

**The Most Powerful Name In Corporate News and Information**

**Coming Out of a Series of Mergers, Rex L. Smith III, President and CEO of Community Bankers Trust Corporation is Focused on Getting its Subsidiary Essex Bank Integrated, with Branch People and Administrators Understanding That They are a Customer Focused Retail Bank**

**Financial  
Community Bank  
(BTC: AMEX)**

**Community Bankers Trust Corporation**

**4235 Inslake Drive, Suite 200  
Glen Allen, VA 23060  
Phone: 804-934-9999**



**Rex L. Smith, III  
President and CEO**

**BIO:**

Mr. Smith has been Executive Vice President and Chief Banking Officer of Essex Bank since May 2010, and he assumed the responsibilities of the President and Chief Executive Officer in September 2010. From April 2009 to April 2010, he served as the Bank's Executive Vice President and Chief Administrative Officer. From 2007 to 2009, he was the Central Virginia President for Gateway Bank and Trust and, from 2000 to 2007, he was President and Chief Executive Officer of The Bank of Richmond.

**Company Profile:**

Community Banker Trust Corporation

(The Company) is the holding company for Essex Bank, a Virginia state bank with 25 full-service offices, 14 of which are in Virginia, seven of which are in Maryland and four of which are in Georgia. The Company also operates one loan production office.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Smith, you are new as CEO of the company; what is your vision and what do you see growing and changing under your leadership?

**Mr. Smith:** We came out of a series of mergers that took place over a very brief period of time, so we have had a bit of a disjointed franchise and that growth created some operational issues. It has obviously created marketing perception issues and it has created some regulatory issues, so we spent a lot of time and focus on trying to get all of our operations under one guideline, one set of procedures, and we are almost there. My vision is to get us there, get the final pieces of it completed and to get every employee with one vision for the bank, from the branch people all the way up to administration through operations, with everybody understanding that we are a retail bank. We are in the business of building relationships with customers. While we are in a regulatory environment with greater scrutiny and an economic environment that is a little more difficult than normal, it is still about customers and we have got to get back to basics with our customer service and our product deliveries.

**CEOCFO:** How do you go about changing the culture?

**Mr. Smith:** We have done some reorganization, and we are looking at trying to make sure that our delivery systems are a little more flat in nature. Normally with banks, there is a lot of infrastructure. It is typically a cylinder approach to management. You have to go up one cylinder and over and down to get anything accomplished. Therefore, we have tried to flatten that and we changed a lot of our old structure back in the fall. We refined it some more after the first of the year, so that decisions are easier to make out in the field. We want to be able to better respond to our customers. We have more clearly defined the lines of businesses that we are after and we have enhanced the products in those business lines. We have also enhanced training and marketing to try to support those particular products and lines of business.

**CEOCFO:** Are you all under one name now, or are you maintaining separate names for the banks?

**Mr. Smith:** Community Bankers Trust Corporation has a one-bank subsidiary underneath it and all the banks operate as Essex Bank.

**CEOCFO:** How do branches in Georgia fit into the corporate culture picture?

**Mr. Smith:** At the time when we did a Georgia acquisition, we were looking at becoming a larger mid-Atlantic, east coast bank. The capital markets were wide open at that time, so we had access to a lot of capital. We had not run across any of the non-

performing loan issues, so we really were very interested in going from that Atlanta market all the way up into Maryland and as far as Delaware at the time. Right after the Georgia merger we picked up a Maryland acquisition but, soon thereafter obviously the economy changed rapidly, and the regulatory environment changed for us. Therefore, Georgia now looks like an island on its own, but it has been a great contributor for us because it gave us a lot of liquidity. The Georgia customers have been very loyal customers for us and they have stayed with us. It is a testament to our staff and those branches allowed us to have more flexibility on our balance sheet and certainly a lot of liquidity. That has been a huge bonus in this operating environment.

**CEOCFO:** What are you offering; what would you like to offer and what are you cutting back on?

**Mr. Smith:** Obviously, like many community banks, we were heavy into real estate, specifically into a lot of residential A&D type lending and we have a lot of concentration in that area right now. So we are trying to refocus our portfolio. Our goal is to redirect our lenders to looking at small businesses deals. We think many of those customers are being ignored by the banks that are a little bit bigger than we are and we want to get into full relationship banking where we can do owner-occupied real estate, inventory lines, receivable lines, professional executive types of credits along with deposit relationships. We have a good consumer base in all our markets and we want to expand on that. Consumers have also been a bit ignored and, for a while, there with the mortgages banking problems, banks particularly have been afraid of working on anything that was mortgage-based that they held in-house. However, that is still a good product line if it is underwritten correctly and works correctly with the consumer and we are still in that market place.

**CEOCFO:** How do you reach businesses and let them know that you want them and that you are going to become more active on the business line?

**Mr. Smith:** I have a very spread-out and diverse franchise. We have some branch concentration, but at the end of the day, I think the community bank model is one of face-to-face direct sales. I think it is inherent upon our staff to prospect for appropriate business clients, to go out and visit them, to work with them and to stay with them on a face-to-face basis. That is going to be where we differentiate ourselves. A lot of our marketing is going to be based on materials that enhance the ability of our business development people to spend as

**I have seen so many articles that say the community banking model is obsolete, the community banking model is broken, and I do not believe that. We are definitely challenged by the economy, by the regulatory environment and the changes that have happened in the industry. It is going to take a fair amount of internal change and the changes are going to be relatively constant for community banks as we work our way through this. However, those banks that understand that it is an evolutionary process will see it through and will find that they are very successful on the other side. We will be one of those banks. - Rex L. Smith, III**

much time out of the office as in it.

**CEOCFO:** Is there a typical type of business on which you would like to focus?

**Mr. Smith:** We are not going to go for businesses that have a large national scope. I do not think we could justify our service to them and we want to be able to give good solid banking advice and services to our clients. We are typically looking for businesses with less than \$20 million in sales that are fairly local to our market places. These are ones that we can service and build relationships with for a long period of time and they would be small manufacturers, service oriented businesses, or retailers.

**CEOCFO:** What sets you apart from the other local banks?

**Mr. Smith:** The economic environment has been so tough for banks and especially for community banks. This is because so many of them were involved in real estate lending, so they watched the nonperforming loans increase rapidly. That has depleted their capital base, so many of them are basically out of the market in a healing mode. They are trying to just pull within themselves and get themselves straight. What I like about our franchise is we are a step ahead of that. We took our lumps earlier in the game, we have done our restructure, we have a good game plan, and our board and our staff are behind the plan. Therefore, we are going to be one of the few community banks that are out there actually asking for business,

saying we are out here and we want your business, we want to lend you money. In this environment that is going to be a rare breed to see.

**CEOCFO:** How have you reassured your customers over the troubled times; what do you say to people?

**Mr. Smith:** It is difficult because there is so much bad news out there and so much publicity that is bad about banks. At the end of the day for a community bank, it is about relationships and I

give our staff credit, as they have stayed in front of their customers and talk with them regularly. All of us in the executive group have said, if you have a customer that is anxious, bring us out with you and we can go through our balance sheet and talk to them about why they should feel safe with us. We will talk to them about our game plan, where our capital ratios are and what we are doing to make sure that their relationship with us will be a long-term relationship. It takes a little bit of handholding, but at the end of the day, it builds a stronger bond with our customer base.

**CEOCFO:** What do you see as your biggest challenges as you go forward with your plan, and how are you ready?

**Mr. Smith:** The economy, to quote from years ago, "it is the economy..."

If it stays relatively slow and if real estate values stay down, if sales stay down, it is going to continue to weigh on all banks. In addition, because we still have a fair amount of exposure in real estate lending and if we cannot get a little bit of a break in the economy, it just makes it tougher. It will not kill us, but again, it takes a lot of management time and focus as these real estate deals continue just to lag. That is going to be our toughest challenge to try to work our way through that and to work our customers through it also. At the same time, we still want to remain competitively active in getting other loans in the bank. So running that double edge takes a lot of time and effort and it can be a little taxing.

**CEOCFO:** You mentioned restructuring, are you set now, or are there still gaps to fill?

**Mr. Smith:** We have the executive team set and I feel very comfortable with them. There are a few smaller things that we are going to do underneath, and some additional governance changes. We went through a major restructure back in the fall, and we have a few fine tuning things left to do to begin to see our strategy come to fruition. I have seen so many articles that say the community banking model is obsolete, the community banking model is broken, and I do not believe that. We are definitely chal-

lenged by the economy, by the regulatory environment and the changes that have happened in the industry. It is going to take a fair amount of internal change and the changes are going to be relatively constant for community banks as we work our way through this. However, those banks that understand that it is an evolutionary process will see it through and will find that they are very successful on the other side. We will be one of those banks.

**CEOCFO:** What is the financial picture like for Community Bankers Trust today?

**Mr. Smith:** The financial picture is strong; by that I mean we are pleased with the current structure of our balance sheet. We have very good capital ratios; we have a lot of liquidity, a good asset base right now. I have more non-performers than I would like just like everybody else, but they seem to have leveled off at this time. We can work through those, but I am very pleased with our position right now.

**CEOCFO:** Why should potential investors consider Community Bankers Trust?

**Mr. Smith:** When you look at our markets, there are so many banks that are out there that are struggling with capital and are struggling with the delivery systems and they are going

to go the way of all flesh at some point. We have a franchise where the capital base is strong, we have a game plan that we feel is very good, it is already starting to make us stronger, we are seeing the results of the game-plan pay-off. We have a great management group and we are going to be sitting in a very strong position as we get through this economy because we are going to be one of the survivors. We are going to be able to command a lot of market share in the markets that we operate, because there are many small banks that just will not be able to make it. They will be potentially gobbled up or hopefully not in receivership; we have certainly seen that in Georgia. Therefore, we feel like we are in a very good position, a position of strength and a position where we can really add some value as the economy begins to pick up.

**CEOCFO:** Final thoughts, what should people remember most about Essex Bank?

**Mr. Smith:** I think Essex Bank should be remembered as a place where the formula for our business is simple, happy employees mean happy customers, happy customers mean happy shareholders, and so from the top down we are all about service and results. That is not just a slogan, it is a way of life.



**Community Bankers**  
Trust Corporation

**Community Bankers Trust Corporation**  
**4235 Innslake Drive, Suite 200**  
**Glen Allen, VA 23060**  
**Phone: 804-934-9999**