

MVB FINANCIAL CORP
Form 10-Q
August 11, 2014
[Table of Contents](#)

**United States
Securities and Exchange Commission**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File number 000-50567

MVB Financial Corp.

(Exact name of registrant as specified in its charter)

West Virginia

(State or other jurisdiction of incorporation or organization)

20-0034461

(I.R.S. Employer Identification No.)

301 Virginia Avenue

Fairmont, West Virginia 26554-2777

(Address of principal executive offices)

304-363-4800

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant has (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No

Edgar Filing: MVB FINANCIAL CORP - Form 10-Q

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of August 11, 2014, the number of shares outstanding of the issuer's only class of common stock was 8,083,439.

Table of Contents

MVB Financial Corp.

Part I. Financial Information

Item 1. Financial Statements

The unaudited interim consolidated financial statements of MVB Financial Corp. (the Company or MVB) and subsidiaries (Subsidiaries) including MVB Bank, Inc. (the Bank or MVB Bank) and its wholly-owned subsidiary Potomac Mortgage Group, Inc., which does business as MVB Mortgage (MVB Mortgage) and MVB Insurance, LLC (MVB Insurance) listed below are included on pages 3-30 of this report.

Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013

Consolidated Statements of Income for the Six Months and Three Months ended June 30, 2014 and 2013

Consolidated Statements of Comprehensive Income for the Six Months and Three Months ended June 30, 2014 and 2013

Consolidated Statements of Cash Flows for the Six Months ended June 30, 2014 and 2013

Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations are included on pages 31-43 of this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Item 4. Controls and Procedures

Part II. Other Information

Item 1. Legal Proceedings

Item 1A. Risk Factors

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

Item 3. Defaults Upon Senior Securities

Item 4. Mine Safety Disclosures

Item 5. Other Information

Item 6. Exhibits

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

MVB Financial Corp. and Subsidiaries

Consolidated Balance Sheets

(Dollars in thousands except per share data)

	June 30 2014 (Unaudited)	December 31 2013 (Note 1)
Assets		
Cash and cash equivalents:		
Cash and due from banks	\$ 18,093	\$ 28,907
Interest bearing balances	10,026	10,936
Total cash and cash equivalents	28,119	39,843
Certificates of deposits in other banks	9,427	9,427
Investment securities:		
Securities available-for-sale	90,146	106,411
Securities held-to-maturity (fair value of \$55,931 for 2014 and \$54,118 for 2013)	55,978	56,670
Loans held for sale	69,209	89,186
Loans:	734,254	622,305
Less: Allowance for loan losses	(6,241)	(4,935)
Net loans	728,013	617,370
Bank premises, furniture and equipment	21,294	16,919
Bank owned life insurance	21,346	16,062
Accrued interest receivable and other assets	21,310	17,393
Goodwill	17,779	17,779
Total assets	\$ 1,062,621	\$ 987,060
Liabilities		
Deposits		
Non-interest bearing	\$ 62,510	\$ 63,336
Interest bearing	684,534	632,475
Total deposits	747,044	695,811
Accrued interest, taxes and other liabilities	9,483	6,878
Repurchase agreements	36,521	81,578
FHLB and other borrowings	125,769	104,647
Subordinated debt	33,437	4,124
Total liabilities	952,254	893,038
Stockholders equity		
Preferred stock, par value \$1,000; 20,783 and 20,000 shares authorized and 9,283 and 8,500 shares issued in 2014 and 2013, respectively	16,334	8,500
Common stock, par value \$1; 10,000,000 shares authorized; 8,083,439 and 7,705,894 shares issued; and 8,032,362 and 7,654,817 shares outstanding in 2014 and 2013, respectively	8,083	7,706
Additional paid-in capital	74,161	68,518

Edgar Filing: MVB FINANCIAL CORP - Form 10-Q

Retained earnings	15,110	13,343
Accumulated other comprehensive loss	(2,237)	(2,961)
Treasury stock, 51,077 shares, at cost	(1,084)	(1,084)
Total stockholders equity	110,367	94,022
Total liabilities and stockholders equity	\$ 1,062,621	\$ 987,060

See accompanying notes to unaudited financial statements.

Edgar Filing: MVB FINANCIAL CORP - Form 10-Q

Table of Contents

MVB Financial Corp. and Subsidiaries

Consolidated Statements of Income

(Unaudited) (Dollars in thousands except per share data)

	Six Months Ended June 30		Three Months Ended June 30	
	2014	2013	2014	2013
Interest income				
Interest and fees on loans	\$ 14,870	\$ 10,898	\$ 7,831	\$ 5,528
Interest on deposits with other banks	97	97	51	52
Interest on investment securities taxable	769	554	358	275
Interest on tax exempt loans and securities	1,511	971	757	489
Total interest income	17,247	12,520	8,997	6,344
Interest expense				
Deposits	2,779	1,856	1,681	949
Repurchase agreements	233	271	107	148
FHLB and other borrowings	559	491	296	229
Subordinated debt	45	39	26	19
Total interest expense	3,616	2,657	2,110	1,345
Net interest income	13,631	9,863	6,887	4,999
Provision for loan losses	1,408	1,667	889	667
Net interest income after provision for loan losses	12,223	8,196	5,998	4,332
Noninterest income				
Service charges on deposit accounts	259	306	139	169
Income on bank owned life insurance	255	224	127	132
Visa debit card income	325	262	173	139
Gain on loans held for sale	8,776	12,358	4,992	7,430
Capitalized servicing retained income	241	656	85	318
Insurance income	1,707	211	749	122
Gain on sale of securities	125	82	125	81
Gain (loss) on derivatives	939	699	604	(178)
Other operating income	754	809	380	410
Total noninterest income	13,381	15,607	7,374	8,623
Noninterest expense				
Salary and employee benefits	14,729	13,657	7,932	7,437
Occupancy expense	1,280	910	663	480
Equipment depreciation and maintenance	735	575	363	247
Data processing	765	451	385	246
Mortgage processing	1,115	1,185	569	678
Visa debit card expense	277	213	139	111
Advertising	627	569	347	333
Legal and accounting fees	364	385	144	183
Printing, stationery and supplies	231	250	116	162
Consulting fees	390	225	179	105
FDIC insurance	339	274	189	135
Travel	322	212	168	127
Other operating expenses	1,850	1,482	994	739
Total noninterest expense	23,024	20,388	12,188	10,983

Edgar Filing: MVB FINANCIAL CORP - Form 10-Q

Income before income taxes	2,580		3,415		1,184		1,972
Income tax expense	453		743		215		488
Net income	\$ 2,127	\$	2,672	\$	969	\$	1,484
Preferred dividends	43		43		22		22
Net income available to common shareholders	\$ 2,084	\$	2,629	\$	947	\$	1,462