family	\$ 129,482	\$ 8,193	\$ 6,707	\$	\$ 144,382
Commercial	229,168	11,348	6,768		247,284
Construction and land development	44,482	2,178	8,618		55,278
Second mortgages	6,172	428	254		6,854
Multifamily	35,774				35,774
Agriculture	9,361		204		9,565
Total real estate loans	454,439	22,147	22,551		499,137
Commercial loans	87,208	2,742	192		90,142
Consumer installment loans	5,344	222	57		5,623
All other loans	1,435				1,435
Total loans	\$ 548,426	\$ 25,111	\$ 22,800	\$	\$ 596,337

In accordance with FASB ASU 2011-02, *Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring*, the Company assesses all loan modifications to determine whether they are considered troubled debt restructurings (TDRs) under the guidance. During the three months ended March 31, 2014 and 2013, there were no loans modified that were considered to be TDRs.

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A loan is considered to be in default if it is 90 days or more past due. There were no TDRs that had been restructured during the previous 12 months that resulted in default during either of the three months ended March 31, 2014 and 2013.

At March 31, 2014, the Company had 1-4 family mortgages in the amount of \$137.2 million pledged as collateral to the Federal Home Loan Bank for a total borrowing capacity of \$99.1 million.

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements****4. LOANS COVERED BY FDIC SHARED-LOSS AGREEMENTS (COVERED LOANS) AND RELATED ALLOWANCE FOR LOAN LOSSES**

On January 30, 2009, the Company entered into a Purchase and Assumption Agreement with the Federal Deposit Insurance Corporation (FDIC) to assume all of the deposits and certain other liabilities and acquire substantially all assets of Suburban Federal Savings Bank (SFSB). The Company is applying the provisions of FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, to all loans acquired in the SFSB transaction (the covered loans). Of the total \$198.3 million in loans acquired, \$49.1 million met the criteria of FASB ASC 310-30. These loans, consisting mainly of construction loans, were deemed impaired at the acquisition date. The remaining \$149.1 million of loans acquired, comprised mainly of residential 1-4 family, were analogized to meet the criteria of FASB ASC 310-30. Analysis of this portfolio revealed that SFSB utilized weak underwriting and documentation standards, which led the Company to believe that significant losses were probable given the economic environment at the time.

As of March 31, 2014 and December 31, 2013, the outstanding contractual balance of the covered loans was \$113.8 million and \$117.0 million, respectively. The carrying amount, by loan type, as of these dates is as follows (dollars in thousands):

	March 31, 2014		December 31, 2013	
	Amount	% of Covered Loans	Amount	% of Covered Loans
Mortgage loans on real estate:				
Residential 1-4 family	\$ 63,531	88.41%	\$ 64,610	88.18%
Commercial	1,298	1.81	1,389	1.90
Construction and land development	2,935	4.08	2,940	4.01
Second mortgages	3,827	5.33	3,898	5.32
Multifamily	269	0.37	266	0.36
Agriculture			172	0.23
Total real estate loans	71,860	100.00	73,275	100.00
Total covered loans	\$ 71,860	100.00%	\$ 73,275	100.00%

There was no activity in the allowance for loan losses on covered loans for the three months ended March 31, 2014 and 2013.

The following table presents information on the covered loans collectively evaluated for impairment in the allowance for loan losses at March 31, 2014 and December 31, 2013 (dollars in thousands):

	March 31, 2014		December 31, 2013	
	Allowance for loan losses	Recorded investment in loans	Allowance for loan losses	Recorded investment in loans
Mortgage loans on real estate:				
Residential 1-4 family	\$ 252	\$ 63,531	\$ 252	\$ 64,610
Commercial	232	1,298	232	1,389
Construction and land development		2,935		2,940
Second mortgages		3,827		3,898
Multifamily		269		266
Agriculture				172

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Total real estate loans	484	71,860	484	73,275
Total covered loans	\$ 484	\$ 71,860	\$ 484	\$ 73,275

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The change in the accretible yield balance for the three months ended March 31, 2014 and the year ended December 31, 2013 is as follows (dollars in thousands):

Balance, January 1, 2013	\$ 54,144
Accretion	(11,936)
Reclassification from nonaccretible Yield	9,307
Balance, December 31, 2013	51,515
Accretion	(2,961)
Reclassification from nonaccretible Yield	(862)
Balance, March 31, 2014	\$ 47,692

The covered loans were not classified as nonperforming assets as of March 31, 2014, as the loans are accounted for on a pooled basis, and interest income, through accretion of the difference between the carrying amount of the loans and the expected cash flows, is being recognized on all covered loans.

5. FDIC AGREEMENTS AND FDIC INDEMNIFICATION ASSET

On January 30, 2009, the Company entered into a Purchase and Assumption Agreement with the FDIC to assume all of the deposits and certain other liabilities and acquire substantially all assets of SFSB. Under the shared-loss agreements that are part of that agreement, the FDIC will reimburse the Bank for 80% of losses arising from covered loans and foreclosed real estate assets, on the first \$118 million in losses on 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 assets are to be made quarterly through March 2019, and the reimbursements for losses on other covered assets were made quarterly through March 2014. 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 the shared-loss agreements 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*. The FDIC indemnification asset is required to be measured in the same manner as the asset or liability to which it relates. The

FDIC indemnification asset is measured separately from the covered loans and other real estate owned assets (OREO) because it is not contractually embedded in the covered loan and OREO 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 other real estate owned and the loss sharing percentages outlined in the shared-loss 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 shared-loss agreements and a corresponding indemnification asset exists to represent the value of expected payments from the FDIC, increases and decreases in loan accretible yield due to changing loss expectations will also have an impact to the valuation of the FDIC indemnification asset. Improvement in loss expectations will typically increase loan accretible yield and decrease the value of 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, resulting in additional noninterest income for the amount of the increase in the FDIC indemnification asset.

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In addition to the premium amortization, the balance of the FDIC indemnification asset is affected by expected payments from the FDIC. Under the terms of the shared-loss agreements, the FDIC will reimburse the Company for loss events incurred related to the covered loan portfolio. These events include such things as future writedowns due to decreases in the fair market value of OREO, net loan charge-offs and recoveries, and net gains and losses on OREO sales.

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements**

As discussed above, the shared-loss agreement for assets other than one-to-four single family residential mortgages expired March 31, 2014. The FDIC indemnification asset related to those assets was zero at March 31, 2014.

The following table presents the balances of the FDIC indemnification asset at March 31, 2014 and December 31, 2013 (dollars in thousands):

	Anticipated Expected Losses	Estimated Loss Sharing Value	Amortizable Premium (Discount) at Present Value	FDIC Indemnification Asset Total
January 1, 2013	\$ 23,205	\$ 18,564	\$ 15,273	\$ 33,837
Increases:				
Writedown of OREO property to FMV	344	275		275
Decreases:				
Net amortization of premium			(6,449)	(6,449)
Reclassifications to FDIC receivable:				
Net loan charge-offs and recoveries	(1,268)	(1,014)		(1,014)
OREO sales	(1,180)	(944)		(944)
Reimbursements requested from FDIC	(370)	(296)		(296)
Reforecasted Change in Anticipated Expected Losses	(7,217)	(5,774)	5,774	
December 31, 2013	\$ 13,514	\$ 10,811	\$ 14,598	\$ 25,409
Increases:				
Writedown of OREO property to FMV	21	17		17
Decreases:				
Net amortization of premium			(1,498)	(1,498)
Reclassifications to FDIC receivable:				
Net loan charge-offs and recoveries	(9)	(7)		(7)
OREO sales	(1)	(1)		(1)
Reimbursements requested from FDIC	(93)	(74)		(74)
Reforecasted Change in Anticipated Expected Losses	(6,167)	(4,935)	4,935	
March 31, 2014	\$ 7,264	\$ 5,811	\$ 18,035	\$ 23,846

6. DEPOSITS

The following table provides interest bearing deposit information, by type, as of March 31, 2014 and December 31, 2013 (dollars in thousands):

	March 31, 2014	December 31, 2013
NOW	\$ 98,594	\$ 102,111
MMDA	91,077	94,170
Savings	76,950	75,159
Time deposits less than \$100,000	242,139	235,482

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Time deposits \$100,000 and over	322,473	315,287
Total interest bearing deposits	\$ 831,233	\$ 822,209

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements****7. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME**

The following tables present activity net of tax in accumulated other comprehensive (loss) income (AOCI) for the three months ended March 31, 2014 and 2013 (dollars in thousands):

	Three months ended March 31, 2014		
	Unrealized Gain (Loss) on Securities	Defined Benefit Pension Plan	Total Other Comprehensive (Loss) Income
Beginning balance	\$ (3,954)	\$ (155)	\$ (4,109)
Other comprehensive loss before reclassifications	2,472		2,472
Amounts reclassified from AOCI	(234)		(234)
Net current period other comprehensive loss	2,238		2,238
Ending balance	\$ (1,716)	\$ (155)	\$ (1,871)

	Three months ended March 31, 2013		
	Unrealized Gain (Loss) on Securities	Defined Benefit Pension Plan	Total Other Comprehensive (Loss) Income
Beginning balance	\$ 3,866	\$ (1,038)	\$ 2,828
Other comprehensive income before reclassifications	32		32
Amounts reclassified from AOCI	(183)		(183)
Net current period other comprehensive loss	(151)		(151)
Ending balance	\$ 3,715	\$ (1,038)	\$ 2,677

The following tables present the effects of reclassifications out of accumulated other comprehensive income on line items of consolidated income for the three months ended March 31, 2014 and 2013 (dollars in thousands):

Details about Accumulated Other

Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income		Affected Line Item in the Unaudited Consolidated Statement of Income
	Three months ended March 31, 2014	March 31, 2013	
Unrealized (gains) losses on securities available for sale	\$ (355)	\$ (278)	Gain on securities transactions, net
	121	95	Income tax expense
	\$ (234)	\$ (183)	Net of tax

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements****8. FAIR VALUES OF ASSETS AND LIABILITIES**

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and also establishes a fair value hierarchy that prioritizes the valuation inputs into three broad levels. 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 or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Valuation is determined using model-based techniques with significant assumptions not observable in the market. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of third party pricing services, option pricing models, discounted cash flow models and similar techniques.

FASB ASC 825, *Financial Instruments*, allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Company has not made any material FASB ASC 825 elections as of March 31, 2014.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The Company utilizes fair value measurements to record adjustments to certain assets to determine fair value disclosures. Securities available for sale and loans held for sale are recorded at fair value on a recurring basis. The tables below present the recorded amount of assets and liabilities measured at fair value on a recurring basis (dollars in thousands).

	March 31, 2014			
	Total	Level 1	Level 2	Level 3
Investment securities available for sale				
U.S. Treasury issue and other U.S. Gov't agencies	\$ 106,628	\$ 95,995	\$ 10,633	\$
U.S. Gov't sponsored agencies				
State, county and municipal	131,864	281	131,583	
Corporate and other bonds	5,490		5,490	
Mortgage backed U.S. Gov't agencies	2,477		2,477	
Mortgage backed U.S. Gov't sponsored agencies	24,886	3,364	21,522	
Total investment securities available for sale	271,345	99,640	171,705	
Total assets at fair value	\$ 271,345	\$ 99,640	\$ 171,705	\$
Total liabilities at fair value	\$	\$	\$	\$

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	Total	December 31, 2013		
		Level 1	Level 2	Level 3
Investment securities available for sale				
U.S. Treasury issue and other U.S. Gov t agencies	\$ 98,987	\$ 94,935	\$ 4,052	\$
U.S. Gov t sponsored agencies	486		486	
State, county and municipal	134,096	2,482	131,614	
Corporate and other bonds	6,349		6,349	
Mortgage backed U.S. Gov t agencies	3,439		3,439	
Mortgage backed U.S. Gov t sponsored agencies	22,420	2,531	19,889	
Total investment securities available for sale	265,777	99,948	165,829	
Loans held for sale	100		100	
Total assets at fair value	\$ 265,877	\$ 99,948	\$ 165,929	\$
Total liabilities 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 utilizes a third party vendor to provide fair value data for purposes of determining the fair value of its available for sale securities portfolio. The third party vendor uses 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, and a Statement on Standards for Attestation Engagements No. 16 report is obtained from the third party vendor on an annual basis. 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 include asset-backed securities in less liquid markets.

Loans held for sale

The carrying amounts of loans held for sale approximate fair value.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company is also required to measure and recognize certain other financial assets at fair value on a nonrecurring basis on the consolidated balance sheet. The following table presents assets measured at fair value on a nonrecurring basis as of March 31, 2014 and December 31, 2013 (dollars in thousands):

March 31, 2014

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	Total	Level 1	Level 2	Level 3
Impaired loans, non-covered	\$ 10,500	\$	\$ 2,303	\$ 8,197
Other real estate owned (OREO), non-covered	5,439			5,439
Other real estate owned (OREO), covered	3,211			3,211
Total assets at fair value	\$ 19,150	\$	\$ 2,303	\$ 16,847
Total liabilities at fair value	\$	\$	\$	\$

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		December 31, 2013		
	Total	Level 1	Level 2	Level 3
Impaired loans, non-covered	\$ 10,334	\$	\$ 1,791	\$ 8,543
Other real estate owned (OREO), non-covered	6,244			6,244
Other real estate owned (OREO), covered	2,692			2,692
Total assets at fair value	19,270	\$	\$ 1,791	\$ 17,479
Total liabilities at fair value	\$	\$	\$	\$

Impaired loans, non-covered

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 the impairment in accordance with FASB ASC 310, *Receivables*. The fair value of impaired loans is estimated using one of several methods, including collateral value and discounted cash flows. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceeds the recorded investments in such loans. At March 31, 2014 and December 31, 2013, a majority of total impaired loans were evaluated based on the fair value of the collateral. The Company 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. 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 within Level 2.

The Company 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 Company personnel.

Internally prepared estimates generally result from current market data and actual sales data related to the Company's collateral or where the collateral is located. When management determines that 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. Impaired loans can also be evaluated for impairment using the present value of expected future cash flows discounted at the loan's effective interest rate. The measurement of impaired loans using future cash flows discounted at the loan's effective interest rate rather than the market rate of interest rate is not a fair value measurement and is therefore excluded from fair value disclosure requirements. Reviews of classified loans are performed by management on a quarterly basis.

Other real estate owned, covered and non-covered

Other real estate owned (OREO) assets are adjusted to fair value less estimated selling costs upon transfer of the related loans to OREO property. Subsequent to the transfer, valuations are periodically performed by management and the assets are carried at the lower of carrying value or fair value less estimated selling costs. 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 foreclosed asset within Level 2. When an appraised value is not available or management determines that the fair value of the collateral is further impaired below the appraised value due to such things as absorption rates and market conditions, the Company records the foreclosed asset within Level 3 of the fair value hierarchy.

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements****Fair Value of Financial Instruments**

FASB ASC 825, *Financial Instruments*, 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 or nonrecurring basis. FASB ASC 825 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 Company.

The following reflects the fair value of financial instruments, whether or not recognized on the consolidated balance sheet, at fair value measures by level of valuation assumptions used for those assets. This table excludes financial instruments for which the carrying value approximates fair value (dollars in thousands):

	Carrying Value	March 31, 2014			
		Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Securities held to maturity	\$ 26,625	\$ 28,316	\$	\$ 28,316	\$
Loans, non-covered	583,200	589,365		581,168	8,197
Loans, covered	71,376	83,994			83,994
FDIC indemnification asset	23,846	5,614			5,614
Financial liabilities:					
Interest bearing deposits	831,233	840,079		840,079	
Long-term borrowings	81,070	80,897		80,897	

	Carrying Value	December 31, 2013			
		Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Securities held to maturity	\$ 28,563	\$ 30,305	\$	\$ 30,305	\$
Loans, non-covered	585,729	591,081		582,538	8,543
Loans, covered	72,791	88,693			88,693
FDIC indemnification asset	25,409	10,557			10,557
Financial liabilities:					
Interest bearing deposits	822,209	824,895		824,895	
Long-term borrowings	81,249	81,014		81,014	

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value as of March 31, 2014. The Company applied the provisions of FASB ASC 820 to the fair value measurements of financial instruments not recognized on the consolidated balance sheet at fair value. The provisions requiring the Company to maximize the use of observable inputs and to measure fair value using a notion of exit price were factored into the Company's selection of inputs into its established valuation techniques.

Financial Assets***Cash and cash equivalents***

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The carrying amounts of cash and due from banks, interest bearing bank deposits, and federal funds sold approximate fair value.

Securities held for investment

For securities held for investment, 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 issuer.

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COMMUNITY BANKERS TRUST CORPORATION

Notes to Unaudited Consolidated Financial Statements

Loans held for sale

The carrying amounts of loans held for sale approximate fair value.

Loans not covered by FDIC shared-loss agreement (non-covered loans)

The fair value 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. The fair value of impaired loans is consistent with the methodology used for the FASB ASC 820 disclosure for assets recorded at fair value on a nonrecurring basis presented above.

Loans covered by FDIC shared-loss agreement (covered loans)

Fair values for covered loans are based on a discounted cash flow methodology that considers various factors including the type of loan and related collateral, classification status, term of loan and whether or not the loans are amortizing. Loans were pooled together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. The discount rates used for loans are based on the rates used at acquisition (which were based on market rates for new originations of comparable loans) adjusted for any material changes in interest rates since acquisition. Increases in cash flow expectations since acquisition resulted in estimated fair value being higher than carrying value. The increase in cash flows is also reflected in a transfer from unaccretable yield to accretable yield as disclosed in Note 4.

FDIC indemnification asset

Loss sharing assets are measured separately from the related covered assets as they are not contractually embedded in the covered assets and are not transferable with the assets should the Company choose to dispose of them. Fair value is estimated using projected cash flows related to the obligations under the shared-loss agreements based on the expected reimbursements for losses and the applicable loss sharing percentages. These expected reimbursements do not include reimbursable amounts related to future covered expenditures. These cash flows were discounted to reflect the uncertainty of the timing and receipt of the loss sharing reimbursement from the FDIC. A reduction in loss expectations has resulted in the estimated fair value of the FDIC indemnification asset being lower than its carrying value. This creates a premium that is amortized over the life of the asset and is reflected in Note 5.

Accrued interest receivable

The carrying amounts of accrued interest receivable approximate fair value.

Financial Liabilities

Noninterest bearing deposits

The carrying amount of noninterest bearing deposits approximates fair value.

Interest bearing deposits

The fair value of NOW accounts, 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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COMMUNITY BANKERS TRUST CORPORATION

Notes to Unaudited Consolidated Financial Statements

Federal funds purchased

The carrying amount of federal funds purchased approximates fair value.

Long-term borrowings

The fair values of the Company's borrowings, such as FHLB advances, are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued interest payable

The carrying amounts of accrued interest payable 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. The Company's off-balance sheet commitments are funded at current market rates at the date they are drawn upon. It is management's opinion that the fair value of these commitments would approximate their carrying value, if drawn upon.

The Company 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 Company's financial instruments will change when interest rate levels change, and that change may be either favorable or unfavorable. 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 Company's overall interest rate risk.

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Basic earnings per common share (EPS) is computed by dividing net income or loss available to common shareholders by the weighted average number of common 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 common shares outstanding attributable to stock instruments (dollars and shares in thousands, except per share data):

	Net Income Available to Common Shareholders (Numerator)	Weighted Average Common Shares (Denominator)	Per Common Share Amount
For the three months ended March 31, 2014			
Shares issued		21,718	
Unissued vested restricted stock		11	
Basic EPS	\$ 1,659	21,729	\$ 0.08
Effect of dilutive stock awards		326	
Diluted EPS	\$ 1,659	22,055	\$ 0.08
For the three months ended March 31, 2013			
Shares issued		21,675	
Unissued vested restricted stock		7	
Basic EPS	\$ 1,045	21,682	\$ 0.05
Effect of dilutive stock awards		157	
Diluted EPS	\$ 1,045	21,839	\$ 0.05

Excluded from the computation of diluted earnings per common share were 37,000 common shares issuable under awards or options during the three months ended March 31, 2014, because their inclusion would be anti-dilutive. Anti-dilutive common shares issuable under awards, options or warrants of \$871,000 were excluded for the three months ended March 31, 2013.

In December 2008, the Company issued 17,680 shares of its Fixed Rate Cumulative Perpetual Preferred Stock, Series A to the United States Department of Treasury in connection with the Company's participation in the Treasury's TARP Capital Purchase Program. Under the terms of the Series A Preferred Stock, prior to its redemption, as discussed below, the Company was required to pay cumulative dividends on a quarterly basis at a rate of 5% per year on such amount through the February 2014 payment. After the February 2014 payment, the dividend rate automatically increased to 9% per year. The Company could defer dividend payments, but the dividend was a cumulative dividend that accrued for payment in the future. Deferred dividends also accrued interest at the same rate as the dividend. The failure to pay dividends for six dividend periods triggered the right for the holder of the Series A Preferred Stock to appoint two directors to the Company's board.

During 2013, the Company repurchased 7,000 shares of the original 17,680 shares of Series A Preferred Stock. The Company funded the repurchase through the earnings of its banking subsidiary.

On April 23, 2014, the Company repurchased the remaining 10,680 shares of Series A Preferred Stock. The Company funded the repurchase through a term loan with SunTrust Bank. The form of the repurchase was a redemption under the terms of the TARP preferred stock. The

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Company paid the Treasury \$10.9 million, which represented 100% of the par value of the preferred stock repurchased plus accrued dividends with respect to such shares.

The term loan with SunTrust Bank, which has a maturity date of April 21, 2017, requires that the Company make quarterly payments of 7.5% of the initial outstanding principal, plus accrued interest, during a six-quarter period beginning with the quarter ending December 31, 2014, quarterly payments of 10% of the initial outstanding principal, plus accrued interest, during the subsequent four-quarter period and the remaining principal amount and accrued interest at maturity. As elected by the Company, the initial interest rate on the loan is three-month LIBOR plus 3.50% per annum.

The Treasury continues to hold a warrant to purchase 780,000 shares of the Company's common stock at an exercise price of \$3.40.

Table of Contents**COMMUNITY BANKERS TRUST CORPORATION****Notes to Unaudited Consolidated Financial Statements****10. DEFINED BENEFIT PLAN**

On May 31, 2008, the Company adopted the Bank of Essex noncontributory defined benefit pension plan for all full-time pre-merger Bank employees over 21 years of age. 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. The Company has frozen the plan benefits for all participants effective December 31, 2010. The following table presents the components of net periodic benefit for the three months ended March 31, 2014 and 2013 (dollars in thousands):

(dollars in thousands)	Three months ended March 31	
	2014	2013
Interest cost	\$ 56	\$ 56
Expected return on plan assets	(99)	(101)
Amortization of prior service cost	1	
Recognized net actuarial loss	3	17
Net periodic benefit	\$ (39)	\$ (28)

As of March 31, 2014, there had been no employer contributions for the plan year. The Company is considering terminating the pension plan in the future. No determination has been made and the Company has not determined the financial impact of the termination of the plan.

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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 March 31, 2014 and results of operations of Community Bankers Trust Corporation (the Company) for the three months ended March 31, 2014 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 for the year ended December 31, 2013.

OVERVIEW

Community Bankers Trust Corporation (the Company) is a bank holding company that was originally incorporated in 2005. On January 1, 2014, the Company completed a reincorporation from Delaware, its original state of incorporation, to Virginia. The form of the reincorporation was the merger of the then existing Delaware corporation into a newly created Virginia corporation. The Company retained the same name and conducts business in the same manner as before the reincorporation.

The Company is headquartered in Richmond, Virginia and is the holding company for Essex Bank (the Bank), a Virginia state bank with 21 full-service offices, 14 of which are in Virginia and seven of which are in Maryland. The Bank also operates two loan production offices in Virginia. The Company relocated its corporate headquarters on March 31, 2014. The Bank opened a new branch office in Annapolis, Maryland on March 25, 2014 and a branch office at its new headquarters in Richmond, Virginia on April 7, 2014.

The Bank was established in 1926. 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 industrial loans, consumer and small business loans, real estate and mortgage loans, investment services, on-line and mobile banking products, and safe deposit box facilities.

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 nonaccrual loans and the amount of additions to the allowance for loan losses. Additionally, the Bank earns noninterest income from service charges on deposit accounts and other fee or commission-based services and products. Other sources of noninterest income can include gains or losses on securities transactions, gains from loan sales, transactions involving bank-owned property, and income from Bank Owned Life Insurance (BOLI) policies. The Company's income is offset by noninterest expense, which consists of salaries and benefits, occupancy and equipment costs, professional fees, the amortization of intangible assets and other operational expenses. The provision for loan losses and income taxes may materially affect net income.

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

The Company makes certain forward-looking statements in this report 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, future 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:

the quality or composition of the Company's loan or investment portfolios, including collateral values and the repayment abilities of borrowers and issuers;

assumptions that underlie the Company's allowance for loan losses;

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general economic and market conditions, either nationally or in the Company's market areas;

the interest rate environment;

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

real estate values;

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

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

the performance of vendors or other parties with which the Company does business;

time and costs associated with de novo branching, acquisitions, dispositions and similar transactions;

the realization of gains and expense savings from acquisitions, dispositions and similar transactions;

assumptions and estimates that underlie the accounting for loan pools under the shared-loss agreements;

consumer profiles and spending and savings habits;

levels of fraud in the banking industry;

the level of attempted cyber attacks in the banking industry;

the securities and credit markets;

costs associated with the integration of banking and other internal operations;

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, 2013 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 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

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occurred. A variety of factors could affect the ultimate value that is obtained when either earning income, recognizing an expense, recovering an asset or relieving a liability. For example, 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.

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

Allowance for Loan Losses on Non-covered Loans

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes is appropriate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio, based on an evaluation of the collectability of existing loans and prior loss experience. This quarterly evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses and may require the Bank to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

The allowance consists of specific and general components. For loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors.

A loan is considered impaired when, based on current information and events, management believes that it is more likely than not that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement.

Factors considered by management in determining impairment include payment status, collateral value, availability of current financial information, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of the expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures.

Accounting for Certain Loans or Debt Securities Acquired in a Transfer

FASB ASC 310, *Receivables*, requires acquired loans to be recorded at fair value and prohibits carrying over valuation allowances in the initial accounting for acquired impaired loans. Loans carried at fair value, mortgage loans held for sale, and loans to borrowers in good standing under revolving credit arrangements are excluded from the scope of FASB ASC 310, which limits the yield that may be accreted to the excess of the undiscounted expected

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cash flows over the investor's initial investment in the loan. The excess of the contractual cash flows over expected cash flows may not be recognized as an adjustment of yield. Subsequent increases in cash flows to be collected are recognized prospectively through an adjustment of the loan's yield over its remaining life. Decreases in expected cash flows are recognized as impairments through allowance for loan losses.

The Company's acquired loans from the Suburban Federal Savings Bank (SFSB) transaction (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 was recorded at the date of acquisition. FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, applies to loans acquired in a transfer with evidence of deterioration of credit quality 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 SFSB transaction. The Company has grouped loans together based on common risk characteristics including product type, delinquency status and loan documentation requirements among others.

The covered loans are subject to the credit review standards described above for non-covered loans. If and when credit deterioration occurs subsequent to the date that the covered loans were acquired, a provision for credit loss for covered loans will be charged to earnings for the full amount without regard to the shared-loss agreements.

The Company has made an estimate of the total cash flows it expects to collect from each 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 that 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 decreases in cash flows expected to be collected over the life of the pool are recognized as an impairment in the current period through the allowance for loan losses. 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.

FDIC Indemnification Asset

The Company is accounting for the shared-loss agreements as an indemnification asset pursuant to the guidance in FASB ASC 805, *Business Combinations*. The FDIC indemnification asset is required to be measured in the same manner as the asset or liability to which it relates. The FDIC indemnification asset is measured separately from the covered loans and other real estate owned assets (OREO) because it is not contractually embedded in the covered loan and OREO 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 shared-loss agreements. 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 shared-loss agreements 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 changing loss expectations will also have an impact to the valuation of the FDIC indemnification asset. Improvement in loss expectations will typically increase loan accretable yield and decrease the value of 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 noninterest income for the amount of the increase in the FDIC indemnification asset.

Other Intangible Assets

The Company is accounting for other intangible assets in accordance with FASB ASC 350, *Intangibles - Goodwill and Others*. Under FASB ASC 350, 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

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amortized over their useful lives 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. The core deposit intangible is evaluated for impairment in accordance with FASB ASC 350.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of income. Under FASB ASC 740, *Income Taxes*, a valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. In management's opinion, based on a three year taxable income projection, tax strategies which would result in potential securities gains and the effects of off-setting deferred tax liabilities, it is more likely than not that the deferred tax assets are realizable.

The Company and its subsidiaries are subject to U. S. federal income tax as well as various state income taxes. All years from 2010 through 2013 are open to examination by the respective tax authorities.

Other Real Estate Owned

Real estate acquired through, or in lieu of, loan foreclosure is held for sale and is initially recorded at the fair value at the date of foreclosure net of estimated disposal costs, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of the carrying amount or the fair value less costs to sell. Revenues and expenses from operations and changes in the valuation allowance are included in other operating expenses. Costs to bring a property to salable condition are capitalized up to the fair value of the property while costs to maintain a property in salable condition are expensed as incurred.

RESULTS OF OPERATIONS

Overview

Net income was \$1.7 million for the first quarter of 2014 compared with \$1.3 million in the first quarter of 2013. Net income available to common shareholders was \$1.7 million in the first quarter of 2014 compared with \$1.0 million in the first quarter of 2013. Earnings per common share, basic and fully diluted, were \$0.08 per share for the first quarter of 2014 compared with \$0.05 per share for the first quarter of 2013.

The \$399,000 increase in net income year over year was driven by a reduction in non-interest expenses of \$533,000, or 5.5%. The most notable decline was evidenced in OREO expense, which equaled only \$283,000 for the first quarter of 2014, declining \$454,000, or 61.6%, from the same quarter in 2013. Management expects lower OREO expenses throughout 2014 as these properties have been continually re-evaluated and written-down or sold; thereby, expecting no significant deterioration in valuation.

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Net Interest Income

The Company's operating results depend primarily on its net interest income, which is the difference between interest income on interest-earning assets, including securities and loans, and interest expense incurred on interest bearing liabilities, including deposits and other borrowed funds.

Net interest income is affected by changes in the amount and mix of interest earning assets and interest bearing liabilities, referred to as a volume change. It is also affected by changes in yields earned on interest earning assets and rates paid on interest bearing deposits and other borrowed funds, referred to as a rate change.

For the first quarter of 2014, interest income declined \$287,000 from \$12.2 million during the first quarter of 2013. Interest income on the non-covered loan portfolio declined \$460,000 while interest income on the covered portfolio increased \$302,000. The yield on non-covered loans declined 46 basis points to 4.80% at March 31, 2014 from the same period a year ago. Continued competitive pricing for new loans precipitated this decline. The increase in income on covered loans was the direct result of two payments made on an acquisition, development, and construction loan that were treated as cash income as these pools had previously been written down to a zero carrying value. Interest income on the securities portfolio declined \$132,000 from the quarter ended March 31, 2014 versus the same quarter a year ago. While the yield on the portfolio remained virtually unchanged, average securities balances were \$18.6 million lower in the first quarter of 2014 than the same period in the prior year.

Year over year, interest expense declined \$324,000, from \$1.9 million in the first quarter of 2013. Interest expense related to interest bearing deposits declined \$293,000 or 17.2%. The average balances in these deposits declined \$52.9 million year over year. This decline was primarily the result of the sale of the Georgia branches. Meanwhile, the Bank increased its level of FHLB borrowings to fund the sale. Over the same time frame, average FHLB advances increased \$27.3 million, yet the expense associated with the borrowings declined \$31,000. This was due to a 65 basis point improvement on all FHLB advances to 0.80% for the quarter ended March 31, 2014.

Year over year, net interest income increased slightly by \$37,000, or 0.36%, as the Company's net interest margin improved 11 basis points over this time frame. The Company was able to maintain the same yield on its earning asset base at 4.93% while lowering its cost of funding 13 basis points to 0.70% for the quarter ended March 31, 2014. This was the result of improved funding costs related to FHLB advances.

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The following tables set forth, for each category of interest-earning assets and interest bearing liabilities, the average amounts outstanding, the interest earned or paid on such amounts, and the average rate earned or paid for the three months ended March 31, 2014 and 2013. The tables also set forth the average rate paid on total interest bearing liabilities, and the net interest margin on average total interest earning assets for the same periods. Except as indicated in the footnotes, no tax equivalent adjustments were made and all average balances are daily average balances. Any nonaccruing loans have been included in the table, as loans carrying a zero yield.

(dollars in thousands)	Three months ended March 31, 2014			Three months ended March 31, 2013		
	Average Balance Sheet	Interest Income/ Expense	Average Rates Earned/Paid	Average Balance Sheet	Interest Income/ Expense	Average Rates Earned/Paid
ASSETS:						
Loans, non-covered, including fees	\$ 595,614	\$ 7,051	4.80%	\$ 579,635	\$ 7,511	5.26%
FDIC covered loans, including fees	72,770	2,961	16.50	82,776	2,659	13.03
Total loans	668,384	10,012	6.08	662,411	10,170	6.23
Interest bearing bank balances	16,309	13	0.31	16,402	8	0.20
Federal funds sold				9,811	2	0.10
Securities (taxable)	279,295	1,698	2.43	300,001	1,838	2.45
Securities (tax exempt) ⁽¹⁾	20,038	237	4.71	17,903	225	5.02
Total earning assets	984,026	11,960	4.93	1,006,528	12,243	4.93
Allowance for loan losses	(10,955)			(13,470)		
Non-earning assets	113,705			132,378		
Total assets	1,086,776			1,125,436		
LIABILITIES AND SHAREHOLDERS EQUITY						
Demand interest bearing	\$ 190,804	\$ 142	0.30%	\$ 245,714	\$ 191	0.32%
Savings	75,601	66	0.35	78,377	62	0.32
Time deposits	555,867	1,200	0.88	551,125	1,448	1.07
Total deposits	822,272	1,408	0.69	875,216	1,701	0.79
Federal funds purchased	1,134	1	0.51	329	1	0.72
FHLB and other borrowings	81,233	161	0.80	53,938	192	1.45
Total interest bearing liabilities	904,639	1,570	0.70	929,483	1,894	0.83
Noninterest bearing deposits	68,594			75,551		
Other liabilities	3,921			4,117		
Total liabilities	977,154			1,009,151		
Shareholders equity	109,622			116,285		
Total liabilities and shareholders equity	\$ 1,086,776			\$ 1,125,436		
Net interest earnings		\$ 10,390			\$ 10,349	
Net interest spread			4.23%			4.10%
Net interest margin			4.28%			4.17%

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

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Provision for Loan Losses

Management actively monitors the Company's asset quality and provides specific loss provisions when necessary. Provisions for loan losses are charged to income to bring the total allowance for loan losses to a level deemed appropriate by management of the Company based on such factors as historical credit loss experience, industry diversification of the commercial loan portfolio, the amount of nonperforming loans and related collateral, the volume growth and composition of the loan portfolio, current economic conditions that may affect the borrower's ability to pay and the value of collateral, the evaluation of the loan portfolio through the internal loan review function and other relevant factors. See *Allowance for Loan Losses on Non-covered Loans* in the Critical Accounting Policies section above for further discussion.

Loans are charged-off against the allowance for loan losses when appropriate. Although management believes it uses the best information available to make determinations with respect to the provision for loan losses, future adjustments may be necessary if economic conditions differ from the assumptions used in making the initial determinations.

Management also actively monitors its covered loan portfolio for impairment and necessary loan loss provisions. Provisions for covered loans may be necessary due to a change in expected cash flows or an increase in expected losses within a pool of loans.

The Company did not record a provision for loan losses in either the first quarter of 2014 or 2013 with respect to either its non-covered loan portfolio or its FDIC covered loan portfolio. For the non-covered loan portfolio, this was the direct result of continued improvement in loan quality as evidenced by the lowest aggregate amount of net quarterly charge-offs in over four years. The Company's level of classified and impaired loans continues to remain low.

There were net charge-offs of \$34,000 in the first quarter of 2014 compared with net charge-offs of \$662,000 in the first quarter of 2013. Total charge-offs for the first quarter of 2014 were \$152,000 compared with \$908,000 in the first quarter of 2013. Recoveries for the first quarter of 2014 were \$118,000 compared with \$246,000 in the first quarter of 2013.

Noninterest Income

Year over year, noninterest income decreased \$25,000, or 1.9%, from first quarter of 2013. Service charges on deposit accounts declined \$174,000, or 26.2%, year over year due mostly to the sale of the Georgia branches. The reduction in service charge income was partially offset by increases in securities gains as well as gains on the sale of loans. Securities gains during the first quarter of 2014 were \$77,000 higher than the same period in 2013. Management sold USDA loans resulting in \$48,000 of gains for the quarter versus no loan sale gains in the first quarter of 2013.

Noninterest Expense

Noninterest expenses declined \$533,000, or 5.5%, when comparing the first quarter of 2014 to the same period in 2013. The single largest decline was evidenced in OREO expenses. These expenses declined from \$737,000 in the first quarter of 2013 to \$283,000 in the first quarter of 2014. The overall OREO portfolio has been marked accordingly and fewer losses are expected for the rest of 2014.

Income Taxes

Income tax expense was \$709,000 for the three months ended March 31, 2014, compared with income tax expense of \$563,000 in the first quarter of 2013.

Table of Contents**FINANCIAL CONDITION****General**

During the first quarter of 2014, total assets increased \$12.2 million to \$1.102 billion at March 31, 2014. Total loans were \$665.5 million at March 31, 2014, decreasing \$4.0 million since December 31, 2013. Total non-covered loans were \$593.8 million at March 31, 2014 and \$596.3 million at December 31, 2013. While originated non-covered loan growth was positive at \$4.8 million during the first quarter of 2014, the purchased government guaranteed USDA loan portfolio declined approximately \$7.4 million from year end. This decline was the result of a combination of pre-payments on USDA loans as well as management selling USDA loans at gains to mitigate the acceleration of loan premiums and optimize yield.

The Company's securities portfolio, excluding equity securities, increased \$3.6 million, or 1.2%, from \$294.3 million at December 31, 2013 to \$298.0 million at March 31, 2014. Realized gains of \$355,000 occurred during the first quarter of 2014 through sales and call activity. The SBA floating rate portion of the investment portfolio evidenced some unforeseen pre-payment activity during the first quarter, which resulted in the acceleration of unamortized premiums paid on these securities. Subsequently, management sold additional SBA floating rate securities to mitigate the pre-payment anomaly and sold some longer term municipal securities. This was a strategic decision to mitigate duration risk in the municipal portfolio.

The Company had cash and cash equivalents of \$38.9 million and \$23.8 million at March 31, 2014 and December 31, 2013, respectively. There were no Federal funds purchased or securities sold under agreement to repurchase (repos) at March 31, 2014 versus \$6.0 million of repos at December 31, 2013.

The Company is required to account for the effect of market changes in the value of securities available-for-sale (AFS) under FASB ASC 320, *Investments - Debt and Equity Securities*. The market value of the AFS portfolio was \$271.3 million at March 31, 2014 and \$265.8 million at December 31, 2013. At March 31, 2014, the Company had a net unrealized loss on the AFS portfolio of \$2.6 million compared with a net unrealized loss of \$6.0 million at December 31, 2013.

Interest bearing deposits at March 31, 2014 were \$831.2 million, an increase of \$9.0 million from December 31, 2013. Total time deposits increased \$13.8 million, or 2.5%, during the first quarter of 2014. NOW and MMDA account balances declined \$3.5 and \$3.1 million, respectively, during the first quarter. The increase in time deposits was generated by two promotions that management ran during the first quarter of 2014. These were efforts to replace brokered time deposits obtained during the fourth quarter of 2013 to replace the sale of the Georgia deposit base.

FHLB advances were \$76.9 million at March 31, 2014 compared with \$77.1 million at December 31, 2013. The blended rate on the average balance of these borrowings was 0.67% during the first quarter of 2014, down from 1.29% for the same period in 2013.

Shareholders' equity was \$110.6 million at March 31, 2014 and \$106.7 million at December 31, 2013. The change in equity was driven by earnings retention as well as a \$2.2 million reduction of unrealized gains and losses in the investment portfolio reflected in other comprehensive income.

Asset Quality - non-covered assets

The allowance for loan losses represents management's estimate of the amount appropriate to provide for probable losses inherent in the loan portfolio.

Non-covered loan quality is continually monitored, and the Company's management has established an allowance for loan losses that it believes is appropriate for the risks 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, nonperforming loans and current and anticipated economic conditions. There are additional risks of future loan losses, which cannot be precisely

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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 appropriateness, 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. See *Allowance for Loan Losses on Non-covered Loans* in the Critical Accounting Policies section above for further discussion.

The Company maintains a list of non-covered loans that have potential weaknesses and thus may need special attention. This loan list is used to monitor such loans and is used in the determination of the appropriateness of the allowance for loan losses. Non-covered nonperforming assets totaled \$18.1 million at March 31, 2014 and net charge-offs were \$34,000 for the three months ended March 31, 2014. This compares with nonperforming assets of \$18.3 million and net charge-offs of \$2.5 million at and for the year ended December 31, 2013.

Nonperforming non-covered loans were \$12.6 million at March 31, 2014 compared to \$12.1 million at December 31, 2013. The \$540,000 increase from December 31, 2013 was the net result of \$1.4 million in additions to nonaccrual loans and \$836,000 in reductions. With respect to the reductions to nonaccrual loans, \$400,000 were returned to accruing status, \$113,000 were charged off, and \$323,000 were the result of payments to existing credits.

The allowance for loan losses equaled 82.33% of non-covered nonaccrual loans at March 31, 2014 compared with 86.28% at December 31, 2013. The ratio of the allowance for loan losses to total nonperforming assets was 57.56% at March 31, 2014 compared with 56.92% at December 31, 2013. The ratio of nonperforming assets to loans and OREO continued to decline. The ratio was 3.02% at March 31, 2014 and 3.05% at December 31, 2013.

In accordance with GAAP, an individual loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due in accordance with contractual terms of the loan agreement. The Company considers all troubled debt restructured and nonaccrual loans to be impaired loans. In addition, the Company reviews all substandard and doubtful loans that are not on nonaccrual status, as well as loans with other risk characteristics, pursuant to and specifically for compliance with the accounting definition of impairment as described above. These impaired loans have been determined through analysis, appraisals, or other methods used by management.

See Note 3 to the Company's financial statements for information related to the allowance for loan losses. At March 31, 2014 and December 31, 2013, total impaired non-covered loans equaled \$14.4 million and \$13.8 million, respectively.

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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):

	March 31, 2014	December 31, 2013
Nonaccrual loans	\$ 12,645	\$ 12,105
Loans past due 90 days and accruing interest		
Total nonperforming non-covered loans	12,645	12,105
OREO non-covered	5,439	6,244
Total nonperforming non-covered assets	\$ 18,084	\$ 18,349
Accruing troubled debt restructure loans	\$ 7,567	\$ 9,922
Balances		
Specific reserve on impaired loans	2,079	1,604
General reserve related to unimpaired loans	8,331	8,840
Total allowance for loan losses	10,410	10,444
Average loans during quarter, net of unearned income	595,614	585,461
Impaired loans	14,429	13,801
Non-impaired loans	579,181	582,372
Total loans, net of unearned income	593,610	596,173
Ratios		
Allowance for loan losses to loans	1.75%	1.75%
Allowance for loan losses to nonperforming assets	57.56	56.92
Allowance for loan losses to nonaccrual loans	82.33	86.28
General reserve to non-impaired loans	1.44	1.52
Nonperforming assets to loans and OREO	3.02	3.05
Net charge-offs for quarter to average loans, annualized	0.02	0.14

The Company performs troubled debt restructures (TDR) and other various loan workouts whereby an existing loan may be restructured into multiple new loans. At March 31, 2014, the Company had 17 loans that met the definition of a TDR, which are loans that for reasons related to the debtor's financial difficulties have been restructured on terms and conditions that would otherwise not be offered or granted. Four of these loans were restructured using multiple new loans. The aggregated outstanding principal of TDR loans at March 31, 2014 was \$8.7 million, of which \$1.1 million were classified as nonaccrual.

The primary benefit of the restructured multiple loan workout strategy is to maximize the potential return by restructuring the loan into a good loan (the A loan) and a bad loan (the B loan). The impact on interest is positive because the Bank is collecting interest on the A loan rather than potentially not collecting interest on the entire original loan structure. The A loan is underwritten pursuant to the Bank's standard requirements and graded accordingly. The B loan is classified as either doubtful or loss. An impairment analysis is performed on the B loan and, based on its results, all or a portion of the B note is charged-off or a specific loan loss reserve is established.

The Company does not modify its nonaccrual policies in this arrangement, and the A loan and the B loan stand on their own terms. At inception, this structure meets the definition of a TDR. If the loan is on nonaccrual at the time of restructure, the A loan is held on nonaccrual until six consecutive payments have been received, at which time it may be put back on an accrual status. The B loan is placed on nonaccrual. Under the terms of each loan, the borrower's payment is contractually due.

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A further breakout of nonaccrual loans, excluding covered loans, at March 31, 2014 and December 31, 2013 is below (dollars in thousands):

	March 31, 2014	December 31, 2013
Mortgage loans on real estate:		
Residential 1-4 family	\$ 4,153	\$ 4,229
Commercial	2,208	1,382
Construction and land development	5,907	5,882
Second mortgages	225	225
Multifamily		
Agriculture		205
Total real estate loans	12,493	11,923
Commercial loans	57	127
Consumer installment loans	95	55
All other loans		
Total loans	\$ 12,645	\$ 12,105

At March 31, 2014, the Company had eight construction and land development credit relationships in nonaccrual status. The borrowers for all of these relationships are residential land developers. All of the relationships are secured by the real estate to be developed and are in the Company's central Virginia market. The total amount of the credit exposure outstanding at March 31, 2014 was \$5.9 million. These loans have either been written down or sufficiently reserved against to equal the current expected realizable value.

There were no charge-offs related to these relationships during the first three months of 2014. The total amount of the allowance for loan losses attributed to all eight relationships was \$514,000 at March 31, 2014, or 8.7% of the total credit exposure outstanding. The Company establishes its reserves as described above in *Allowance for Loan Losses on Non-covered Loans* in the Critical Accounting Policies section. In conjunction with the impairment analysis the Company performs as part of its allowance methodology, the Company ordered appraisals for all loans with balances in excess of \$250,000 unless there existed an appraisal that was not older than 12 months. The Company orders an automated valuation for balances between \$100,000 and \$250,000 and uses a ratio analysis for balances less than \$100,000. The Company maintains detailed analysis and other information for its allowance methodology, both for internal purposes and for review by its regulators.

Asset Quality covered assets

Loans accounted for under FASB ASC 310-30 are generally considered accruing and performing loans as the loans accrete interest income over the estimated life of the loan. Accordingly, acquired impaired loans that are contractually past due are still considered to be accruing and performing loans.

The Company makes an estimate of the total cash flows that it expects to collect from a pool of covered loans, which include undiscounted expected principal and interest. Over the life of the loan or pool, the Company continues to estimate cash flows expected to be collected. Subsequent decreases in cash flows expected to be collected over the life of the pool are recognized as impairment in the current period through the allowance for loan losses. Subsequent increases in expected 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 yield over the remaining life of the pool.

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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 common equity, retained earnings and qualifying perpetual preferred stock, less certain intangibles. Tier 2 capital is defined as specific subordinated debt, some hybrid capital instruments and other qualifying preferred stock and a limited amount of the loan loss allowance. 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.

The Company's ratio of total risk-based capital was 17.3% at March 31, 2014 compared with 16.8% at December 31, 2013. The tier 1 risk-based capital ratio was 16.1% at March 31, 2014 and 15.6% at December 31, 2013. The Company's tier 1 leverage ratio was 10.1% at March 31, 2014 and 9.5% at December 31, 2013. All capital ratios exceed regulatory minimums. In the fourth quarter of 2003, BOE issued trust preferred subordinated debt that qualifies as regulatory capital. This trust preferred debt, which has been assumed by the Company, has a 30-year maturity with a 5-year call option and was issued at a rate of three month LIBOR plus 3.0%. The weighted average cost of this instrument was 3.25% during the three months ended March 31, 2014.

The Company issued shares of Series A Preferred Stock to the United States Department of the Treasury in connection with the Company's participation in the Treasury's TARP Capital Purchase Program in December 2008. As of March 31, 2014, the Company was current in its payment of dividends with respect to the Series A Preferred Stock.

During 2013, the Company repurchased 7,000 shares of the original 17,680 shares of Series A Preferred Stock. The Company funded the repurchase through the earnings of its banking subsidiary.

On April 23, 2014, the Company repurchased the remaining 10,680 shares of Series A Preferred Stock. The Company funded the repurchase through a term loan with SunTrust Bank. The form of the repurchase was a redemption under the terms of the TARP preferred stock. The Company paid the Treasury \$10.9 million, which represented 100% of the par value of the preferred stock repurchased plus accrued dividends with respect to such shares.

The term loan with SunTrust Bank, which has a maturity date of April 21, 2017, requires that the Company make quarterly payments of 7.5% of the initial outstanding principal, plus accrued interest, during a six-quarter period beginning with the quarter ending December 31, 2014, quarterly payments of 10% of the initial outstanding principal, plus accrued interest, during the subsequent four-quarter period and the remaining principal amount and accrued interest at maturity. As elected by the Company, the initial interest rate on the loan is three-month LIBOR plus 3.50% per annum.

The Treasury continues to hold a warrant to purchase 780,000 shares of the Company's common stock at an exercise price of \$3.40.

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

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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 customers' credit needs.

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. A summary of the Company's liquid assets at March 31, 2014 and December 31, 2013 was as follows (dollars in thousands):

	March 31, 2014	December 31, 2013
Cash and due from banks	\$ 11,139	\$ 10,857
Interest bearing bank deposits	27,782	12,978
Available for sale securities, at fair value, unpledged	215,553	185,278
Total liquid assets	\$ 254,474	\$ 209,113
Deposits and other liabilities	991,055	982,873
Ratio of liquid assets to deposits and other liabilities	25.68%	21.28%

Off-Balance Sheet Arrangements and Contractual Obligations

A summary of the contract amount of the Company's exposure to off-balance sheet and balance sheet risk as of March 31, 2014 and December 31, 2013, is as follows (dollars in thousands):

	March 31, 2014	December 31, 2013
Commitments with off-balance sheet risk:		
Commitments to extend credit	\$ 69,433	\$ 72,183
Standby letters of credit	7,202	9,978
Total commitments with off-balance sheet risks	\$ 76,635	\$ 82,161
Commitments with balance sheet risk:		
Loans held for sale	\$	\$ 100
Total commitments with balance sheet risks		100
Total commitments	\$ 76,635	\$ 82,261

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract.

Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties. Unfunded commitments under lines of credit are commitments for possible future extensions of credit to existing customers. Those lines of credit may be drawn upon only to the total extent to which the Company is committed.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients. The

Company holds certificates of deposit, deposit accounts, and real estate as collateral supporting those commitments for which collateral is deemed necessary.

Table of Contents**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 March 31, 2014:

Change in Yield curve	Change in net interest income	
	%	\$
+200 bp	(0.9)%	\$ (359)
+100 bp	(1.0)	(393)
most likely	0	
100 bp	1.2	475
200 bp	(1.1)	(428)

At March 31, 2014, 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 decrease by 0.9%. 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 1.1%. 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*

Evaluation of Disclosure Controls and Procedures

As of 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 its chief financial officer (the Certifying Officers), 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 SEC'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, including the Certifying Officers, to allow timely decisions regarding required disclosures.

Based on this evaluation, the Certifying Officers have concluded that the Company's disclosure controls and procedures were 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 under it.

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 Certifying Officers 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. There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation of it that occurred during the Company's last fiscal quarter that materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Table of Contents**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*

As of the date of this report, 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, 2013.

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

None.

Item 3. *Defaults upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable

Item 5. *Other Information*

None.

Item 6. *Exhibits*

Exhibit No.	Description
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*
32.1	Section 1350 Certifications*
101	Interactive Data File with respect to the following materials from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2014, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Unaudited Consolidated Statements of Income, (iii) the Unaudited Consolidated Statements of Comprehensive Income, (iv) the Unaudited Consolidated Statements of Shareholders' Equity, (v) the Unaudited Consolidated Statements of Cash Flows, and (vi) Notes to Unaudited Consolidated Financial Statements*

* Filed herewith.

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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/ Rex L. Smith, III
Rex L. Smith, III
President and Chief Executive Officer
(principal executive officer)

Date: May 9, 2014

/s/ Bruce E. Thomas
Bruce E. Thomas
Executive Vice President and Chief Financial Officer
(principal financial officer)

Date: May 9, 2014