

Community Bankers Trust Corp  
Form PREM14A  
May 03, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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

**Community Bankers Trust 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)(4) and 0-11.

## Edgar Filing: Community Bankers Trust Corp - Form PREM14A

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. 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.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

Dear Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Community Bankers Trust Corporation to be held on Thursday, June 13, 2013, at 10:00 a.m. at The Place at Innsbrook, 4036 Cox Road, Glen Allen, Virginia 23060.

At the Annual Meeting, you will be asked to elect two directors for terms of three years each. You also will be asked to consider and vote on an Agreement and Plan of Reincorporation and Merger dated as of May 13, 2013 under which the Company's state of incorporation would change from Delaware to Virginia. Under the Agreement, the Company would merge with a new Virginia corporation, also to be named Community Bankers Trust Corporation, and the stockholders of the Company would become shareholders of the new Virginia corporation.

The Reincorporation Agreement provides that each outstanding share of the Company's common stock will be converted into one share of the new Virginia corporation's common stock. The Agreement is summarized in the enclosed Proxy Statement. The reincorporation is also subject to approval by governmental regulatory authorities. If approved, the reincorporation will not affect the day-to-day operations of the Company, and operations will continue in the same offices and with the same directors, officers and employees.

Finally, you will be asked to approve a non-binding resolution to endorse the Company's executive compensation program and ratify the appointment of Elliott Davis, LLC as the Company's independent registered public accounting firm for 2013. Enclosed with this letter are a formal notice of the Annual Meeting, a proxy statement and a form of proxy.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted. Please complete, sign, date and return the enclosed proxy promptly using the enclosed postage-paid envelope. The enclosed proxy, when returned properly executed, will be voted in the manner directed in the proxy. You can also vote your shares by voting through the internet or by telephone by following the instructions on your proxy card.

We hope that you will participate in the Annual Meeting, either in person or by proxy.

Sincerely,

Rex L. Smith, III  
President and Chief Executive Officer

Glen Allen, Virginia

May 13, 2013

**Table of Contents**

**COMMUNITY BANKERS TRUST CORPORATION**

**4235 Innslake Drive, Suite 200**

**Glen Allen, Virginia 23060**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The Annual Meeting of Stockholders of Community Bankers Trust Corporation will be held on Thursday, June 13, 2013, at 10:00 a.m. local time, at The Place at Innsbrook, 4036 Cox Road, Glen Allen, Virginia 23060, for the following purposes:

- (1) The election of two directors to a three-year term on the Board of Directors;
- (2) The approval of an Agreement and Plan of Reincorporation and Merger dated May 13, 2013, pursuant to which the Company's state of incorporation would change from Delaware to Virginia, by means of the Company's merging with and into a new Virginia corporation, also to be named Community Bankers Trust Corporation, so that the stockholders of the Company would become shareholders of the new Virginia corporation;
- (3) The approval of the following advisory (non-binding) proposal:  
RESOLVED, that the stockholders approve the compensation of executive officers as disclosed in the proxy statement for the 2013 Annual Meeting of Community Bankers Trust Corporation pursuant to the rules of the Securities and Exchange Commission.
- (4) The ratification of the appointment of Elliott Davis, LLC as the Company's independent registered public accounting firm for 2013; and
- (5) The transaction of any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

If you were a stockholder of record at the close of business on April 17, 2013, then you are entitled to vote at the Company's Annual Meeting and any adjournments or postponements of the meeting. You are also cordially invited to attend the meeting.

**Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible. You can vote your shares by completing and returning your proxy card or by voting through the internet or by telephone by following the instructions on your proxy card. For additional details, please see the information under the heading How do I vote?**

By Order of the Board of Directors,

John M. Oakey, III  
Secretary

May 13, 2013

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 13, 2013:**

The proxy statement is available on the Company's investor web site

at <http://www.cbtrustcorp.com>.

**Table of Contents**

**TABLE OF CONTENTS**

<b><u>The Annual Meeting</u></b>	1
<b><u>Questions and Answers about the Annual Meeting and Voting</u></b>	1
<b><u>Solicitation of Proxies</u></b>	4
<b><u>Beneficial Ownership of Securities</u></b>	5
<b><u>Corporate Governance and the Board of Directors</u></b>	7
<b><u>x Proposal One Election of Directors</u></b>	14
<b><u>Executive Officers</u></b>	17
<b><u>Executive Compensation</u></b>	19
<b><u>Certain Relationships and Related Transactions</u></b>	34
<b><u>Equity Compensation Plan Information</u></b>	35
<b><u>x Proposal Two Approval of the Reincorporation Proposal, Including the Agreement and Plan of Reincorporation and Merger</u></b>	36
<b><u>x Proposal Three Non-Binding Resolution on Executive Compensation</u></b>	48
<b><u>x Proposal Four Appointment of Independent Registered Public Accounting Firm</u></b>	49
<b><u>Report of the Audit Committee</u></b>	50
<b><u>Stockholder Proposals</u></b>	51
<b><u>Annual Reports</u></b>	52

**Table of Contents**

**PROXY STATEMENT**

**THE ANNUAL MEETING**

This proxy statement is being furnished to the holders of common stock, par value \$0.01 per share, of Community Bankers Trust Corporation, a Delaware corporation. Proxies are being solicited on behalf of the Board of Directors of the Company to be used at the 2013 Annual Meeting of Stockholders. The Annual Meeting will be held at The Place at Innsbrook, 4036 Cox Road, Glen Allen, Virginia 23060, on Thursday, June 13, 2013, beginning at 10:00 a.m. local time, for the purposes set forth in the Notice of Annual Meeting of Stockholders.

In addition to the routine annual meetings matters similar to those that the Company has presented in the past, the Company will ask stockholders to approve an Agreement and Plan of Reincorporation and Merger dated May 13, 2013 between the Company and a new Virginia corporation (the Reincorporation Agreement). The sole purpose of the Reincorporation Agreement is to change the Company's state of incorporation from Delaware to Virginia. Under the Reincorporation Agreement, the Company would merge with the new Virginia corporation, also to be named Community Bankers Trust Corporation, and the stockholders of the Company would become shareholders of the new Virginia corporation. See the Proposal Two Approval of the Reincorporation Proposal, Including the Agreement and Plan of Reincorporation and Merger section for more information.

**Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible.**

**QUESTIONS AND ANSWERS ABOUT**

**THE ANNUAL MEETING AND VOTING**

**Why did I receive these proxy materials?**

This proxy statement will be mailed to holders of the Company's common stock on or about May 15, 2013. The Company's Board of Directors is asking for your proxy. By giving the Company your proxy, you authorize the proxy holders (Rex L. Smith, III, Bruce E. Thomas and John M. Oakey, III) to vote your shares at the Annual Meeting according to the instructions that you provide. If the Annual Meeting adjourns or is postponed, your proxy will be used to vote your shares when the meeting reconvenes.

The Company's 2012 Annual Report to Stockholders, which includes a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission, is being mailed to stockholders with this proxy statement.

**May I attend the Annual Meeting?**

All stockholders are invited to attend the meeting. It will be held on Thursday, June 13, 2013, beginning at 10:00 a.m. local time, at The Place at Innsbrook, 4036 Cox Road, Glen Allen, Virginia 23060.

Even if you plan to attend the Annual Meeting, please vote your proxy in advance through the internet, by telephone or by mail.

**Who is entitled to vote?**

If you are a stockholder of the Company's common stock at the close of business on the Record Date of April 17, 2013, you can vote. There were 21,682,963 shares of common stock outstanding and entitled to vote on that date. For each matter properly brought before the Annual Meeting, you have one vote for each share that you own.



## **Table of Contents**

### **What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

If your shares are registered directly in your name with the Company's transfer agent, Continental Stock Transfer & Trust Company, you are considered, with respect to those shares, the stockholder of record. The Notice of Annual Meeting of Stockholders, this proxy statement and the 2012 Annual Report to Stockholders have been sent directly to you by the Company.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. The Notice of Annual Meeting of Stockholders, this proxy statement and the 2012 Annual Report to Stockholders have been forwarded to you by your broker, bank or other nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares using the voting instruction card included in the mailing or by following the instructions on that card for voting by telephone or through the internet.

### **How do I vote?**

You may vote using any of the following methods:

**Telephone** You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card in hand when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

**Internet** You can vote by visiting the web site for internet voting listed on your proxy card. Please have your proxy card available when you go online.

**Mail** You can vote by signing and dating the proxy card and returning it in the enclosed postage-paid envelope.

**In person** You may vote in person at the Annual Meeting.

A valid proxy, if not revoked or voted otherwise, will be voted **FOR** the election of the nominees for director named in this proxy statement, **FOR** the approval of the Reincorporation Agreement, **FOR** the approval of a non-binding resolution to endorse the Company's executive compensation program and **FOR** the ratification of the appointment of Elliott Davis, LLC as the Company's independent registered public accounting firm for 2013.

If your shares are held in street name, do not follow the above instructions. Instead, follow the separate instructions provided by your broker, bank or other nominee.

### **Can I change my vote?**

If you are a stockholder of record, you may revoke your proxy or change your vote at any time before it is voted at the Annual Meeting by

submitting a new proxy by telephone or through the internet, after the date of the earlier voted proxy;

returning a signed proxy card dated later than your last proxy;

submitting a written revocation to the Secretary of Community Bankers Trust Corporation at 4235 Innslake Drive, Suite 200, Glen Allen, Virginia 23060; or



## **Table of Contents**

appearing in person and voting at the Annual Meeting.

If your shares are held in street name by your bank, broker or other nominee, you may revoke your proxy or change your vote only by following the separate instructions provided by your bank, broker or nominee.

To vote in person at the Annual Meeting, you must attend the meeting and cast your vote in accordance with the voting provisions established for the Annual Meeting. Attendance at the Annual Meeting without voting in accordance with the voting procedures will not in and of itself revoke a proxy. If your bank, broker or other nominee holds your shares and you want to attend and vote your shares at the Annual Meeting, you must bring a legal proxy signed by your bank, broker or nominee to the Annual Meeting.

### **What is a quorum ?**

A quorum consists of a majority of the outstanding shares of the Company's common stock, as of the Record Date, present, or represented by proxy, at the meeting. A quorum is necessary to conduct business at the Annual Meeting. Inspectors of election will determine the presence of a quorum at the Annual Meeting. You are part of the quorum if you have voted by proxy. Shares for which the holder has abstained, or withheld the proxies' authority to vote, on a matter count as shares present at the meeting for purposes of determining a quorum. Shares held by brokers that are not voted on any matter at the Annual Meeting will not be included in determining whether a quorum is present at the meeting.

### **How are votes counted?**

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of common stock voted in the election of directors. Thus, those nominees receiving the greatest number of votes cast will be elected. You may vote for or withhold for the election of directors. Shares held by brokers that are not voted in the election of directors will have no effect on the election of directors.

The Reincorporation Agreement will be approved if holders of a majority of the outstanding shares of common stock vote in favor of the action.

The non-binding resolution to endorse the Company's executive compensation program will be approved if holders of a majority of the shares of common stock present in person or represented by proxy at the Annual Meeting vote in favor of the action.

The ratification of the appointment of Elliott Davis, LLC as the Company's independent registered public accounting firm will be approved if holders of a majority of the shares of common stock present in person or represented by proxy at the Annual Meeting vote in favor of the action.

Abstentions and broker non-votes will not be considered cast either for or against a matter. A broker non-vote occurs when a broker or other nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the owner of the shares.

Since approval of the Reincorporation Agreement requires an affirmative vote of a specified number of shares outstanding, both abstentions and broker non-votes will have the effect of a negative vote with respect to that matter.

**Table of Contents**

**Will my shares be voted if I do not provide instructions to my broker?**

If you are the beneficial owner of shares held in street name by a broker, the broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give instructions to the broker, the broker will be entitled to vote the shares with respect to discretionary items, but will not be permitted to vote the shares with respect to non-discretionary items (those shares are treated as broker non-votes).

The election of directors, the approval of the Reincorporation Agreement and the approval of a non-binding resolution to endorse the Company's executive compensation program are non-discretionary items. The ratification of the appointment of Elliott Davis, LLC as the Company's independent registered public accounting firm for 2013 is a discretionary item.

**Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible.**

**Who will count the vote?**

The Company has engaged Continental Stock Transfer & Trust Company to serve as the inspector of elections for the Annual Meeting.

**What does it mean if I get more than one proxy or voting instruction card?**

If your shares are registered in more than one name or in more than one account, you will receive more than one card. Please complete and return all of the proxy or voting instruction cards that you receive (or vote by telephone or through the internet all of the shares on all of the proxy or voting instruction cards received) to ensure that all of your shares are voted.

**SOLICITATION OF PROXIES**

The Company is soliciting the proxies associated with this proxy statement and will bear all costs of the solicitation. The Company may solicit proxies by mail, telephone, email, internet, facsimile, press releases and in person. Solicitations may be made by directors, officers and employees of the Company, none of whom will receive additional compensation for such solicitations. The Company will request banks, brokerage houses and other custodians, nominees and fiduciaries to forward all of its solicitation materials to the beneficial owners of the shares that they hold of record. The Company will reimburse these record holders for customary clerical and mailing expenses incurred by them in forwarding these materials to customers.

**Table of Contents****BENEFICIAL OWNERSHIP OF SECURITIES****Directors and Officers**

The following table sets forth information regarding beneficial ownership of the Company's common stock, as of April 17, 2013, for each director, each of the individuals named in the Summary Compensation Table in the Executive Compensation section below (who are referred to as the named executive officers) and the Company's current directors and executive officers as a group.

Name	Shares of Common Stock (2)	Option Shares (3)	Total Shares of Common Stock Beneficially Owned	Percent of Class
<b>NAMED EXECUTIVE OFFICERS</b>				
Rex L. Smith, III (1)	8,500	55,000	63,500	*
Bruce E. Thomas	4,808	26,010	30,818	*
Jeffery R. Cantrell	0	6,750	6,750	*
John M. Oakey, III	17,000	21,250	38,250	*
W. Thomas Townsend	14,766	6,250	21,016	*
<b>DIRECTORS</b>				
Richard F. Bozard	69,685		69,685	*
Alexander F. Dillard, Jr.	169,737	1,003	170,740	*
Glenn J. Dozier	71,948		71,948	*
P. Emerson Hughes, Jr.	69,671	860	70,531	*
Troy A. Peery, Jr.	59,452	10,650	70,102	*
Eugene S. Putnam, Jr.	63,416		63,416	*
S. Waite Rawls III	24,488		24,488	*
John C. Watkins	73,356	4,970	78,326	*
Robin Traywick Williams	42,854	4,402	47,256	*
All current directors and executive officers as a group (15 persons)	705,408	158,120	863,528	4.0

\* Less than one percent of class, based on the total number of shares of common stock outstanding on April 17, 2013.

- (1) Mr. Smith is also a director.
- (2) Amounts include shares of common stock that the individual owns directly or indirectly through affiliated corporations, close relatives, and dependent children or as custodians or trustees.
- (3) Amounts reflect shares of common stock that could be acquired through the exercise of stock options within 60 days after April 17, 2013.

**Table of Contents****Principal Stockholders**

The following table contains information regarding the persons or groups that the Company knows to beneficially own more than five percent of the Company's common stock as of April 17, 2013.

Name and Address	Shares of Common Stock Beneficially Owned	
	Number	Percent of Class
Wellington Management Company, LLP (1) 280 Congress Street Boston, Massachusetts 02210	1,986,296	9.2
Weiss Multi-Strategy Advisers LLC (2) George A. Weiss Frederick E. Doucette III One State Street, 20th Floor Hartford, Connecticut 06103	1,487,156	6.9
Kendall Square Capital, LLC (3) Kendall Square QP, LP Jason F. Harris 235 Montgomery Street, Suite 1010 San Francisco, California 94104	1,107,096	5.1

- (1) Based on information set forth in a Schedule 13G/A filed with the Securities and Exchange Commission on February 14, 2012. The Schedule 13G/A reports that, as of December 31, 2011, Wellington Management Company, LLP, in its capacity as an investment adviser, has shared voting power and dispositive power with respect to 1,986,296 shares of common stock. The number of shares beneficially owned has been confirmed in subsequent Schedule 13F filings.
- (2) Based on information set forth in a Schedule 13G/A filed with the Securities and Exchange Commission on February 12, 2013. The Schedule 13G/A reports that, as of December 31, 2012, each of Weiss Multi-Strategy Advisers LLC, in its capacity as an investment adviser, George A. Weiss and Frederick E. Doucette III has shared voting power and dispositive power with respect to 1,487,156 shares of common stock.
- (3) Based on information set forth in a Schedule 13G filed with the Securities and Exchange Commission on February 11, 2013. The Schedule 13G reports that, as of January 30, 2013, each of Kendall Square Capital, LLC and Jason F. Harris has shared voting power and dispositive power with respect to 1,107,096 shares of common stock and Kendall Square QP, LP has shared voting power and dispositive power with respect to 1,004,123 shares of common stock. Kendall Square Capital, LLC, an investment adviser, serves as the general partner of Kendall Square QP, LP and an additional fund, and Mr. Harris is its managing member.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers, directors and persons who own more than 10% of its common stock to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission. Executive officers, directors and greater-than-10% stockholders are required by regulation to furnish the Company with copies of all Forms 3, 4 and 5 that they file.

## **Table of Contents**

Based on the Company's review of the copies of those forms, and any amendments that it has received, and written representations from its executive officers and directors, the Company believes that all executive officers, directors and beneficial owners of more than 10% of its common stock complied with all of the filing requirements applicable to them with respect to transactions during the year ended December 31, 2012, except as set forth as follows. Form 4s for Richard F. Bozard were inadvertently not filed for 19 purchases of the Company's common stock from May 2009 to April 2013. Such purchases, representing 33,263 shares of the Company's common stock, were made by means of funds transfers in Mr. Bozard's account with the Company's non-qualified deferred plan administered by the Virginia Bankers Association.

## **CORPORATE GOVERNANCE AND**

### **THE BOARD OF DIRECTORS**

#### **General**

The business and affairs of the Company are managed under the direction of the Board of Directors in accordance with Delaware General Corporation Law and the Company's Certificate of Incorporation and Bylaws, as amended. Members of the Board are kept informed of the Company's business through discussions with the President and Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

#### **Director Independence**

The Company's Board of Directors has determined that nine of its 10 members are independent as defined by the listing standards of the Nasdaq Stock Market, including the following: Richard F. Bozard, Alexander F. Dillard, Jr., Glenn J. Dozier, P. Emerson Hughes, Jr., Troy A. Peery, Jr., Eugene S. Putnam, Jr., S. Waite Rawls III, John C. Watkins and Robin Traywick Williams. In reaching this conclusion, the Board of Directors considered that the Company and its subsidiaries conduct business with companies of which certain members of the Board of Directors or members of their immediate families are or were directors or officers.

L. McCauley Chenault, who served as a director during all of 2012, was also determined to be independent during 2012.

In making this independence determination, the Board of Directors considered certain relationships between the Bank and certain of its directors, such as the provision of legal services from time to time by law firms with which Messrs. Chenault and Dillard are affiliated, to determine whether such director was independent under the Nasdaq Stock Market's listing standards. The aggregate amount that the Bank paid to these firms combined in 2012 was less than \$2,000.

See the "Certain Relationships and Related Transactions" section on page 34 for additional information on certain banking transactions with members of the Company's Board of Directors.

#### **Leadership Structure and Risk Oversight**

To date, the Company has chosen not to combine the positions of the Chairman of the Board of Directors and the Chief Executive Officer. The Company believes that its leadership structure is appropriate because, by having an outside independent Chairman, there exists a certain degree of control and balanced oversight of the management of the Board's functions and its decision-making processes,

## **Table of Contents**

including those processes relating to the maintenance of effective risk management programs. The Chief Executive Officer makes monthly reports to the Board, often at the suggestion of the Chairman of the Board or other directors, and he explains in detail to the Board the reasons for certain recommendations of the Company's management.

The Board of Directors is responsible for setting an appropriate culture of compliance within the organization, for establishing clear policies regarding the management of key risks and for ensuring that these policies are adhered to in practice. The risks that are an inherent part of the Company's business and operations include credit risk, market risk, operational risk, liquidity risk, fiduciary risk and legal and reputational risk. The Board must have an appropriate understanding of the types of risks to which the organization is exposed, and the Board must ensure that the organization's management is fully capable, qualified and properly motivated to manage the risks arising for the organization's business activities in a manner that is consistent with the Board's expectations. Likewise, management is responsible for communicating and reinforcing the compliance culture that the Board has established and for implementing measures to promote the culture throughout the organization.

The Audit Committee of the Board of Directors is responsible for overseeing the Company's risk management function on behalf of the Board. In carrying out this responsibility, the Audit Committee works closely with the Company's Chief Risk Officer and Chief Internal Auditor and other members of the Company's risk management team. The Audit Committee meets regularly with these individuals and receives an overview of findings from various risk management initiatives, including internal audits, Sarbanes-Oxley reports regulating internal controls over financial reporting and other regulatory compliance reports. The Company's Chief Internal Auditor, in particular, provides a comprehensive report to the Audit Committee regarding the Company's key risks. While the Audit Committee has primary responsibility for overseeing risk management, the entire Board of Directors is actively involved in overseeing this function for the Company as, on a monthly basis, the Board receives a report from the Audit Committee's chairman and discusses the risks that the Company is facing. These risks are also discussed with members of management.

Other committees of the Board of Directors consider the risks within their areas of responsibility. For example, the Compensation Committee considers the risks that may be inherent in the Company's compensation programs for both executive officers and other employees. For additional information regarding the Compensation Committee, see "Executive Compensation" beginning on page 19 of this proxy statement.

Over the past four years, the Board of Directors has developed plans to establish and maintain effective risk management programs to address oversight, control and supervision of the Bank's management, major operations and activities. With the size, geographic locations and financial diversity resulting from the organization's rapid growth and former business strategies, the Company has focused on implementing cost-effective improvements to its risk management systems and to the other areas where improvements are needed. The Board of Directors and the management team are committed to improving and strengthening the Company's governance, controls and risk management practices. As noted above, the Board of Directors and its committees regularly review and discuss risk management issues with management at each of their meetings.

## **Code of Ethics**

The Company's Board of Directors has approved a Code of Business Conduct and Ethics for directors, officers and all employees of the Company and its subsidiaries, including the Company's principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Business Conduct and Ethics is available on the "Corporate Overview" "Corporate Governance" page of the Company's internet web site at [www.cbtrustcorp.com](http://www.cbtrustcorp.com).



## **Table of Contents**

### **Board and Committee Meeting Attendance**

There were 17 meetings of the Board of Directors in 2012. Each director attended at least 75% of the aggregate number of meetings of the Board of Directors and meetings of committees of which the director was a member in 2012.

### **Independent Directors Meetings**

Non-employee directors meet periodically outside of regularly scheduled Board meetings.

### **Committees of the Board**

The Board of Directors has standing audit, nominating and compensation committees.

#### *Audit Committee*

The Audit Committee assists the Board in the fulfillment of its oversight responsibilities with respect to the completeness and accuracy of the Company's financial reporting and the adequacy of its financial and operating controls. The primary purpose of the Audit Committee is to provide independent and objective oversight with respect to the integrity of the Company's financial statements, the independent auditor's qualifications and independence, the performance of the Company's internal audit function and independent auditors, the effectiveness of the Company's internal control over financial reporting and compliance by the Company with legal and regulatory requirements. The Audit Committee also provides oversight of the Company's risk management programs and activities and reviews the effectiveness of the Company's process for managing and assessing risk. A copy of the Audit Committee's charter is available on the Corporate Overview Corporate Governance page of the Company's internet web site at [www.cbtrustcorp.com](http://www.cbtrustcorp.com).

The current members of the Audit Committee are Glenn J. Dozier (Chair), Troy A. Peery, Jr., S. Waite Rawls III, and Robin Traywick Williams. The Company's Board of Directors has determined that each of Messrs. Dozier and Peery qualifies as an audit committee financial expert, as defined by the rules and regulations of the Securities and Exchange Commission, and that each member of the Audit Committee is independent, as independence for audit committee members is defined by the Nasdaq Stock Market's listing standards.

The Audit Committee met 10 times in 2012. For additional information regarding the Audit Committee, see Report of the Audit Committee beginning on page 49 of this proxy statement.

#### *Compensation Committee*

The Compensation Committee assists the Board in the fulfillment of its oversight responsibilities with respect to the Company's executive compensation. The primary purpose of the Compensation Committee is to ensure that the compensation and benefits for senior management and the Board of Directors is fair and appropriate, is aligned with the interests of the Company's stockholders and does not pose a risk to the financial health of the Company or its affiliates. A copy of the Compensation Committee's charter is available on the Corporate Overview Corporate Governance page of the Company's internet web site at [www.cbtrustcorp.com](http://www.cbtrustcorp.com).

## **Table of Contents**

The current members of the Compensation Committee are Eugene S. Putnam, Jr. (Chair), Troy A. Peery, Jr., and John C. Watkins. The Company's Board of Directors has determined that each member of the Compensation Committee is independent, as defined by the Nasdaq Stock Market's listing standards. The Compensation Committee met seven times in 2012.

The Company's compensation program consists generally of salary, annual bonus and incentives, equity-based long-term compensation and benefits. The Compensation Committee is responsible for the review and approval of the Company's compensation plans, compensation for senior management, salary and bonus ranges for other employees and all employment, severance and change in control agreements. The Compensation Committee also reviews and approves compensation for the directors of the Company and its banking subsidiary. The Compensation Committee recommends that its determinations be ratified by the independent members of the Company's Board of Directors. The Compensation Committee has not delegated any of its authority to other persons.

In making its determinations with respect to compensation, the Compensation Committee has relied on recommendations from the Company's President and Chief Executive Officer with respect to the salaries of the Company's senior management and bonus levels for all employees. The Compensation Committee and the President and Chief Executive Officer work together to finalize these salary and bonus decisions. The Compensation Committee determines the compensation of the President and Chief Executive Officer, and the Board of Directors approves this determination.

During the fiscal year ended December 31, 2012, the Committee engaged Matthews Young Management Consulting to provide compensation consulting services to the Company of a very limited nature. These services included providing, to the Company's President and Chief Executive Officer, information with respect to average salary increases, across the Company's peer group, for selected management-level positions.

For additional information regarding the Compensation Committee, see Executive Compensation beginning on page 19 of this proxy statement.

### *Nominating and Governance Committee*

The Nominating and Governance Committee (the Nominating Committee) assists the Board in the fulfillment of its oversight responsibilities with respect to the Company's corporate governance. The Nominating Committee is responsible primarily for making recommendations to the Board of Directors regarding the membership of the Board, including recommending to the Board the slate of director nominees for election at each annual meeting of stockholders, considering, recommending and recruiting candidates to fill any vacancies or new positions on the Board, including candidates that may be recommended by stockholders, establishing criteria for selecting new directors and reviewing the backgrounds and qualifications of possible candidates for director positions. A copy of the Nominating Committee's charter is available on the Corporate Overview Corporate Governance page of the Company's internet web site at [www.cbtrustcorp.com](http://www.cbtrustcorp.com).

The current members of the Nominating Committee are P. Emerson Hughes, Jr. (Chair), Richard F. Bozard, Alexander F. Dillard, Jr., Eugene S. Putnam, Jr., and Robin Traywick Williams. The Company's Board of Directors has determined that each member of the Nominating Committee is independent, as defined by the Nasdaq Stock Market's listing standards. The Nominating Committee met four times in 2012.

In identifying potential nominees for service as a director, the Nominating Committee takes into account such factors as it deems appropriate, including the current composition of the Board, to ensure

**Table of Contents**

diversity among its members. Diversity includes the range of talents, experiences and skills that would best complement those that are already represented on the Board, the balance of management and independent directors and the need for specialized expertise. Diversity also includes education, race, gender and the geographic areas where the individual has resided, worked or served. The Nominating Committee considers candidates for Board membership suggested by Board members and by management, and it will also consider candidates suggested informally by a stockholder of the Company.

The Nominating Committee considers, at a minimum, the following factors in recommending to the Board of Directors potential new directors, or the continued service of existing directors:

leadership and business executive management

financial and regulatory experience

integrity, honesty and reputation

dedication to the Company and its stockholders

independence

any other factors that the Nominating Committee deems relevant, including age, size of the Board of Directors and regulatory approval considerations

The Nominating Committee may weight the foregoing criteria differently in different situations, depend