

C & F FINANCIAL CORP  
Form 11-K  
June 29, 2005  
Table of Contents

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

Washington, D.C. 20549

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**FORM 11-K**

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(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year end December 31, 2004

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-23423

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A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Virginia Bankers Association Defined Contribution Plan**

## **for Citizens and Farmers Bank**

**802 Main Street**

**West Point, Virginia 23181**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

**C & F Financial Corporation**

**802 Main Street**

**West Point, Virginia 23181**

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**Table of Contents**

**REQUIRED INFORMATION**

The Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank (the Plan) is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the following financial statements and schedule of the Plan for the years ended December 31, 2004 and 2003, which have been prepared in accordance with the financial reporting requirements of ERISA, are provided:

	<b>Page</b>
<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Statements of Net Assets Available for Benefits December 31, 2004 and 2003</u>	2
<u>Statements of Changes in Net Assets Available for Benefits for the Years ended December 31, 2004 and 2003</u>	3
<u>Notes to Financial Statements</u>	4-9
<u>Schedule of Assets Held for Investment Purposes at December 31, 2004</u>	10

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Plan Administrator

Virginia Bankers Association Defined Contribution

Plan for Citizens and Farmers Bank

West Point, Virginia

We have audited the accompanying statements of net assets available for benefits of the Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank as of December 31, 2004 and 2003, and the changes in financial status for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes as of December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Yount, Hyde & Barbour, P.C.

YOUNT, HYDE & BARBOUR, P.C.

Winchester, Virginia  
June 10, 2005

**Table of Contents**

**VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN  
FOR CITIZENS AND FARMERS BANK**

**Statements of Net Assets Available for Benefits**

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
<b>Investments</b> , at fair value	\$ 7,566,081	\$ 5,992,546
<b>Receivables:</b>		
Employer contribution	175,387	161,272
Other	2,884	2,066
<b>Total receivables</b>	<u>178,271</u>	<u>163,338</u>
<b>Cash</b>	<u>3,429</u>	<u>3,282</u>
<b>Total assets</b>	<u>7,747,781</u>	<u>6,159,166</u>
<b>Liabilities</b>		
Excess contribution refund		<u>2,000</u>
<b>Net assets available for benefits</b>	<u>\$ 7,747,781</u>	<u>\$ 6,157,166</u>

See Notes to Financial Statements.

**Table of Contents****VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN****FOR CITIZENS AND FARMERS BANK****Statements of Changes in Net Assets****Available for Benefits**

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>Additions to net assets attributed to:</b>		
Investment income:		
Net appreciation in fair value of investments	\$ 581,427	\$ 1,164,320
Interest and dividends	117,694	69,713
	<u>699,121</u>	<u>1,234,033</u>
<b>Contributions:</b>		
Employer	458,942	401,694
Participants	489,362	380,086
Rollover contributions	140,858	27,583
	<u>1,089,162</u>	<u>809,363</u>
Total additions	<u>1,788,283</u>	<u>2,043,396</u>
<b>Deductions from net assets attributed to:</b>		
Benefits paid to participants	159,631	298,243
Administrative expenses	38,037	28,988
	<u>197,668</u>	<u>327,231</u>
Net increase	1,590,615	1,716,165
<b>Net assets available for benefits:</b>		
Beginning of period	<u>6,157,166</u>	<u>4,441,001</u>
End of period	<u>\$ 7,747,781</u>	<u>\$ 6,157,166</u>

See Notes to Financial Statements.

**Table of Contents**

**VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN  
FOR CITIZENS AND FARMERS BANK**

**Notes to Financial Statements**

**Note 1. Description of the Plan**

The following description of the Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**General**

The Plan is a defined contribution plan sponsored by Citizens and Farmers Bank (Bank), a wholly-owned subsidiary of C&F Financial Corporation, pursuant to the provisions of Section 401(k) of the Internal Revenue Code (Code) established for the benefit of substantially all full time employees electing to participate in the Plan. Employees are eligible to participate in the Plan on the first day of the calendar quarter after completing three months of service and must be eighteen years old or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**Contributions**

Each year, participants may contribute from 1% to 95% of covered compensation, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Bank matches 100% of the first 5% of compensation that a participant contributes to the Plan. The Bank may also make a discretionary profit sharing contribution, determined annually by its Board of Directors. This contribution is allocated in proportion to a participant's covered compensation to covered compensation of all participants. Discretionary profit sharing contributions declared or made by the Bank were \$175,387 and \$161,272 during the plan years ended December 31, 2004 and 2003, respectively. Contributions are subject to certain limitations as established by the Code.

**Participants' Accounts**

Each participant's account is credited with the participant's contributions and allocations of (a) the Bank's contributions (b) Plan earnings and (c) forfeitures, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.



**Table of Contents**

**Notes to Financial Statements**

**Vesting**

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the portion of their accounts contributed by the Bank is based on years of vesting service. Participants vest 20% when credited with two years of vesting service and vesting then increases by 20% for each additional year of vesting service until participants are 100% vested after six years of vesting service.

**Investment Options**

Investment of all assets in the Plan are directed by individual participants. Participants are given the option to direct account balances and all contributions made into over 20 separate investment options consisting of managed, indexed or individual equity or fixed income funds.

A participant may choose to invest up to 25% (in increments of 5%) of their account balance and future contributions in the common stock of C&F Financial Corporation (Employer Common Stock). Participants may change their investment options daily.

**Participant Loans**

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Participants Notes Fund. Loan terms are limited to 5 years or up to 30 years for the purchase of a primary residence. The loans are fully secured by the balance in the participant's account and bear interest at 1/4 of 1% over the Corporation's prime rate and will remain unchanged for the life of the loan. Principal and interest is paid ratably through monthly payroll deductions.

**Payment of Benefits**

On termination of service due to death, disability, or retirement, a participant or beneficiary, as the case may be, may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, periodic installments for a period of up to 10 years or a combination of both. A written election must be made with the administrator at least 30 days before the benefit payment date. Participants whose vested account balance has never exceeded \$5,000 must be paid out in the form of a lump sum distribution.

**Forfeited Accounts**

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As of December 31, 2004 and 2003, forfeited nonvested account balances totaled \$40,408 and \$14,958, respectively, which are allocated to remaining participants' accounts.

**Table of Contents**

**Notes to Financial Statements**

**Note 2. Summary of Accounting Policies**

**Basis of Accounting**

The financial statements of the Plan are prepared under the accrual method of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. Common stock is stated at the fair value determined by quoted market prices. Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

In accordance with the policy of stating investments at current value, net realized and unrealized appreciation (depreciation) for the year is reflected in the statements of changes in net assets available for benefits.

**Benefit Payments**

Benefit payments are recorded when paid.

**Note 3. Plan Termination**

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Although it has not expressed any intent to do so, the Bank has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants would become 100 percent vested in their employer contributions.

**Table of Contents****Notes to Financial Statements****Note 4. Investments**

The following table presents investments that represent 5 percent or more of the Plan's net assets.

	<b>December 31, 2004</b>
Davis New York Venture Class A Fund	\$ 937,420
Fidelity Spartan U.S. Equity Index Fund	1,421,318
GMO Growth Fund Class M Fund	1,106,571
Met Managed GIC ABG Trust Fund	809,957
PIMCO Total Return II Administrative Fund	494,158
C&F Financial Corporation Employer Common Stock	484,886
	<b>December 31, 2003</b>
ABN/AMRO Growth Fund	\$ 732,137
Davis New York Venture Class A Fund	741,260
Federated Cap Appreciation Fund	494,498
Fidelity Spartan U.S. Equity Index Fund	694,050
First Eagle Overseas Class A Fund	343,930
Met Managed GIC ABG Trust Fund	595,822
Oppenheimer Global Fund	318,205
PIMCO Renaissance Class D Fund	344,028
PIMCO Total Return II Administrative Fund	403,881
C&F Financial Corporation Employer Common Stock	410,141

During the Plan years ended December 31, 2004 and 2003, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$581,427 and \$1,164,320, as follows:

	<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>
Employer Common Stock	\$ 8,980	\$ 127,592
Registered Investment Companies	572,447	1,036,728
	<b>\$ 581,427</b>	<b>\$ 1,164,320</b>



**Table of Contents**

**Notes to Financial Statements**

**Note 5. Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated June 9, 2004, stating that the Plan, as then designed, is qualified based on the tax laws reviewed and, therefore, the trust established under the Plan is tax exempt. This determination letter may not be relied on with respect to whether the Plan satisfies the requirements of section 401(a) of the Code, as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001. However, the Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

**Note 6. Related-Party Transactions**

The Plan allows funds to be invested in the common stock of C&F Financial Corporation, the parent company of Citizens and Farmers Bank, the Plan Sponsor. Therefore, C&F Financial Corporation is a party-in-interest. Investment in employer securities is allowed by ERISA and the United States Department of Labor Rules and Regulations and the fair value of the Employer Common Stock is based on quotes from an active market.

**Note 7. Administrative Expenses**

Certain administrative expenses are absorbed by Citizens and Farmers Bank, the Plan Sponsor.

**Note 8. Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Table of Contents**

**Notes to Financial Statements**

**Note 9. Reconciliation of Financial Statements to Form 5500**

Financial information reported on the 2004 and 2003 Form 5500, Annual Return/Report of Employee Benefit Plan, differs from the Plan's financial statements as follows:

	<b>2004</b>	
	<b>Net Assets Available</b>	<b>Net Increase in Net Assets Available</b>
	<b>for Benefits</b>	<b>for Benefits</b>
Balance per financial statements	\$ 7,747,781	\$ 1,590,615
Plus benefits payable at December 31, 2004	(15,179)	(15,179)
As reported on Form 5500	<u>\$ 7,732,602</u>	<u>\$ 1,575,436</u>
	<b>2003</b>	
	<b>Net Assets Available</b>	<b>Net Increase in Net Assets Available</b>
	<b>for Benefits</b>	<b>for Benefits</b>
Balance per financial statements	\$ 6,157,166	\$ 1,716,165
Plus benefits payable at December 31, 2002		20,855
As reported on Form 5500	<u>\$ 6,157,166</u>	<u>\$ 1,737,020</u>

**Table of Contents**

**VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN**  
**FOR CITIZENS AND FARMERS BANK**

**Schedule of Assets Held for Investment Purposes**

December 31, 2004

Description of Asset/Identity of Issue	Fair Value
<b>Registered Investment Companies</b>	
Ariel Fund	\$ 196,364
Calamos Growth Class A Fund	270,066
Columbia Acorn Class A Fund	256,049
Davis New York Venture Class A Fund	937,420
Federated Capital Appreciation Fund	61,597
Fidelity Cash Reserves Fund	850
Fidelity Instl Cash Portfolio Fund	23,052
Fidelity Spartan Total Market Index Fund	22,607
Fidelity Spartan U.S. Equity Index Fund	1,421,318
Fidelity Spartan U.S. Money Market Fund	40,408
Fidelity U.S. Bond Index Fund	17,265
First Eagle Overseas Class A Fund	363,252
GMO Growth Fund Class M Fund	1,106,571
Managers Bond Index Fund	4,776
Met Managed GIC ABG Trust Fund	809,957
Oppenheimer Developing Markets Class A Fund	189,413
Oppenheimer Global Class A Fund	288,296
Phoenix Duff & Phelps Real Estate Fund	16,136
PIMCO High Yield Class A Fund	204,675
PIMCO Renaissance Class D Fund	313,103
PIMCO Total Return II Administrative Fund	494,158
	<b>7,037,333</b>
<b>Common Stock</b>	
C&F Financial Corporation - Employer Common Stock	484,886
<b>Loans</b>	
Participant notes	43,862
<b>Total assets held for investment</b>	<b>\$ 7,566,081</b>

**Table of Contents**

SIGNATURES

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of the Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

VIRGINIA BANKERS ASSOCIATION DEFINED  
CONTRIBUTION PLAN FOR CITIZENS AND FARMERS BANK  
(Name of Plan)

Date June 28, 2005

/s/ Thomas F. Cherry

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Thomas F. Cherry, Chief Financial Officer  
C&F FINANCIAL CORPORATION