

MVB FINANCIAL CORP
Form 10QSB
November 12, 2004
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United States
Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended SEPTEMBER 30, 2004

OR

.. **TRANSITION REPORT PURSUANT TO 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 small business issuer as specified in its charter)

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West Virginia
(State or other jurisdiction of
incorporation or organization)

20-0034461
(I.R.S. Employer
Identification No)

301 Virginia Ave.

Fairmont, West Virginia 26554-2777

(Address of principal executive offices, zip code)

304-363-4800

(Issuer's telephone number)

Not Applicable

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

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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**

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

As of November 7, 2004, the number of shares outstanding of the registrant's only class of common stock was 743,060.

Transitional Small Business format (check one): **Yes** **No**

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MVB Financial Corp.

Part I. Financial Information

Item 1. Financial Statements

The unaudited interim consolidated financial statements of MVB Financial Corp. (Registrant) listed below are included beginning on page 2 of this report.

Consolidated Balance Sheets at September 30, 2004 and December 31, 2003

Consolidated Statements of Income for the Nine-Months and Three-Months ended September 30, 2004 and September 30, 2003

Consolidated Statement of Cash Flows for the Nine-Months ended September 30, 2004 and September 30, 2003

Notes to Consolidated Financial Statements

Information for 2004 is for MVB Financial Corp. (MVB), while that for 2003 is from The Monongahela Valley Bank, Inc. (the Bank), which MVB acquired January 1, 2004. This acquisition was the result of the reorganization of the Bank into a wholly-owned subsidiary of MVB.

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

The Private Securities Litigation Reform Act of 1995 indicates that the disclosure of forward-looking information is desirable for investors and encourages such disclosure by providing a safe harbor for forward-looking statements that involve risk and uncertainty. All statements other than statements of historical fact included in this Form 10-QSB including statements in Management's Discussion and Analysis of Financial Condition and Results of Operations are, or may be deemed to be, forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934. In order to comply with the terms of the safe harbor, the corporation notes that a variety of factors, (i.e., changes in the national and local economies, changes in the interest rate environment, competition, etc.) could cause MVB's actual results and experience to differ materially from the anticipated results or other expectations expressed in those forward-looking statements.

Management's Discussion and Analysis of Results of Operations and Financial Condition is included on page 6 of this report.

Table of Contents**Part I. Financial Information****Item 1. Financial Statements**

MVB Financial Corp. and Subsidiaries

Consolidated Balance Sheets at September 30, 2004 and December 31, 2003

(Dollars in thousands)	September 30 2004	December 31 2003
	(Unaudited)	(Note 1)
ASSETS		
Cash and due from banks	\$ 2,967	\$ 2,018
Interest bearing balances - FHLB	837	1,159
Federal funds sold		548
Certificates of deposit in other banks	990	797
Investment Securities:		
Securities held-to-maturity, at cost	1,733	1,323
Securities available-for-sale, at approximate market value	20,722	23,750
Loans:	75,574	62,616
Less: Allowance for loan losses	(831)	(689)
Net Loans	74,743	61,927
Bank premises, furniture and equipment	1,627	1,672
Accrued interest receivable and other assets	1,723	1,737
TOTAL ASSETS	\$ 105,342	\$ 94,931
LIABILITIES AND STOCKHOLDERS EQUITY		
Deposits:		
Non-interest bearing	\$ 9,802	\$ 7,155
Interest bearing	75,186	68,183
Total Deposits	84,988	75,338
Accrued interest, taxes, and other liabilities	350	261
Securities sold under agreements to repurchase	7,597	6,725
Federal Home Loan Bank borrowings	3,785	4,779
Total Liabilities	96,720	87,103
STOCKHOLDERS EQUITY		

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Preferred stock, par value \$1,000; 5,000 shares authorized, none issued	743	708
Common stock, par value \$1; 4,000,000 shares authorized; 743,060 shares issued and outstanding		
Additional paid-in capital	6,975	6,537
Treasury Stock	(9)	0
Retained earnings	1,005	742
Accumulated other comprehensive income	(92)	(159)
Total Stockholders' Equity	8,622	7,828
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 105,342	\$ 94,931

Table of Contents**MVB Financial Corp. and Subsidiaries****Consolidated Statements of Income (Unaudited)**

	Nine Months Ended		Three Months Ended	
	30-Sep		30-Sep	
	2004	2003	2004	2003
(Dollars in thousands Except Per Share Data)				
INTEREST INCOME				
Interest and fees on loans	\$ 3,408	\$ 2,902	\$ 1,218	\$ 1,058
Interest on deposits with other banks	40	81	13	21
Interest on federal funds sold	1	8		2
Investment securities - taxable	619	579	200	173
	<u>4,068</u>	<u>3,570</u>	<u>1,431</u>	<u>1,254</u>
INTEREST EXPENSE				
Interest on deposits and borrowed funds	1,154	1,307	392	409
	<u>1,154</u>	<u>1,307</u>	<u>392</u>	<u>409</u>
NET INTEREST INCOME				
Provision for loan losses	192	161	58	31
	<u>192</u>	<u>161</u>	<u>58</u>	<u>31</u>
Net interest income after provision for loan losses	2,722	2,102	981	814
	<u>2,722</u>	<u>2,102</u>	<u>981</u>	<u>814</u>
OTHER INCOME				
Service charges on deposit accounts	341	218	123	90
Commissions from investment services	18	1	2	
Other operating income	150	132	54	42
Gain on sale of securities		90		16
	<u>509</u>	<u>441</u>	<u>179</u>	<u>148</u>
	<u>509</u>	<u>441</u>	<u>179</u>	<u>148</u>
OTHER EXPENSES				
Salaries and employee benefits	1,010	852	357	299
Occupancy expense	99	100	33	34
Equipment rentals, depreciation, and maintenance	111	125	39	42
Data processing	319	259	107	91
Advertising	42	32	14	9
Legal and accounting fees	58	29	15	10
Other operating expenses	346	315	115	22
	<u>1,985</u>	<u>1,712</u>	<u>680</u>	<u>607</u>
	<u>1,985</u>	<u>1,712</u>	<u>680</u>	<u>607</u>
Income before income taxes	1,246	831	480	355
Income tax expense	510	282	194	120
	<u>510</u>	<u>282</u>	<u>194</u>	<u>120</u>
Net Income	\$ 736	\$ 549	\$ 286	\$ 235
	<u>\$ 736</u>	<u>\$ 549</u>	<u>\$ 286</u>	<u>\$ 235</u>
Basic net income per share	\$ 0.99	\$ 0.74	\$ 0.39	\$ 0.32
Diluted net income per share	\$ 0.94	\$ 0.71	\$ 0.37	\$ 0.30

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Basic weighted average shares outstanding	743,060	743,060	743,060	743,060
Diluted weighted average shares outstanding	779,570	770,353	779,570	770,353

Table of Contents**MVB Financial Corp. and Subsidiaries****Consolidated Statements of Cash Flows (Unaudited)**

	Nine Months Ended Sep 30	
	2004	2003
(Dollars in thousands)		
OPERATING ACTIVITIES		
Net Income	\$ 736	\$ 549
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) on sale of available-for-sale securities		(90)
Provision for loan losses	192	161
Depreciation	84	99
Amortization, net of accretion	146	339
Decrease/(increase) in interest receivable and other assets	6	8
Increase in accrued interest, taxes, and other liabilities	73	(54)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,237	1,012
INVESTING ACTIVITIES		
(Increase) in loans, net	(13,008)	(10,250)
Purchases of premises and equipment	(39)	(41)
Purchases of investment securities available-for-sale	(2,870)	(23,785)
Purchases of investment securities held-to-maturity	(950)	
Decrease/(increase) in deposits with Federal Home Loan Bank, net	322	226
Decrease/(increase) in federal funds sold	548	(8)
Purchases of certificates of deposit with other banks	(3,258)	(697)
Proceeds from maturity of certificates of deposit with other banks	3,065	2,090
Proceeds from sales, maturities and calls of securities available-for-sale	5,859	18,535
Proceeds from maturities and calls of securities held-to-maturity	523	216
NET CASH (USED IN) INVESTING ACTIVITIES	(9,808)	(13,714)
FINANCING ACTIVITIES		
Net increase in deposits	9,650	8,294
Net increase in repurchase agreements	872	2,343
Net (decrease)/increase in Federal Home Loan Bank borrowings	(993)	2,270
Purchase of treasury stock	(9)	
NET CASH PROVIDED BY FINANCING ACTIVITIES	9,520	12,907
Increase in cash and cash equivalents	949	205
Cash and cash equivalents at beginning of period	2,018	2,145
Cash and cash equivalents at end of period	\$ 2,967	\$ 2,350

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MVB Financial Corp.

Notes to Consolidated Financial Statements

Note 1 Basis of Presentation

The accounting and reporting policies of MVB Financial Corp. conform to accounting principles generally accepted in the United States and practices in the banking industry. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. All significant inter-company accounts and transactions have been eliminated in consolidation. The interim financial information included in this report is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the results of the interim periods have been made.

The consolidated balance sheet as of December 31, 2003 has been extracted from audited financial statements included in MVB's 2003 filing on Form 10-KSB. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been om