



Community Bankers Trust - ESXB

Yankee Model Investment Club
Guest SSG Presentation

November
2020

The Basics



- Classified as Small Cap by BI - \$122 M
- Regional Bank
- Holding company for a single bank – Essex Bank
- Greater Richmond, VA market
- Est. 1926
- NASDAQ
- General Commercial Banking

Their Business



- Loan Composition
 - 62% real estate
 - 13% Construction & Development
 - 21% Commercial
 - 4% Other
- Deposit Composition
 - Deposit Growth – 24%
 - Transaction – 35%
 - Savings – 20%
 - NonInterest Bearing – 21%

Financial Highlights



- Total Assets - \$1622M
 - Cash - \$341M
 - Net loans held - \$1194M
 - Other - \$87M
- Total Liabilities
 - Deposits - \$1369
 - Other - \$87M
 - Equity - \$166M

SSG p. 1 - Box

- No Preferred Stock
- Debt to Total Capital – 32%
- Common Share Ownership
 - 10% Insiders
 - 25% Institutions
 - 1% Potential Dilution



SSG p. 1 - Visual

- Steady Sales and EPS growth (except for 2015)
- EPS Growth outpacing Sales Growth
- COVID turn around?
- Good support for current price

Analyst Summary - VL

- Not reviewed?
 - 2021/2022 consensus EPS estimate - \$0.46
 - Performance 4-, Technical 4, Safety 3-
 - Financial Strength – B-
 - Industry Rank – 65
 - Price Stability - 65
 - Price Growth Persistence – 75
 - Earnings Predictability - 30

Analyst Summary



- NASDAQ – no details – BUY (4 analysts)
- CFRA – Strong Buy
 - 2021 E EPS \$0.46, Revenue \$55
 - Valuation, Quality, Growth – Strong Buy
 - Street Sentiment, Price Momentum - Neutral
- CNN – Mixed
 - 2 hold, 2 buy
 - 12 month price 5.50-7.50

Financial Metrics



- Book Value \$6.93 EOY 2019
- ROA – approx. 1.1%
 - Goal > 1.0%
- ROE – 10%
- Loan to Asset Ratio – 76%
 - Maybe risky -

Financial Metrics



- Non Performing Assets – NA (very good)
- ROA – approx. 1.1%
 - Goal > 1.0%
- ROE – 10%
- Loan to Asset Ratio – 76%
 - Maybe risky -

Estimates



- Focus on the end result
- Sales
 - modest growth consistent with past growth (2.6%)
 - Annual starting Point
 - 2.1%, \$61M
- EPS
 - Current adjusted growth rate not supported by sales growth (17.8%)
 - Quarter starting point
 - 7.5%, \$0.89

Mgmt Eval

- PreTax Profit on Sales – 32%
- ROE – 8.6% avg, recent 10%
- Debt to Capital
 - Trending down
 - Avg 40%
 - Recent 33%



P/E

- High
 - Some outliers
 - Adjusted 15%
- Low
 - Adjusted 13%



Price Est.

- High
 - High P/E (15) * Est EPS (\$0.89) = \$13.4
- Low
 - Low P/E * Est. Low EPS exceeds current Price
 - Recent 52 week low - \$4.0
- Zoning
 - 25-50-25 (more conservative)
 - Buy Below 6.3, Sell Above 11.0

Risk/Reward



- Upside Downside Ratio 5.4
- Dividend Paid in 2019. If continues, adds 1% to yield
- Potential Price Appreciation 20%
- Total Potential (w/ yield) approx. 21%
 - Goal is 15%



Discussion

David
Sky