

MVB FINANCIAL CORP
Form 10-Q
May 05, 2016
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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 March 31, 2016

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 20-0034461
(State or other jurisdiction of incorporation or organization) (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

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

As of May 5, 2016, the Registrant had 8,078,000 shares of common stock outstanding with a par value of \$1.00 per share.

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MVB Financial Corp.

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Part Financial Information

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Item Financial Statements

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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 3-35 of this report.

Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015

Consolidated Statements of Income for the Three Months ended March 31, 2016 and 2015

Consolidated Statements of Comprehensive Income for the Three Months ended March 31, 2016 and 2015

Consolidated Statements of Changes in Stockholders’ Equity for the Three Months ended March 31, 2016 and 2015

Consolidated Statements of Cash Flows for the Three Months ended March 31, 2016 and 2015

Notes to Consolidated Financial Statements

Item Management’s Discussion and Analysis of Financial Condition and Results of Operations

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Management’s Discussion and Analysis of Financial Condition and Results of Operations are included on pages 35-51 of this report.

Item Quantitative and Qualitative Disclosures About Market Risk.

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Part I. Financial Information

Item 1. Financial Statements

MVB Financial Corp. and Subsidiaries

Consolidated Balance Sheets

(Unaudited) (Dollars in thousands)

(Dollars in thousands except per share data)

	March 31, 2016 (Unaudited)	December 31, 2015 (Note 1)
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 15,314	\$ 14,302
Interest bearing balances with banks	13,412	14,831
Total cash and cash equivalents	28,726	29,133
Certificates of deposit with other banks	13,150	13,150
Investment Securities:		
Securities available-for-sale	134,825	70,256
Securities held-to-maturity (fair value of \$0 for 2016 and \$54,470 for 2015)	—	52,859
Loans held for sale	98,876	102,623
Loans:	1,075,606	1,032,170
Less: Allowance for loan losses	(8,447)	(8,006)
Net Loans	1,067,159	1,024,164
Premises and equipment	26,377	26,275
Bank owned life insurance	22,493	22,332
Accrued interest receivable and other assets	22,554	25,204
Goodwill	18,480	18,480
TOTAL ASSETS	\$ 1,432,640	\$ 1,384,476
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	\$ 86,603	\$ 80,423
Interest bearing	1,004,965	931,891
Total deposits	1,091,568	1,012,314
Accrued interest payable and other liabilities	14,655	13,291
Repurchase agreements	29,561	27,437
FHLB and other borrowings	146,267	183,198
Subordinated debt	33,524	33,524
Total liabilities	1,315,575	1,269,764
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$1,000; 20,000 authorized and 9,283 issued in 2016 and 2015, respectively (See Footnote 7)	16,334	16,334
	8,129	8,113

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Common stock, par value \$1; 20,000,000 shares authorized; 8,129,077 and 8,112,998 issued; and 8,078,000 and 8,061,921 outstanding in 2016 and 2015, respectively

Additional paid-in capital	74,309	74,228
Retained earnings	21,503	20,054
Accumulated other comprehensive loss	(2,126)	(2,933)
Treasury Stock, 51,077 shares, at cost	(1,084)	(1,084)
Total stockholders' equity	117,065	114,712
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,432,640	\$ 1,384,476

See accompanying notes to unaudited consolidated financial statements.

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MVB Financial Corp. and Subsidiaries

Consolidated Statements of Income

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

	Three months ended	
	March 31,	
	2016	2015
INTEREST INCOME		
Interest and fees on loans	\$ 12,431	\$ 8,764
Interest on deposits with other banks	88	64
Interest on investment securities - taxable	310	239
Interest on tax exempt loans and securities	553	571
Total interest income	13,382	9,638
INTEREST EXPENSE		
Interest on deposits	1,888	1,367
Interest on repurchase agreements	21	24
Interest on FHLB and other borrowings	226	157
Interest on subordinated debt	552	543
Total interest expense	2,687	2,091
NET INTEREST INCOME		
Provision for loan losses	10,695	7,547
Net interest income after provision for loan losses	625	659
	10,070	6,888
NONINTEREST INCOME		
Service charges on deposit accounts	173	132
Income on bank owned life insurance	161	167
Visa debit card and interchange income	292	209
Mortgage fee income	6,785	6,309
Gain on sale of portfolio loans	149	346
Insurance and investment services income	1,117	1,698
Gain on sale of securities	381	121
Gain on derivatives	401	2,249
Other operating income	217	168
Total noninterest income	9,676	11,399
NONINTEREST EXPENSES		
Salary and employee benefits	11,260	9,734
Occupancy expense	1,010	875
Equipment depreciation and maintenance	574	483
Data processing and communications	1,165	926
Mortgage processing	861	746
Marketing, contributions and sponsorships	299	337

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Professional fees	705	662
Printing, postage and supplies	222	186
Insurance, tax and assessment expense	400	428
Travel, entertainment, dues and subscriptions	395	320
Other operating expenses	243	258
Total noninterest expense	17,134	14,955
Income before income taxes	2,612	3,332
Income tax expense	816	1,229
Net Income	\$ 1,796	\$ 2,103
Preferred dividends	186	142
Net Income available to common shareholders	\$ 1,610	\$ 1,961
Earnings per share - basic	\$ 0.20	\$ 0.25
Earnings per share - diluted	\$ 0.20	\$ 0.24
Cash dividends declared	\$ 0.02	\$ —
Weighted average shares outstanding - basic	8,061,998	7,983,285
Weighted average shares outstanding - diluted	9,901,250	8,135,058

See accompanying notes to unaudited consolidated financial statements.

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MVB Financial Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

(Unaudited) (Dollars in thousands)

	Three months ended March 31,	
	2016	2015
Net Income	\$ 1,796	\$ 2,103
Other comprehensive income (loss):		
Unrealized holding gains during the year	418	541
Unrealized holding gains during the year related to reclassified held-to-maturity securities	1,825	—
Income tax effect	(897)	(217)
Reclassification adjustment for gain recognized in income	(112)	(121)
Reclassification adjustment for gain recognized in income related to reclassified held-to-maturity securities	(269)	—
Income tax effect	152	49
Change in defined benefit pension plan	(517)	(273)
Income tax effect	207	109
Total other comprehensive income	807	88
Comprehensive income	\$ 2,603	\$ 2,191

See accompanying notes to unaudited consolidated financial statements.

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MVB Financial Corp. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

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

Preferred	Common	Additional Paid-in	Retained	Accumulated Other Comprehensive	Treasury	Total Stockholders'
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