

MVB FINANCIAL CORP
Form 10-Q
August 11, 2014
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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 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

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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.

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MVB Financial Corp.

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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.

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

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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 |

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| | | |
|--------------------------------------------------|---------------------|-------------------|
| 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.

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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 |

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| | | | | |
|-----------------------------------------------|-----------------|-----------------|----------------|-----------------|
| 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 |
| Earnings per share basic | \$ 0.27 | \$ 0.41 | \$ 0.12 | \$ 0.21 |
| Earnings per share diluted | \$ 0.26 | \$ 0.40 | \$ 0.12 | \$ 0.21 |
| Weighted average shares outstanding - basic | 7,778,152 | 6,370,912 | 7,897,242 | 6,885,018 |
| Weighted average shares outstanding - diluted | 7,991,701 | 6,540,444 | 8,110,791 | 7,054,548 |

See accompanying notes to unaudited financial statements.

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MVB Financial Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

(Unaudited)(Dollars in thousands)

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|-----------------------------------------------------------|-----------------------------|----------|-------------------------------|----------|
| | 2014 | 2013 | 2014 | 2013 |
| Net Income | \$ 2,127 | \$ 2,672 | \$ 969 | \$ 1,484 |
| Other comprehensive income (loss): | | | | |
| Unrealized holding gains (losses) during the year | 1,646 | (1,573) | 1,109 | (1,539) |
| Income tax effect | (658) | 629 | (443) | 615 |
| Reclassification adjustment for gain recognized in income | (125) | (82) | (125) | (81) |
| Income tax effect | 50 | 33 | 50 | 33 |
| Change in defined benefit pension plan | (315) | | (315) | |
| Income tax effect | 126 | | 126 | |
| Other comprehensive income (loss) | 724 | (993) | 402 | (972) |
| Comprehensive income | \$ 2,851 | \$ 1,679 | \$ 1,371 | \$ 512 |

See accompanying notes to unaudited financial statements.

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MVB Financial Corp. and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited) (Dollars in thousands)

| | Six Months Ended | |
|-----------------------------------------------------------------------------------|------------------|-----------------|
| | June 30 2014 | June 30 2013 |
| Operating activities | | |
| Net income | \$ 2,127 | \$ 2,672 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Net amortization and accretion of investments | 434 | 540 |
| Net amortization of deferred loan cost | 27 | 19 |
| Provision for loan losses | 1,408 | 1,667 |
| Depreciation and amortization | 587 | 417 |
| Stock based compensation | 129 | 77 |
| Loans originated for sale | (381,190) | (374,920) |
| Proceeds of loans sold | 409,942 | 396,111 |
| Gain on sale of loans held for resale | (8,776) | (12,358) |
| Gain on sale of investment securities | (215) | (82) |
| Loss on sale of investment securities | 90 | |
| Income on bank owned life insurance | (255) | (224) |
| Deferred taxes | (936) | (87) |
| Other, net | 150 | (2,395) |
| Net cash provided by operating activities | 23,522 | 11,437 |
| Investing activities | | |
| Purchases of investment securities available-for-sale | (24,268) | (17,769) |
| Purchases of investment securities held-to-maturity | (250) | (12,075) |
| Maturities/paydowns of investment securities held-to-maturity | 750 | |
| Maturities/paydowns of investment securities available-for-sale | 4,759 | 8,089 |
| Sales of investment securities available-for-sale | 37,177 | 3,637 |
| Purchases of premises and equipment | (4,962) | (2,840) |
| Net increase in loans | (112,078) | (29,345) |
| Purchases of restricted bank stock | (7,361) | (3,869) |
| Redemptions of restricted bank stock | 5,937 | 1,062 |
| Proceeds from sale of other real estate owned | 76 | |
| Purchase of bank owned life insurance | (5,000) | (5,078) |
| Net cash used in investing activities | (105,220) | (58,188) |
| Financing activities | | |
| Net increase in deposits | 51,232 | 44,819 |
| Net (decrease) increase in repurchase agreements | (45,057) | 12,722 |
| Net change in short-term FHLB borrowings | 22,202 | (17,915) |
| Principal payments on FHLB borrowings | (1,080) | (839) |
| Proceeds from subordinated debt | 29,313 | |
| Proceeds from stock offering | 5,662 | 13,347 |
| Preferred stock issuance | 7,834 | |
| Dividend reinvestment plan proceeds | 180 | 310 |
| Common stock options exercised | 48 | |
| Cash dividends paid on common stock | (317) | (241) |
| Cash dividends paid on preferred stock | (43) | (43) |
| Net cash provided by financing activities | 69,974 | 52,160 |
| (Decrease) increase in cash and cash equivalents | (11,724) | 5,409 |
| Cash and cash equivalents at beginning of period | 39,843 | 25,340 |

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| | | | | |
|------------------------------------------------------------|----|--------|----|--------|
| Cash and cash equivalents at end of period | \$ | 28,119 | \$ | 30,749 |
| Supplemental disclosure of cash flow information | | | | |
| Loans transferred to other real estate owned | \$ | 146 | \$ | |
| Cash payments for: | | | | |
| Interest on deposits, repurchase agreements and borrowings | \$ | 3,632 | \$ | 2,387 |
| Income taxes | \$ | 845 | \$ | 776 |

See accompanying notes to unaudited financial statements.

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MVB Financial Corp. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 Basis of Presentation

These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with instructions to Form 10-Q. Accordingly, they do not include all the information and footnotes required by GAAP for annual year-end financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation, have been included and are of a normal, recurring nature. The balance sheet as of December 31, 2013 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP. Operating results for the six and three months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

The accounting and reporting policies of MVB Financial Corp. (the Company or MVB) and its subsidiaries (Subsidiaries), including MVB Bank, Inc. (the Bank), the Bank s subsidiary Potomac Mortgage Group, Inc., which does business as MVB Mortgage (MVB Mortgage) and MVB Insurance, LLC, 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. Estimates, such as the allowance for loan losses, are based upon known facts and circumstances. Estimates are revised by management in the period such facts and circumstances change. Actual results could differ from those estimates. All significant inter-company accounts and transactions have been eliminated in consolidation.

The consolidated balance sheet as of December 31, 2013 has been extracted from audited financial statements included in the Company s 2013 filing on Form 10-K. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in MVB s December 31, 2013, Form 10-K filed with the Securities and Exchange Commission.

In certain instances, amounts reported in prior periods consolidated financial statements have been reclassified to conform to the current presentation. Specifically, a portion of the prior periods interest income and interest expense was classified as gain on loans held for sale and has been reclassified in the current presentation. In addition, all share amounts have been revised to reflect the two for one stock split effected as a stock dividend as disclosed in Note 12.

Information is presented in these notes with dollars expressed in thousands, unless otherwise noted or specified.

Note 2 Recent Accounting Pronouncements

In January 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-04, Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure. The objective of this guidance is to clarify when an in substance repossession or foreclosure occurs, that is, when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. ASU No. 2014-04 states that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, ASU No. 2014-04 requires interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. ASU No. 2014-04 is effective for interim and annual reporting periods beginning after December 15, 2014. The adoption of ASU No. 2014-04 is not expected to have a material impact on MVB Financials Corp s Consolidated Financial Statements.

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In May 2014, the FASB issued ASU 2014-09 Revenue from Contracts with Customers, which will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principal of this ASU is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This ASU will be effective for us in our first quarter of 2018. Early adoption is not permitted. The ASU allows for either full retrospective or modified retrospective adoption. We are evaluating the transition method that will be elected and the potential effects of the adoption of this ASU on our financial statements.

In June 2014, the FASB issued an update to the accounting standards related to stock compensation and accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The amendments clarify the proper method of accounting for share-based payments when the terms of an award provide that a performance target could as a performance condition. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized be achieved after the requisite service period. This update requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The amendments in this update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. Management is currently evaluating the impact of adoption on the consolidated financial statements, but does not believe that adoption will have a material impact.

Note 3 Investments

Amortized cost and fair values of investment securities held-to-maturity at June 30, 2014, including gross unrealized gains and losses, are summarized as follows:

| (in thousands) | Amortized Cost | Unrealized Gain | Unrealized Loss | Fair Value |
|----------------------------------------------|-------------------|--------------------|--------------------|---------------|
| Municipal securities | \$ 55,978 | \$ 1,006 | \$ (1,053) | \$ 55,931 |
| Total investment securities held to-maturity | \$ 55,978 | \$ 1,006 | \$ (1,053) | \$ 55,931 |

Amortized cost and fair values of investment securities held-to-maturity at December 31, 2013, including gross unrealized gains and losses, are summarized as follows:

| (in thousands) | Amortized Cost | Unrealized Gain | Unrealized Loss | Fair Value |
|----------------------------------------------|-------------------|--------------------|--------------------|---------------|
| Municipal securities | \$ 56,670 | \$ 367 | \$ (2,919) | \$ 54,118 |
| Total investment securities held to-maturity | \$ 56,670 | \$ 367 | \$ (2,919) | \$ 54,118 |

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Amortized cost and fair values of investment securities available-for-sale at June 30, 2014 are summarized as follows:

| (in thousands) | Amortized Cost | Unrealized Gain | Unrealized Loss | Fair Value |
|------------------------------------------------|----------------|-----------------|-----------------|------------|
| U.S. Agency securities | \$ 44,818 | \$ 32 | \$ (958) | \$ 43,892 |
| U.S. Sponsored Mortgage-backed securities | 29,986 | 48 | (539) | 29,495 |
| Municipal securities | 15,470 | 315 | (68) | 15,717 |
| Total debt securities | 90,274 | 395 | (1,565) | 89,104 |
| Equity and other securities | 810 | 232 | | 1,042 |
| Total investment securities available-for-sale | \$ 91,084 | \$ 627 | \$ (1,565) | \$ 90,146 |

Amortized cost and fair values of investment securities available-for-sale at December 31, 2013 are summarized as follows:

| (in thousands) | Amortized Cost | Unrealized Gain | Unrealized Loss | Fair Value |
|------------------------------------------------|----------------|-----------------|-----------------|------------|
| U.S. Agency securities | \$ 60,744 | \$ | \$ (1,922) | \$ 58,822 |
| U.S. Sponsored Mortgage-backed securities | 47,317 | 118 | (843) | 46,592 |
| Total debt securities | 108,061 | 118 | (2,765) | 105,414 |
| Equity and other securities | 810 | 187 | | 997 |
| Total investment securities available-for-sale | \$ 108,871 | \$ 305 | \$ (2,765) | \$ 106,411 |

The following tables summarize amortized cost and fair values of debt securities by maturity:

| | June 30, 2014 | | | |
|----------------------------------|------------------------------------|------------|--------------------------------------|------------|
| | Held to Maturity Amortized Cost | Fair Value | Available for sale Amortized Cost | Fair Value |
| Within one year | \$ | \$ | \$ | \$ |
| After one year, but within five | 2,432 | 2,484 | 29,704 | 29,520 |
| After five years, but within ten | 14,806 | 15,003 | 27,668 | 27,015 |
| After ten years | 38,740 | 38,444 | 32,902 | 32,569 |
| Total | \$ 55,978 | \$ 55,931 | \$ 90,274 | \$ 89,104 |

Investment securities with a carrying value of \$102,778 at June 30, 2014, were pledged to secure public funds, repurchase agreements and potential borrowings at the Federal Reserve discount window.

The Company's investment portfolio includes securities that are in an unrealized loss position as of June 30, 2014, the details of which are included in the following table. Although these securities, if sold at June 30, 2014 would result in a pretax loss of \$2,618, the Company has no intent to sell the applicable securities at such market values, and maintains the Company has the ability to hold these securities until all principal has been recovered. Declines in the market values of these securities can be traced to general market conditions which reflect the prospect for

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the economy as a whole. When determining other-than-temporary impairment on securities, the Company considers such factors as adverse conditions specifically related to a certain security or to specific conditions in an industry or geographic area, the time frame securities have been in an unrealized loss position, the Company's ability to hold the security for a period of time sufficient to allow for anticipated recovery in value, whether or not the security has been downgraded by a rating agency, and whether or not the financial condition of the security issuer has severely deteriorated. As of June 30, 2014, the Company considers all securities with unrealized loss positions to be temporarily impaired, and consequently, does not believe the Company will sustain any material realized losses as a result of the current temporary decline in market value.

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The following table discloses investments in an unrealized loss position at June 30, 2014:

| Description and number of positions (in thousands) | Less than 12 months | | 12 months or more | |
|----------------------------------------------------|---------------------|-----------------|-------------------|-----------------|
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| U.S. Agency securities (14) | \$ 6,888 | \$ (10) | \$ 27,438 | \$ (948) |
| U.S. Sponsored Mortgage-backed securities (18) | 6,034 | (25) | 16,648 | (514) |
| Municipal securities (183) | 4,508 | (93) | 25,165 | (1,028) |
| | \$ 17,430 | \$ (128) | \$ 69,251 | \$ (2,490) |

The following table discloses investments in an unrealized loss position at December 31, 2013:

| Description and number of positions (in thousands) | Less than 12 months | | 12 months or more | |
|----------------------------------------------------|---------------------|-----------------|-------------------|-----------------|
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| U.S. Agency securities (19) | \$ 58,822 | \$ (1,922) | \$ | \$ |
| U.S. Sponsored Mortgage-backed securities (18) | 14,969 | (113) | 19,781 | (730) |
| Municipal securities (103) | 35,502 | (2,535) | 4,471 | (384) |
| | \$ 109,293 | \$ (4,570) | \$ 24,252 | \$ (1,114) |

For the six month period ended June 30, 2014 and 2013, the Company sold investments available-for-sale of \$37.2 million and \$3.7 million, respectively, resulting in a net gains of \$125 and \$82.

For the three month period ended June 30, 2014 and 2013, the Company sold investments available-for-sale of \$37.2 million and \$1.7 million, respectively, resulting in a net gains of \$125 and \$81.

Note 4 Loans and Allowance for Loan Losses

The following table summarizes the primary segments of the allowance for loan losses (ALL), segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for impairment as of June 30, 2014. Activity in the allowance is presented for the periods indicated (in thousands):

| | Commercial | Residential | Home Equity | Installment | Credit Card | Total |
|----------------------------|------------|-------------|-------------|-------------|-------------|----------|
| ALL balance March 31, 2014 | \$ 3,902 | \$ 746 | \$ 555 | \$ 233 | \$ 15 | \$ 5,451 |
| Charge-offs | | (103) | | | (1) | (104) |
| Recoveries | 4 | | 1 | | | 5 |
| Provision | 579 | 42 | 269 | (1) | | 889 |

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| | | | | | | | | | | | | |
|---------------------------|----|-------|----|-----|----|-----|----|-----|----|----|----|-------|
| ALL balance June 30, 2014 | \$ | 4,485 | \$ | 685 | \$ | 825 | \$ | 232 | \$ | 14 | \$ | 6,241 |
|---------------------------|----|-------|----|-----|----|-----|----|-----|----|----|----|-------|

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| | Commercial | Residential | Home Equity | Installment | Credit Card | Total |
|---------------------------------------|------------|-------------|-------------|-------------|-------------|----------|
| ALL balance December 31, 2013 | \$ 3,609 | \$ 519 | \$ 554 | \$ 239 | \$ 14 | \$ 4,935 |
| Charge-offs | | (103) | | (7) | (1) | (111) |
| Recoveries | 4 | | 2 | 3 | | 9 |
| Provision | 872 | 269 | 269 | (3) | 1 | 1,408 |
| ALL balance June 30, 2014 | \$ 4,485 | \$ 685 | \$ 825 | \$ 232 | \$ 14 | \$ 6,241 |
| Individually evaluated for impairment | \$ 1,507 | \$ 322 | \$ 29 | \$ 7 | \$ | \$ 1,866 |
| Collectively evaluated for impairment | \$ 2,978 | \$ 363 | \$ 796 | \$ 225 | \$ 14 | \$ 4,375 |

| | Commercial | Residential | Home Equity | Installment | Credit Card | Total |
|----------------------------|------------|-------------|-------------|-------------|-------------|----------|
| ALL balance March 31, 2013 | \$ 3,645 | \$ 490 | \$ 271 | \$ 216 | \$ 17 | \$ 4,639 |
| Charge-offs | (472) | | | | (11) | (483) |
| Recoveries | 3 | | 1 | 1 | | 5 |
| Provision | 564 | | 79 | 14 | 10 | 667 |
| ALL balance June 30, 2013 | \$ 3,740 | \$ 490 | \$ 351 | \$ 231 | \$ 16 | \$ 4,828 |

| | Commercial | Residential | Home Equity | Installment | Credit Card | Total |
|---------------------------------------|------------|-------------|-------------|-------------|-------------|----------|
| ALL balance December 31, 2012 | \$ 3,107 | \$ 514 | \$ 242 | \$ 200 | \$ 13 | \$ 4,076 |
| Charge-offs | (972) | (2) | | | (11) | (985) |
| Recoveries | 25 | 36 | 8 | 1 | | 70 |
| Provision | 1,580 | (58) | 101 | 30 | 14 | 1,667 |
| ALL balance June 30, 2013 | \$ 3,740 | \$ 490 | \$ 351 | \$ 231 | \$ 16 | \$ 4,828 |
| Individually evaluated for impairment | \$ 1,094 | \$ 195 | \$ | \$ 12 | \$ | \$ 1,301 |
| Collectively evaluated for impairment | \$ 2,646 | \$ 295 | \$ 351 | \$ 219 | \$ 16 | \$ 3,527 |

The allowance for loan losses is based on estimates, and actual losses will vary from current estimates. Management believes that the granularity of the homogeneous pools and the related historical loss ratios and other qualitative factors, as well as the consistency in the application of assumptions, result in an ALL that is representative of the risk found in the components of the portfolio at any given date.

All loan origination fees and direct loan origination costs are deferred and recognized over the life of the loan. As of June 30, 2014 and 2013, net deferred fees and costs of \$1,596 and \$1,171, respectively, were included in the carryings value of loans.

During late 2013, the Bank purchased \$74.3 million in commercial loans in the northern Virginia area that were marked to fair value at the time they were recorded on the balance sheet.

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The following table summarizes the primary segments of the Company loan portfolio as of June 30, 2014:

| (in thousands) | Commercial | Residential | Home Equity | Installment | Credit Cards | Total |
|---------------------------------------|------------|-------------|-------------|-------------|--------------|------------|
| Individually evaluated for impairment | \$ 6,726 | \$ 873 | \$ 29 | \$ 14 | \$ | \$ 7,642 |
| Collectively evaluated for impairment | 526,776 | 142,754 | 39,060 | 17,339 | 683 | 726,612 |
| Total Loans | \$ 533,502 | \$ 143,627 | \$ 39,089 | \$ 17,353 | \$ 683 | \$ 734,254 |

The following table summarizes the primary segments of the Company loan portfolio as of June 30, 2013:

| (in thousands) | Commercial | Residential | Home Equity | Installment | Credit Cards | Total |
|---------------------------------------|------------|-------------|-------------|-------------|--------------|------------|
| Individually evaluated for impairment | \$ 4,063 | \$ 472 | \$ | \$ 20 | \$ | \$ 4,555 |
| Collectively evaluated for impairment | 329,624 | 100,446 | 21,547 | 18,063 | 619 | 470,299 |
| Total Loans | \$ 333,687 | \$ 100,918 | \$ 21,547 | \$ 18,083 | \$ 619 | \$ 474,854 |

The following table presents impaired loans by class, segregated by those for which a specific allowance was required and those for which a specific allowance was not necessary as of June 30, 2014 and December 31, 2013 (in thousands):

| | Impaired Loans with Specific Allowance | | Impaired Loans with No Specific Allowance | | Total Impaired Loans | | Unpaid Principal Balance |
|--------------------------|----------------------------------------|-------------------|-------------------------------------------|---------------------|----------------------|----------|--------------------------|
| | Recorded Investment | Related Allowance | Recorded Investment | Recorded Investment | | | |
| June 30, 2014 | | | | | | | |
| Commercial | \$ 6,603 | \$ 1,507 | \$ 123 | \$ 6,726 | \$ | \$ 6,726 | |
| Residential | 873 | 322 | | 873 | | 873 | |
| Home Equity | 29 | 29 | | 29 | | 29 | |
| Installment | 14 | 7 | | 14 | | 14 | |
| Total impaired loans | \$ 7,519 | \$ 1,865 | \$ 123 | \$ 7,642 | \$ | \$ 7,642 | |
| December 31, 2013 | | | | | | | |
| Commercial | \$ 6,134 | \$ 1,243 | \$ 120 | \$ 6,254 | \$ | \$ 6,254 | |
| Residential | 261 | 175 | | 261 | | 261 | |
| Home Equity | 28 | 28 | | 28 | | 28 | |
| Installment | 24 | 11 | 68 | 92 | | 92 | |
| Credit Cards | 1 | 1 | | 1 | | 1 | |
| Total impaired loans | \$ 6,448 | \$ 1,458 | \$ 188 | \$ 6,636 | \$ | \$ 6,636 | |

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The following tables present the average recorded investment in impaired loans and related interest income recognized for the periods indicated (in thousands):

| | Average Investment in Impaired Loans | Six months ended June 30, 2014 | | Average Investment in Impaired Loans | Three months ended June 30, 2014 | |
|--------------|-----------------------------------------------|---------------------------------------------------|------------------------------------------------|-----------------------------------------------|---------------------------------------------------|------------------------------------------------|
| | | Interest Income Recognized on Accrual Basis | Interest Income Recognized on Cash Basis | | Interest Income Recognized on Accrual Basis | Interest Income Recognized on Cash Basis |
| Commercial | \$ 6,556 | \$ 142 | \$ 116 | \$ 6,697 | \$ 73 | \$ 84 |
| Residential | 734 | 8 | 8 | 884 | 5 | 5 |
| Home Equity | 28 | 1 | | 29 | | |
| Consumer | 29 | 1 | 1 | 14 | | |
| Credit Cards | 1 | | | 1 | | |
| Total | \$ 7,348 | \$ 152 | \$ 125 | \$ 7,625 | \$ 78 | \$ 89 |

| | Average Investment in Impaired Loans | Six months ended June 30, 2013 | | Average Investment in Impaired Loans | Three months ended June 30, 2013 | |
|-------------|-----------------------------------------------|---------------------------------------------------|------------------------------------------------|-----------------------------------------------|---------------------------------------------------|------------------------------------------------|
| | | Interest Income Recognized on Accrual Basis | Interest Income Recognized on Cash Basis | | Interest Income Recognized on Accrual Basis | Interest Income Recognized on Cash Basis |
| Commercial | \$ 4,283 | \$ 56 | \$ 60 | \$ 3,990 | \$ 33 | \$ 31 |
| Residential | 528 | 2 | 4 | 474 | 2 | 2 |
| Consumer | 21 | 1 | 1 | 20 | 1 | |
| Total | \$ 4,832 | \$ 59 | \$ 65 | \$ 4,484 | \$ 36 | \$ 33 |

Bank management uses a nine point internal risk rating system to monitor the credit quality of the overall loan portfolio. The first six categories are considered not criticized, and are aggregated as Pass rated. The criticized rating categories utilized by Bank management generally follow bank regulatory definitions. The Special Mention category includes assets that are currently protected but are potentially weak, resulting in an undue and unwarranted credit risk, but not to the point of justifying a Substandard classification. Loans in the Substandard category have well-defined weaknesses that jeopardize the liquidation of the debt, and have a distinct possibility that some loss will be sustained if the weaknesses are not corrected. All loans greater than 90 days past due are considered Substandard. The portion of any loan that represents a specific allocation of the allowance for loan losses is placed in the Doubtful category. Any portion of a loan that has been charged off is placed in the Loss category.

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To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Bank has a structured loan rating process with several layers of internal and external oversight. Generally, consumer and residential mortgage loans are included in the Pass categories unless a specific action, such as bankruptcy, repossession, or death occurs to raise awareness of a possible credit event. The Bank's Chief Credit Officer is responsible for the timely and accurate risk rating of the loans in the portfolio at origination and on an ongoing basis. The Bank's Credit Department performs an annual review of all commercial relationships \$1,000,000 or greater. Confirmation of the appropriate risk grade is included in the review on an ongoing basis. The Bank has an experienced Credit Department that continually reviews and assesses loans within the portfolio. The Bank engages an external consultant to conduct loan reviews on at least an annual basis. Generally, the external consultant reviews larger commercial relationships or criticized relationships. The Bank's Credit Department compiles detailed reviews, including plans for resolution, on loans classified as Substandard on a quarterly basis. Loans in the Special Mention and Substandard categories that are collectively evaluated for impairment are given separate consideration in the determination of the allowance.

The following table represents the classes of the loan portfolio summarized by the aggregate Pass and the criticized categories of Special Mention, Substandard and Doubtful within the internal risk rating system as of June 30, 2014 and December 31, 2013 (in thousands):

| | Pass | Special Mention | Substandard | Doubtful | Total |
|----------------------|------------|--------------------|-------------|----------|------------|
| June 30, 2014 | | | | | |
| Commercial | \$ 514,673 | \$ 10,985 | \$ 7,610 | \$ 234 | \$ 533,502 |
| Residential | 141,043 | 1,696 | 888 | | 143,627 |
| Home Equity | 38,809 | 251 | 29 | | 39,089 |
| Installment | 16,729 | 608 | 16 | | 17,353 |
| Credit Cards | 683 | | | | 683 |
| Total Loans | \$ 711,937 | \$ 13,540 | \$ 8,543 | \$ 234 | \$ 734,254 |

| | Pass | Special Mention | Substandard | Doubtful | Total |
|--------------------------|------------|--------------------|-------------|----------|------------|
| December 31, 2013 | | | | | |
| Commercial | \$ 437,474 | \$ 11,566 | \$ 8,348 | \$ | \$ 457,388 |
| Residential | 115,283 | 2,660 | 261 | | 118,204 |
| Home Equity | 27,662 | 107 | 28 | | 27,797 |
| Installment | 17,560 | 633 | 92 | | 18,285 |
| Credit Cards | 628 | 2 | 1 | | 631 |
| Total Loans | \$ 598,607 | \$ 14,968 | \$ 8,730 | \$ | \$ 622,305 |

Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio as determined by the length of time a recorded payment is past due.

A loan that has deteriorated and is in a collection process could warrant non-accrual status. A thorough review is to be presented to the Chief Credit Officer and or the Mortgage Loan Committee (MLC), as required with respect to any loan which is in a collection process and to make a determination as to whether the loan should be placed on non-accrual status. The placement of loans on non-accrual status will be subject to applicable regulatory restrictions and guidelines. Generally, loans should be placed in non-accrual status when the loan approaches 90 days past due, when it becomes likely the borrower cannot or will not make scheduled principal or interest payments, when full repayment of principal and interest is not expected, or when the loan displays potential loss characteristics. Normally, all accrued interest should be charged off when a loan is placed in non-accrual status. Any payments subsequently received should be applied to principal. To remove a loan from non-accrual status, all principal and interest due must be paid up to date and the bank is reasonably sure of future satisfactory payment performance. Usually, this requires a six-month recent history of payments due. Removal of a loan from non-accrual status will require the approval of the Chief Credit Officer and or MLC.

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The following table presents the classes of the loan portfolio summarized by the aging categories of performing loans and nonaccrual loans as of June 30, 2014 and December 31, 2013 (in thousands):

| | Current | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days + Past Due | Total Past Due | Total Loans | Non- Accrual | 90+ Days Still Accruing |
|----------------------|------------|---------------------------|---------------------------|-----------------------------|----------------------|----------------|-----------------|-------------------------------|
| June 30, 2014 | | | | | | | | |
| Commercial | \$ 511,615 | \$ 8,607 | \$ 11,582 | \$ 1,698 | \$ 21,887 | \$ 533,502 | \$ 356 | \$ 1,342 |
| Residential | 142,723 | 35 | 56 | 813 | 904 | 143,627 | 263 | 550 |
| Home Equity | 39,089 | | | | | 39,089 | | |
| Consumer | 17,112 | 208 | 5 | 28 | 241 | 17,353 | | 28 |
| Credit Cards | 683 | | | | | 683 | | |
| Total | \$ 711,222 | \$ 8,850 | \$ 11,643 | \$ 2,539 | \$ 23,032 | \$ 734,254 | \$ 619 | \$ 1,920 |

| | Current | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days + Past Due | Total Past Due | Total Loans | Non- Accrual | 90+ Days Still Accruing |
|--------------------------|------------|---------------------------|---------------------------|-----------------------------|----------------------|----------------|-----------------|-------------------------------|
| December 31, 2013 | | | | | | | | |
| Commercial | \$ 456,864 | \$ 216 | \$ 24 | \$ 284 | \$ 524 | \$ 457,388 | \$ 284 | \$ |
| Residential | 116,150 | 1,401 | 193 | 460 | 2,054 | 118,204 | 30 | 430 |
| Home Equity | 27,741 | 28 | | 28 | 56 | 27,797 | | 28 |
| Installment | 18,119 | 90 | | 76 | 166 | 18,285 | 76 | |
| Credit Cards | 628 | 2 | | 1 | 3 | 631 | | 1 |
| Total | \$ 619,502 | \$ 1,737 | \$ 217 | \$ 849 | \$ 2,803 | \$ 622,305 | \$ 390 | \$ 459 |

The ALL is maintained to absorb losses from the loan portfolio. The ALL is based on the Bank management's continuing evaluation of the risk characteristics and credit quality of the loan portfolio, assessment of current economic conditions, diversification and size of the portfolio, adequacy of collateral, past and anticipated loss experience, and the amount of non-performing loans.

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The Bank's methodology for determining the ALL is based on the requirements of ASC Section 310-10-35 for loans individually evaluated for impairment (discussed above) and ASC Subtopic 450-20 for loans collectively evaluated for impairment, as well as the Interagency Policy Statements on the Allowance for Loan and Lease Losses and other bank regulatory guidance. The total of the two components represents the Bank's ALL.

Loans that are collectively evaluated for impairment are analyzed with general allowances being made as appropriate. For general allowances, historical loss trends are used in the estimation of losses in the current portfolio. These historical loss amounts are modified by other qualified factors.

The segments described above, which are based on the Federal call code assigned to each loan, provide the starting point for the ALL analysis. Company and Bank management track the historical net charge-off activity at the call code level. A historical charge-off factor is calculated utilizing a defined number of consecutive historical quarters. All pools currently utilize a rolling 12 quarters.

Pass rated credits are segregated from Criticized credits for the application of qualitative factors. Loans in the criticized pools, which possess certain qualities or characteristics that may lead to collection and loss issues, are closely monitored by management and subject to additional qualitative factors.

Company and Bank management have identified a number of additional qualitative factors which it uses to supplement the historical charge-off factor because these factors are likely to cause estimated credit losses associated with the existing loan pools to differ from historical loss experience. The additional factors that are evaluated quarterly and updated using information obtained from internal, regulatory, and governmental sources are: national and local economic trends and conditions; levels of and trends in delinquency rates and non-accrual loans; trends in volume and terms of loans; effects of changes in lending policies; experience, ability, and depth of lending staff; value of underlying collateral; and concentrations of credit from a loan type, industry and/or geographic standpoint.

Bank management reviews the loan portfolio on a quarterly basis using a defined, consistently applied process in order to make appropriate and timely adjustments to the ALL. When information confirms all or part of specific loans to be uncollectible, these amounts are promptly charged off against the ALL.

Historically, management has utilized an internally developed spreadsheet to track and apply the various components of the allowance.

Troubled Debt Restructurings

The restructuring of a loan is considered a troubled debt restructuring if both (i) the borrower is experiencing financial difficulties and (ii) the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. Troubled debt restructurings during 2014 and 2013 are set forth in the following table. No TDR's have defaulted.

At June 30, 2014 and December 31, 2013, the Bank had specific reserve allocations for TDR s of \$1.9 million and \$1.4 million, respectively.

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The following tables present details related to loans identified as Troubled Debt Restructurings (TDRs) for the six and three months ended June 30, 2014 and 2013 (in thousands):

| | New TDRs (1) | | | | | |
|-------------------------|------------------------|---------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|
| | | For the Six Months Ended June 30, 2014 | | For the Three Months Ended June 30, 2014 | | |
| | Number of Contracts | Pre- Modification Outstanding Recorded Investment | Post- Modification Outstanding Recorded Investment | Number of Contracts | Pre- Modification Outstanding Recorded Investment | Post- Modification Outstanding Recorded Investment |
| Commercial | 1 | \$ 496 | \$ 492 | | \$ | \$ |
| Residential real estate | 1 | 389 | 388 | | | |
| Total | 2 | \$ 885 | \$ 880 | | \$ | \$ |

(1) The pre-modification and post-modification balances represent the balances outstanding immediately before and after modification of the loan.

| | New TDRs (1) | | | | | |
|------------|------------------------|---------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|
| | | For the Six Months Ended June 30, 2013 | | For the Three Months Ended June 30, 2013 | | |
| | Number of Contracts | Pre- Modification Outstanding Recorded Investment | Post- Modification Outstanding Recorded Investment | Number of Contracts | Pre- Modification Outstanding Recorded Investment | Post- Modification Outstanding Recorded Investment |
| Commercial | 3 | \$ 1,814 | \$ 1,808 | 2 | \$ 119 | \$ 119 |
| Consumer | 3 | 8 | 8 | | | |
| Total | 6 | \$ 1,822 | \$ 1,816 | 2 | \$ 119 | \$ 119 |

(1) The pre-modification and post-modification balances represent the balances outstanding immediately before and after modification of the loan.

Table of Contents**NOTE 5 - BORROWED FUNDS**Short-term Borrowings and Repurchase Agreements

Along with traditional deposits, the Bank has access to both overnight repurchase agreements and short-term borrowings from FHLB to fund its operations and investments. As of June 30, 2014 and December 31, 2013, the Bank had repurchase agreements of \$36.5 million and \$81.6 million, respectively. Short-term borrowings from FHLB totaled \$120.2 million at June 30, 2014, compared to \$98.0 million at December 31, 2013.

Information related to short-term borrowings and repurchase agreements is summarized below:

| (Dollars in thousands) | June 30, 2014 | December 31, 2013 |
|--------------------------------------------------------------------|------------------|----------------------|
| Balance at end of period | \$ 156,750 | \$ 179,606 |
| Average balance during the three and twelve months ended | 172,930 | 135,852 |
| Maximum month-end balance during the three and twelve months ended | 204,010 | 179,606 |
| Weighted-average rate during the three and twelve months ended | 0.49% | 0.52% |
| Rate at end of period | 0.30% | 0.43% |

Average balances in the table above were calculated using daily averages for the related accounts.

Term notes from the FHLB were as follows:

| (Dollars in thousands) | June 30 2014 | Dec 31 2013 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|
| Fixed interest rate notes, originating between April 1999 and December 2007, due between April 2014 and April 2022, interest of between 4.50% and 5.90% payable monthly | \$ 4,689 | \$ 5,759 |
| Amortizing fixed interest rate note, originating February 2007, due February 2022, payable in monthly installments of \$5, including interest of 5.22% | 850 | 860 |
| | \$ 5,539 | \$ 6,619 |

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Subordinated Debt

In March 2007, the Company completed the private placement of \$4 million Floating Rate, Trust Preferred Securities through its MVB Financial Statutory Trust I subsidiary (the Trust). The Company established the trust for the sole purpose of issuing the Trust Preferred Securities pursuant to an Amended and Restated Declaration of Trust. The proceeds from the sale of the Trust Preferred Securities were loaned to the Company under subordinated Debentures (the Debentures) issued to the Trust pursuant to an Indenture. The Debentures are the only asset of the Trust. The Trust Preferred Securities have been issued to a pooling vehicle that will use the distributions on the Trust Preferred Securities to securitize note obligations. The obligations of the Company with respect to the issuance of the trust preferred securities constitute a full and unconditional guarantee by the Company of the Trust's obligations with respect to the trust preferred securities to the extent set forth in the related guarantees. The securities issued by the Trust are includable for regulatory purposes as a component of the Company's Tier I capital.

The Trust Preferred Securities and the Debentures mature in 2037 and have been redeemable by the Company since 2012. Interest payments are due in March, June, September and December and are adjusted at the interest due dates at a rate of 1.62% over the three month LIBOR Rate.

On June 30, 2014, MVB Financial Corp. (the Company) issued its Convertible Subordinated Promissory Notes Due 2024 (the Notes) to various investors in the aggregate principal amount of \$29,400,000. The Notes were issued in \$100,000 increments per Note subject to a minimum investment of \$1,000,000. The Notes expire 10 years after the initial issuance date of the Notes (the Maturity Date).

Interest on the Notes accrues on the unpaid principal amount of each Note (paid quarterly in arrears on January 1, April 1, July 1 and October 1 of each year) which rate shall be dependent upon the principal invested in the Notes and the holder's ownership of common stock in the Company. For investments of less than \$3,000,000 in Notes, an ownership of Company common stock representing at least 30% of the principal of the Notes acquired, the interest rate on the Notes is 7% per annum. For investments of \$3,000,000 or greater in Notes and ownership of the Company's common stock representing at least 30% of the principal of the Notes acquired, the interest rate on the Notes is 7.5% per annum. For investments of \$10,000,000 or greater, the interest rate on the Notes is 7% per annum, regardless of whether the holder owns or acquires MVB common stock. The principal on the Notes shall be paid in full at the Maturity Date. On the fifth anniversary of the issuance of the Notes, a holder may elect to continue to receive the stated fixed rate on the Notes or a floating rate determined by LIBOR plus 5% up to a maximum rate of 9%, adjusted quarterly.

The Notes are unsecured and subject to the terms and conditions of any senior debt and after consultation with the Board of Governors of the Federal Reserve System, the Company may, after the Notes have been outstanding for five years, and without premium or penalty, prepay all or a portion of the unpaid principal amount of any Note together with the unpaid interest accrued on such portion of the principal amount of such Note. All such prepayments shall be made pro rata among the holders of all outstanding Notes.

At the election of a holder, any or all of the Notes may be converted into shares of common stock during the 30-day period after the first, second, third, fourth, and fifth anniversaries of the issuance of the Notes or upon a notice to prepay by the Company. The Notes will convert into common stock based on \$32 per share of the Company's common stock. The conversion price will be subject to anti-dilution adjustments for certain events such as stock splits, reclassifications, non-cash distributions, extraordinary cash dividends, pro rata repurchases of common stock, and business combination transactions. The Company must give 20 days' notice to the holders of the Company's intent to prepay the Notes, so that holders may execute the conversion right set forth above if a holder so desires.

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Repayment of the Notes is subordinated to the Company's outstanding senior debt including (if any) without limitation, senior secured loans. No payment will be made by the Company, directly or indirectly, on the Notes, unless and until all of the senior debt then due has been paid in full. Notwithstanding the foregoing, so long as there exists no event of default under any senior debt, the Company would make, and a holder would receive and retain for the holder's account, regularly scheduled payments of accrued interest and principal pursuant to the terms of the Notes.

The Company must obtain a consent of the holders of the Notes prior to issuing any new senior debt in excess of \$15,000,000 after the date of issuance of the Notes and prior to the Maturity Date.

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An event of default will occur upon the Company's bankruptcy or any failure to pay interest, principal, or other amounts owing on the Notes when due. Upon the occurrence and during the continuance of an event of default (but subject to the subordination provisions of the Notes) the holders of a majority of the outstanding principal amount of the Notes may declare all or any portion of the outstanding principal amount of the Notes due and payable and demand immediate payment of such amount.

The Notes are redeemable, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed on any interest payment date after a date five years from the original issue date.

The Company reflects borrowed funds in the amount of \$33.4 million and \$4.1 million as of June 30, 2014 and December 31, 2013 and interest expense of \$45 and \$39 for the six months ended June 30, 2014 and 2013.

A summary of maturities of borrowings over the next five years is as follows:

(dollars in thousands)

| Year | Amount |
|-------------|---------------|
| 2014 | \$ 120,311 |
| 2015 | 169 |
| 2016 | 1,246 |
| 2017 | 1,470 |
| 2018 | 81 |
| Thereafter | 35,929 |
| | \$ 159,206 |

Table of Contents**Note 6 Fair Value of Financial Instruments**

The following summarizes the methods and significant assumptions used by the Company in estimating its fair value disclosures for financial instruments.

Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level II: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level III: Assets and liabilities that have little to no pricing observability as of the reported date. These items do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

As required by accounting standards, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company classified investments in government securities as Level 2 instruments and valued them using the market approach. All measurements are made on a recurring basis, with the exception of loans held for sale, derivative on loans held for sale, other real estate and impaired loans, which are measured on a non-recurring basis.

The following tables present the assets reported on the consolidated statements of financial condition at their fair value on a recurring basis as of June 30, 2014 and December 31, 2013 by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

| (in thousands) | June 30, 2014 | | | Total |
|-------------------------------------------|---------------|-----------|-----------|-----------|
| | Level I | Level II | Level III | |
| Assets: | | | | |
| U.S. Government Agency Securities | \$ | \$ 43,892 | \$ | \$ 43,892 |
| U.S. Sponsored Mortgage backed securities | | 29,495 | | 29,495 |
| Municipal securities | | 15,717 | | 15,717 |
| Equity and Other Securities | 232 | 810 | | 1,042 |

| (in thousands) | December 31, 2013 | | | Total |
|-------------------------------------------|-------------------|-----------|-----------|-----------|
| | Level I | Level II | Level III | |
| Assets: | | | | |
| U.S. Government Agency Securities | \$ | \$ 58,822 | \$ | \$ 58,822 |
| U.S. Sponsored Mortgage backed securities | | 46,592 | | 46,592 |
| Equity and Other Securities | 187 | 810 | | 997 |

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The Company may be required, from time to time, to measure certain financial assets, financial liabilities, non-financial assets and non-financial liabilities at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These include assets that are measured at the lower of cost or market value that were recognized at fair value below cost at the end of the period. Certain non-financial assets measured at fair value on a non-recurring basis include foreclosed assets (upon initial recognition or subsequent impairment), non-financial assets and non-financial liabilities measured at fair value in the second step of a goodwill impairment test, and intangible assets and other non-financial long-lived assets measured at fair value for impairment assessment. Non-financial assets measured at fair value on a non-recurring basis during 2014

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and 2013 include certain foreclosed assets which, upon initial recognition, were remeasured and reported at fair value through a charge-off to the allowance for possible loan losses and certain foreclosed assets which, subsequent to their initial recognition, were remeasured at fair value through a write-down included in other non-interest expense.

- **Loans held for sale** Loans held for sale are carried at the lower of cost or market value. These loans currently consist of one-to-four-family residential loans originated for sale in the secondary market. Fair value is based on the price secondary markets are currently offering for similar loans using observable market data which is not materially different than cost due to the short duration between origination and sale (Level II).
- **Derivative on loans held for sale** - Derivatives on loans held for sale are used to mitigate interest rate risk for residential mortgage loans held for sale and interest rate locks. These instruments are considered derivatives and are recorded at fair value, based on (i) committed sales prices from investors for commitments to sell mortgage loans or (ii) observable market data inputs for commitments to sell mortgage backed securities. The Company's mortgage banking hedge instruments are classified as Level II. For mortgage interest rate locks, the fair value is based on either (i) the price of the underlying loans obtained from an investor for loans that will be delivered on a best efforts basis or (ii) the observable price for individual loans traded in the secondary market for loans that will be delivered on a mandatory basis. All of the Company's mortgage interest rate locks are classified as Level II.
- **Impaired Loans** - Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment using one of several methods, including collateral value, liquidation value and discounted cash flows. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. Collateral values are estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria. For a majority of impaired real estate related loans, the Company obtains a current external appraisal. Other valuation techniques are used as well, including internal valuations, comparable property analysis and contractual sales information.
- **Other Real Estate owned** Other real estate owned, which is obtained through the Bank's foreclosure process is valued utilizing the appraised collateral value. Collateral values are estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria. At the time, the foreclosure is completed, the Company obtains a current external appraisal.

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Assets measured at fair value on a nonrecurring basis as of June 30, 2014 and December 31, 2013 are included in the table below:

| (in thousands) | June 30, 2014 | | | | Total |
|-----------------------------------|---------------|----------|-----------|-------|----------|
| | Level I | Level II | Level III | | |
| Assets: | | | | | |
| Derivative on loans held for sale | \$ | \$ | \$ | 3,210 | \$ 3,210 |
| Impaired loans | | | | 5,777 | 5,777 |
| Other real estate owned | | | | 502 | 502 |

| (in thousands) | December 31, 2013 | | | | Total |
|-----------------------------------|-------------------|----------|-----------|-------|----------|
| | Level I | Level II | Level III | | |
| Assets: | | | | | |
| Derivative on loans held for sale | \$ | \$ | \$ | 2,271 | \$ 2,271 |
| Impaired loans | | | | 5,178 | 5,178 |
| Other real estate owned | | | | 375 | 375 |

The following tables present quantitative information about the Level 3 significant unobservable inputs for assets and liabilities measured at fair value on a nonrecurring basis at June 30, 2014 and December 31, 2013.

| (Dollars in thousands) | Quantitative Information about Level 3 Fair Value Measurements | | | |
|-----------------------------------|----------------------------------------------------------------|--------------------------------|------------------------------------------------------|-----------------------|
| | Fair Value | Valuation Technique | Unobservable Input | Range |
| June 30, 2014: | | | | |
| Impaired loans | \$ 5,777 | Appraisal of collateral (1) | Appraisal adjustments (2) Liquidation expense (2) | 20% - 30% 5% - 10% |
| Other real estate owned | \$ 502 | Appraisal of collateral (1) | Appraisal adjustments (2) Liquidation expense (2) | 20% - 30% 5% - 10% |
| Derivative on loans held for sale | \$ 3,210 | Market or Committed Sale Price | Expected Funding Percentage | 77% |

| (Dollars in thousands) | Quantitative Information about Level 3 Fair Value Measurements | | | |
|-----------------------------------|----------------------------------------------------------------|-----------------------------|------------------------------------------------------|-----------------------|
| | Fair Value | Valuation Technique | Unobservable Input | Range |
| December 31, 2013: | | | | |
| Impaired loans | \$ 5,178 | Appraisal of collateral (1) | Appraisal adjustments (2) Liquidation expense (2) | 20% - 30% 5% - 10% |
| Other real estate owned | \$ 375 | Appraisal of collateral (1) | Appraisal adjustments (2) Liquidation expense (2) | 20% - 30% 5% - 10% |
| Derivative on loans held for sale | \$ 2,271 | Market or Committed Sale | Expected Funding Percentage | 80% |

Price

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various level 3 inputs which are not observable.

(2) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of liquidation expenses and other appraisal adjustments are presented as a percent of the appraisal.

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The following summarizes the methods and significant assumptions used by the Company in estimating its fair value disclosures for financial instruments.

Cash and cash equivalents: The carrying amounts for cash and cash equivalents approximate fair value because they have original maturities of 90 days or less and do not present unanticipated credit concerns.

Certificates of deposits: The fair values for loans are computed based on scheduled future cash flows of principal and interest, discounted at interest rates currently offered for loans with similar terms of borrowers of similar credit quality. No prepayments of principal are assumed.

Securities: Fair values of securities are based on quoted market prices, where available. If quoted market prices are not available, estimated fair values are based on quoted market prices of comparable securities.

Loans: The fair values for loans are computed based on scheduled future cash flows of principal and interest, discounted at interest rates currently offered for loans with similar terms of borrowers of similar credit quality. No prepayments of principal are assumed.

Loans held for sale: Loans held for sale are carried at the lower of cost or market value. These loans currently consist of one-to-four-family residential loans originated for sale in the secondary market. Fair value is based on the price secondary markets are currently offering for similar loans using observable market data which is not materially different than cost due to the short duration between origination and sale (Level II).

Derivative on loans held for sale: Derivatives on loans held for sale are used to mitigate interest rate risk for residential mortgage loans held for sale and interest rate locks and manage expected funding percentages. These instruments are considered derivatives and are recorded at fair value, based on (i) committed sales prices from investors for commitments to sell mortgage loans or (ii) observable market data inputs for commitments to sell mortgage backed securities. The Company's mortgage banking hedge instruments are classified as Level II. For mortgage interest rate locks, the fair value is based on either (i) the price of the underlying loans obtained from an investor for loans that will be delivered on a best efforts basis or (ii) the observable price for individual loans traded in the secondary market for loans that will be delivered on a mandatory basis. All of the Company's mortgage interest rate locks are classified as Level III.

Accrued interest receivable and payable and repurchase agreements: The carrying values of accrued interest receivable and payable approximate their fair values.

Deposits: The fair values of demand deposits (i.e., non-interest bearing checking, NOW and money market), savings accounts and other variable rate deposits approximate their carrying values. Fair values of fixed maturity deposits are estimated using a discounted cash flow methodology at rates currently offered for deposits with similar remaining maturities. Any intangible value of long-term relationships with depositors is not considered in estimating the fair values disclosed.

FHLB and other borrowings: The fair values for loans are computed based on scheduled future cash flows of principal and interest, discounted at interest rates currently offered for loans with similar terms of borrowers of similar credit quality. No prepayments of principal are assumed.

Subordinated debt: The fair values for loans are computed based on scheduled future cash flows of principal and interest, discounted at interest rates currently offered for loans with similar terms of borrowers of similar credit quality. No prepayments of principal are assumed.

Off-balance sheet instruments: The fair values of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of agreements and the present credit standing of the counterparties. The amounts of fees currently charged on commitments and standby letters of credit are deemed insignificant, and therefore, the estimated fair values and carrying values are not shown.

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The carrying values and estimated fair values of the Company's financial instruments are summarized as follows (in thousands):

Fair Value Measurements at:

| | Carrying Value | Estimated Fair Value | Quoted Prices in Active Markets For Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-------------------------------------------|----------------|----------------------|----------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| June 30, 2014 | | | | | |
| Financial assets: | | | | | |
| Cash and cash equivalents | \$ 28,119 | \$ 28,119 | \$ 28,119 | \$ | \$ |
| Certificates of deposits with other banks | 9,427 | 10,013 | | 10,013 | |
| Securities available-for-sale | 90,146 | 90,146 | 232 | 89,914 | |
| Securities held-to-maturity | 55,978 | 55,931 | | 55,931 | |
| Loans held for sale | 69,209 | 69,209 | | 69,209 | |
| Loans, net | 728,013 | 738,349 | | | 738,349 |
| Derivative on loans held for sale | 3,210 | 3,210 | | | 3,210 |
| Accrued interest receivable | 2,812 | 2,812 | | 2,812 | |
| Financial liabilities: | | | | | |
| Deposits | \$ 747,044 | \$ 747,944 | | \$ 500,913 | \$ 247,031 |
| Repurchase agreements | 36,521 | 36,521 | | 36,521 | |
| FHLB and other borrowings | 125,769 | 125,824 | | 120,229 | 5,595 |
| Accrued interest payable | 286 | 286 | | 286 | |
| Subordinated debt | 33,437 | 33,437 | | 33,437 | |
| December 31, 2013 | | | | | |
| Financial assets: | | | | | |
| Cash and cash equivalents | \$ 39,843 | \$ 39,843 | \$ 39,843 | \$ | \$ |
| Certificates of deposits with other banks | 9,427 | 9,616 | | 9,616 | |
| Securities available-for-sale | 106,411 | 106,411 | 187 | 106,224 | |
| Securities held-to-maturity | 56,670 | 54,118 | | 54,118 | |
| Loans held for sale | 89,186 | 89,186 | | 89,186 | |
| Loans, net | 617,370 | 620,295 | | | 620,295 |
| Derivative on loans held for sale | 2,271 | 2,271 | | | 2,271 |
| Accrued interest receivable | 2,764 | 2,764 | | 2,764 | |
| Financial liabilities: | | | | | |
| Deposits | \$ 695,811 | \$ 697,301 | | \$ 454,658 | \$ 242,643 |
| Repurchase agreements | 81,578 | 81,578 | | 81,578 | |
| FHLB and other borrowings | 104,647 | 104,742 | | 98,028 | 6,714 |
| Accrued interest payable | 327 | 327 | | 327 | |
| Subordinated debt | 4,124 | 4,124 | | 4,124 | |

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Fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Fair value estimates are based on existing on-and-off balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments.

Note 7 Stock Offerings

On June 30, 2014, the Company filed Certificates of Designations for its Convertible Noncumulative Perpetual Preferred Stock, Series B (Class B Preferred) and its Convertible Noncumulative Perpetual Preferred Stock, Series C (Class C Preferred). The Class B Preferred Certificate designated 400 shares of preferred stock as Class B Preferred shares. The Class B Preferred shares carry an annual dividend rate of 6% and are convertible into shares of Company common stock within thirty days after the first, second, third, fourth and fifth anniversaries of the original issue date, based on a common stock price of \$16 per share, as adjusted for future corporate activities. The Class B Preferred shares are redeemable by the Company on or after the fifth anniversary of the original issue date for Liquidation Amount, as defined therein, plus declared and unpaid dividends. Redemption is subject to any necessary regulatory approvals. In the event of liquidation of the Company, shares of Class B Preferred stock shall be junior to creditors of the Company and to the shares of Senior Noncumulative Perpetual Preferred Stock, Series A. Holders of Class B Preferred shares shall have no voting rights, except for authorization of senior shares of stock, amendment to the Class B Preferred shares, share exchanges, reclassifications or changes of control, or as required by law.

The Class C Preferred Certificate designated 383.4 shares of preferred stock as Class C Preferred shares. The Class C Preferred shares carry an annual dividend rate of 6.5% and are convertible into shares of Company common stock within thirty days after the first, second, third, fourth and fifth anniversaries of the original issue date, based on a common stock price of \$16 per share, as adjusted for future corporate activities. The Class C Preferred shares are redeemable by the Company on or after the fifth anniversary of the original issue date for Liquidation Amount, as defined therein, plus declared and unpaid dividends. Redemption is subject to any necessary regulatory approvals. In the event of liquidation of the Company, shares of Class C Preferred stock shall be junior to creditors of the Company and to the shares of Senior Noncumulative Perpetual Preferred Stock, Series A and the Class B Preferred shares. Holders of Class C Preferred shares shall have no voting rights, except for authorization of senior shares of stock, amendment to the Class C Preferred shares, share exchanges, reclassifications or changes of control, or as required by law.

The proceeds of these preferred stock offerings will be used in connection with the acquisition of CFG Community Bank and continued growth of the Company and its Subsidiaries.

During 2013, the Company commenced a private offering under Rule 506 of Regulation D of its common stock to accredited investors. As of December 31, 2013, the Company had received subscriptions for 610,194 common stock shares totaling \$9.8 million in additional capital. During the six month period ended June 30, 2014, the Company received additional subscriptions for 361,865 common stock shares totaling \$5.8 million in additional capital at June 30, 2014. The proceeds of this offering are also being used in connection with the acquisition of CFG Community Bank and to support continued growth of the Company and its Subsidiaries.

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During the first quarter of 2013, the Company completed a private offering to accredited investors which resulted in the issuance of 2,265,054 shares totaling \$27.1 million in additional capital. The proceeds of this offering were used to support the acquisition of Potomac Mortgage Group, Inc. (which now does business as MVB Mortgage) as well as the continued growth of the Company.

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On September 8, 2011 MVB received \$8.5 million in Small Business Lending Fund (SBLF) capital. MVB issued 8,500 shares of \$1,000 per share preferred stock with dividends payable in arrears on January 1, April 1, July 1 and October 1 each year. At December 31, 2013 and 2012, MVB's loan production qualified for the lowest dividend rate possible of 1%. MVB may continue to utilize the SBLF capital through March 8, 2016 at the 1% dividend rate. After that time, if the SBLF is not retired, the dividend rate increases to 9%.

Note 8 Net Income Per Common Share

The Company determines basic earnings per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by dividing net income by the weighted average number of shares outstanding increased by the number of shares that would be issued assuming the exercise of stock options. At June 30, 2014 and 2013, stock options to purchase 494,470 and 391,280 shares at an average price of \$9.09 and \$8.00, respectively, were outstanding. For the six months ended June 30, 2014 and 2013, the dilutive effect of stock options was 213,549 and 169,532 shares, respectively.

Note 9 Segment Reporting

During the fourth quarter of 2013, the Company identified three reportable segments: commercial and retail banking; mortgage banking; and insurance services. Revenue from commercial and retail banking activities consists primarily of interest earned on loans and investment securities and service charges on deposit accounts.

Revenue from the mortgage banking activities is comprised of interest earned on loans and fees received as a result of the mortgage origination process. The mortgage banking services are conducted by MVB Mortgage.

Information about the reportable segments and reconciliation to the consolidated financial statements for the six-month period ended June 30, 2014 is as follows:

| (in thousands) | Commercial & Retail Banking | Mortgage Banking | Insurance | Intercompany Eliminations | Consolidated |
|-----------------------------|-----------------------------------|---------------------|-----------|------------------------------|--------------|
| Revenues: | | | | | |
| Interest income | \$ 15,713 | \$ 1,408 | \$ | \$ 126 | \$ 17,247 |
| Gain on loans held for sale | 750 | 8,139 | | (113) | 8,776 |
| Insurance income | | | 1,707 | | 1,707 |
| Other income | 4,966 | 1,051 | | (3,119) | 2,898 |

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| | | | | | |
|-----------------------------------|--------|--------|-------|---------|--------|
| Total operating income | 21,429 | 10,598 | 1,707 | (3,106) | 30,628 |
| Expenses: | | | | | |
| Interest expense | 3,261 | 775 | | (420) | 3,616 |
| Salaries and employee benefits | 6,362 | 6,632 | 1,735 | | 14,729 |
| Provision for loan losses | 1,408 | | | | 1,408 |
| Other expense | 7,993 | 2,595 | 393 | (2,686) | 8,295 |
| Total operating expenses | 19,024 | 10,002 | 2,128 | (3,106) | 28,048 |
| Income (loss) before income taxes | 2,405 | 596 | (421) | | 2,580 |
| Income tax expense (benefit) | 375 | 238 | (160) | | 453 |

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| | | | | | |
|-------------------------------------------------------------------|-----------|-----------|----------|-----------|-----------|
| Net income (loss) | 2,030 | 358 | (261) | 2,127 | |
| Preferred stock dividends | 43 | | | 43 | |
| Net income (loss) available to common shareholders | \$ 1,987 | \$ 358 | \$ (261) | \$ 2,084 | |
| Capital expenditures for the six-month period ended June 30, 2014 | \$ 4,428 | \$ 191 | \$ 343 | \$ 4,962 | |
| Total assets as of June 30, 2014 | 1,143,107 | 101,609 | 4,431 | (186,526) | 1,062,621 |
| Total assets as of December 31, 2013 | 1,021,097 | 92,290 | 3,012 | (129,339) | 987,060 |
| Goodwill as of June 30, 2014 | 897 | 16,882 | | | 17,779 |
| Goodwill as of December 31, 2013 | \$ 897 | \$ 16,882 | \$ | \$ | 17,779 |

Note 10 Pension Plan

The Company participates in a trustee pension plan known as the Allegheny Group Retirement Plan covering virtually all full-time employees. Benefits are based on years of service and the employee's compensation. Accruals under the Plan were frozen as of May 31, 2014. Freezing the plan resulted in a re-measurement of the pension obligations and plan assets as of the freeze date. The pension obligation was re-measured using the discount rate based on the Citigroup Above Median Pension Discount Curve in effect on May 31, 2014 of 4.46%.

The plan freeze lowered the pension cost in the second quarter of 2014 by approximately \$71. The freeze is expected to reduce pension cost in the second half of 2014 by approximately \$430.

Information pertaining to the activity in the Company's defined benefit plan, using the latest available actuarial valuations for the six and three months ended June 30, 2014 and 2013 is as follows:

| (in thousands) | For the six months ended June 30, 2014 | For the six months ended June 30, 2013 |
|------------------------------------|-------------------------------------------|-------------------------------------------|
| Service cost | \$ 346 | \$ 326 |
| Interest cost | 155 | 124 |
| Expected Return on Plan Assets | (158) | (136) |
| Amortization of Net Actuarial Loss | 70 | 93 |
| Amortization of Prior Service Cost | | 1 |
| Net Periodic Benefit Cost | \$ 413 | \$ 408 |

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| | | | | |
|--------------------|----|-----|----|-----|
| Contributions Paid | \$ | 188 | \$ | 170 |
|--------------------|----|-----|----|-----|

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| (in thousands) | For the three months ended June 30, 2014 | | For the three months ended June 30, 2013 | |
|------------------------------------|---------------------------------------------|------|---------------------------------------------|------|
| Service cost | \$ | 138 | \$ | 163 |
| Interest cost | | 77 | | 62 |
| Expected Return on Plan Assets | | (79) | | (68) |
| Amortization of Net Actuarial Loss | | 35 | | 47 |
| Amortization of Prior Service Cost | | | | |
| Net Periodic Benefit Cost | \$ | 171 | \$ | 204 |
| Contributions Paid | \$ | 94 | \$ | 85 |

Note 11 Mergers and Acquisitions

The Company and its subsidiary, the Bank, have entered into an Purchase and Assumption Agreement (Agreement) and an Amendment (Agreement Amendment) with CFG Community Bank (CFG Bank) and its parent, Capital Funding Bancorp, Inc., and affiliates, Capital Finance, LLC and Capital Funding, LLC, based upon the terms and subject to the conditions set forth in the Agreement and modified by the Amendment, pursuant to which, upon the terms and subject to the conditions set forth in the Agreement and Amendment, the Bank would, subject to regulatory approvals, purchase certain assets and assume certain liabilities of CFG Bank and its subsidiaries for \$30 million in consideration, consisting of \$26 million in cash and \$4 million in shares of Company common stock, subject to certain adjustments.

Consummation of this transaction is subject to certain customary closing conditions, including requisite regulatory approvals and material third-party consents, the absence of certain legal impediments to the consummation of the transaction and subject to certain exceptions, the accuracy of the representations and warranties and compliance with the covenants of each party.

The parties have made customary representations, warranties and covenants in the Agreement, including among others, covenants by CFG Bank with respect to the conduct of its business during the interim period between the execution of the agreement and the closing of the transaction.

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The following acquisition related costs are included in the consolidated statements of income for the periods indicated (in thousands):

| | Six Months Ended June 30, 2014 | Three Months Ended June 30, 2014 |
|----------------------------------------|-------------------------------------------|---------------------------------------------|
| Consulting | \$ 51 | \$ 2 |
| Advertising | 4 | 1 |
| Printing, stationery and supplies | 8 | 3 |
| Legal and accounting fees | 21 | 6 |
| Equipment depreciation and maintenance | 6 | 1 |
| Meals and Entertainment | 8 | 3 |
| Travel | 65 | 38 |
| Total | \$ 163 | \$ 48 |

Note 12 Stock Split

Common shares outstanding at December 31, 2013 and for the three and six month periods ended June 30, 2013, have been adjusted for the effect of a two for one stock split effected as a stock dividend paid on February 11, 2014.

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

FORWARD-LOOKING INFORMATION

Statements in this Quarterly Report on Form 10-Q that are based on other than historical data are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others:

- statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations, and future financial condition, results of operations and performance of MVB Financial Corp. (the Company) and its subsidiaries (collectively we, our, or us), including MVB Bank, Inc. (the Bank);
- statements preceded by, followed by or that include the words may, could, should, would, believe, anticipate, estimate, expect, intend, plan, projects, or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing the Company's or the Bank management's views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, including, but not limited to, those presented in this Management's Discussion and Analysis section. Factors that might cause such differences include, but are not limited to:

- the ability of the Company, the Bank, MVB Mortgage, and MVB Insurance to successfully execute business plans, manage risks, and achieve objectives;
- changes in local, national and international political and economic conditions, including without limitation the political and economic effects of the recent economic crisis, delay of recovery from that crisis, economic conditions and fiscal imbalances in the United States and other countries, potential or actual downgrades in rating of sovereign debt issued by the United States and other countries, and other major developments, including wars, military actions, and terrorist attacks;
- changes in financial market conditions, either internationally, nationally or locally in areas in which the Company, the Bank, MVB Mortgage, and MVB Insurance conduct operations, including without limitation, reduced rates of business formation and growth, commercial and residential real estate development and real estate prices;
- fluctuations in markets for equity, fixed-income, commercial paper and other securities, including availability, market liquidity levels, and pricing; changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition;
- the ability of the Company, the Bank, MVB Mortgage, and MVB Insurance to successfully conduct acquisitions and integrate acquired businesses;
- potential difficulties in expanding the businesses of the Company, the Bank, MVB Mortgage, and MVB Insurance in existing and new markets;

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- increases in the levels of losses, customer bankruptcies, bank failures, claims, and assessments;
- changes in fiscal, monetary, regulatory, trade and tax policies and laws, and regulatory assessments and fees, including policies of the U.S. Department of Treasury, the Board of Governors of the Federal Reserve Board System, and the FDIC;
- the impact of executive compensation rules under the Dodd-Frank Act and banking regulations which may impact the ability of the Company, the Bank, MVB Mortgage, MVB Insurance, and other American financial institutions to retain and recruit executives and other personnel necessary for their businesses and competitiveness;
- the impact of the Dodd-Frank Act and of new international standards known as Basel III, and rules and regulations thereunder, many of which have not yet been promulgated, on our required regulatory capital and liquidity levels, governmental assessments on us, the scope of business activities in which we may engage, the manner in which the Company, the Bank, MVB Mortgage, and MVB Insurance engage in such activities, the fees that the Bank, MVB Mortgage, and MVB Insurance may charge for certain products and services, and other matters affected by the Dodd-Frank Act and these international standards;
- continuing consolidation in the financial services industry; new legal claims against the Company, the Bank, MVB Mortgage, and MVB Insurance, including litigation, arbitration and proceedings brought by governmental or self-regulatory agencies, or changes in existing legal matters;
- success in gaining regulatory approvals, when required, including for proposed mergers or acquisitions;

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- changes in consumer spending and savings habits;
- increased competitive challenges and expanding product and pricing pressures among financial institutions;
- inflation and deflation;
- technological changes and the implementation of new technologies by the Company, the Bank, MVB Mortgage, and MVB Insurance;
- the ability of the Company, the Bank, MVB Mortgage, and MVB Insurance to develop and maintain secure and reliable information technology systems;
- legislation or regulatory changes which adversely affect the operations or business of the Company, the Bank, MVB Mortgage, or MVB Insurance;
- the ability of the Company, the Bank, MVB Mortgage, and MVB Insurance to comply with applicable laws and regulations; changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or regulatory agencies; and,
- costs of deposit insurance and changes with respect to FDIC insurance coverage levels.

Except to the extent required by law, the Company specifically disclaims any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

SUMMARY OF RESULTS OF OPERATIONS

At June 30, 2014 and 2013 and for the Six and Three Months Ended June 30, 2014 and 2013:

| | Six Months Ended | | Three Months Ended | |
|----------------------------------------------------------|------------------|--------|--------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Net income to: | | | | |
| Average assets | 0.42% | 0.72% | 0.37% | 0.79% |
| Average stockholders equity | 4.40% | 7.10% | 3.93% | 7.22% |
| Net interest margin | 2.96% | 2.97% | 2.88% | 2.97% |
| Average stockholders equity to average assets | 9.54% | 10.20% | 9.42% | 10.92% |
| Total loans to total deposits (end of period) | 98.29% | 89.37% | 98.29% | 89.37% |
| Allowance for loan losses to total loans (end of period) | 0.85% | 1.02% | 0.85% | 1.02% |
| Efficiency ratio | 85.24% | 80.05% | 85.46% | 80.63% |
| Capital ratios: | | | | |
| Tier 1 capital ratio | 15.20% | 13.18% | 15.20% | 13.18% |
| Risk-based capital ratio | 16.01% | 14.08% | 16.01% | 14.08% |

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| | | | | | | | | |
|----------------------------------------------|----|--------|----|-------|----|--------|----|-------|
| Leverage ratio | | 11.25% | | 9.24% | | 11.25% | | 9.24% |
| Cash dividends as a percentage of net income | | 14.90% | | 9.02% | | 14.90% | | 9.02% |
| Per share data: | | | | | | | | |
| Book value per share (end of period) | \$ | 11.60 | \$ | 10.59 | \$ | 11.60 | \$ | 10.59 |
| Basic earnings per share | \$ | 0.27 | \$ | 0.41 | \$ | 0.12 | \$ | 0.21 |
| Diluted earnings per share | \$ | 0.26 | \$ | 0.40 | \$ | 0.12 | \$ | 0.21 |

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Introduction

MVB Financial Corp. (the Company) was formed on January 1, 2004, as a bank holding company and, effective December 19, 2012, became a financial holding company. The Company features multiple subsidiaries and affiliated businesses, including MVB Bank, Inc. (the Bank or MVB Bank) and its wholly-owned subsidiary MVB Mortgage and MVB Insurance, LLC (MVB Insurance). On December 31, 2013, three Company subsidiaries, MVB-Central, Inc. (a second-tier level holding company), MVB-East, Inc. (a second tier holding company) and Bank Compliance Solutions, Inc. (an inactive subsidiary) were merged into the Company.

The Bank was formed on October 30, 1997 and chartered under the laws of the State of West Virginia. The Bank commenced operations on January 4, 1999. In August of 2005, the Bank opened a full service office in neighboring Harrison County, West Virginia. During October of 2005, the Bank purchased a branch office in Jefferson County, West Virginia, situated in West Virginia s eastern panhandle. During the third quarter of 2007, the Bank opened a full service office in the Martinsburg area of Berkeley County, West Virginia. In the second quarter of 2011, the Bank opened a banking facility in the Cheat Lake area of Monongalia County, West Virginia. The Bank opened its second Harrison County, West Virginia location, the downtown Clarksburg office in the historic Empire Building during the fourth quarter of 2012.

Also during the fourth quarter of 2012, the Bank acquired Potomac Mortgage Group, Inc. (PMG which, following July 15, 2013, began doing business under the registered trade name MVB Mortgage), a mortgage company in the northern Virginia area, and fifty percent (50%) interest in a mortgage services company, Lender Service Provider, LLC (LSP). In the third quarter of 2013, this fifty percent (50%) interest in LSP was reduced to a twenty-five percent (25%) interest through a sale of a partial interest. This PMG acquisition provided the Company and the Bank the opportunity to make the mortgage banking operation a much more significant line of business to further diversify its net income stream. MVB Mortgage has four mortgage only offices, all located in northern Virginia, within the Washington, District of Columbia / Baltimore, Maryland metropolitan area, and, in addition, has mortgage loan originators located at select Bank locations.

In the first quarter of 2013, the Bank opened its second Monongalia County location in the Sabraton area of Morgantown, West Virginia. In the second quarter of 2013, the Bank opened its second full service office in Berkeley County, West Virginia, at Edwin Miller Boulevard. In addition, the Bank opened a loan processing office at 184 Summers Street, Charleston, Kanawha County, West Virginia. During the first quarter of 2014, the Company continued to focus on growth in the Harrison, Berkeley, Jefferson and Monongalia County areas, as well as the Kanawha county area, as the primary method for reaching performance goals. The Company continuously reviews key performance indicators to measure our success.

Currently, the Bank operates nine full-service banking branches in West Virginia, which are located at: 301 Virginia Avenue in Fairmont, Marion County; 9789 Mall Loop (inside the Shop N Save Supermarket) in White Hall, Marion County; 1000 Johnson Avenue in Bridgeport, Harrison County; 406 West Main St. in Clarksburg, Harrison County; 88 Somerset Boulevard in Charles Town, Jefferson County; 651 Foxcroft Avenue in Martinsburg, Berkeley County; 2400 Cranberry Square in Cheat Lake, Monongalia County; 10 Sterling Drive in Morgantown, Monongalia County; and 231 Aikens Center in Martinsburg, Berkeley County. In addition, the Bank operates a loan processing office at 184 Summers Street, Charleston, Kanawha County, West Virginia. The Bank has received regulatory approval from the Federal Deposit Insurance Corporation (FDIC) and the West Virginia Division of Financial Institutions to construct a replacement location on Copley Drive in Fairmont, Marion County, West Virginia, for its current White Hall location. In addition, the Bank has initiated construction of a new facility in Kanawha County, West Virginia.

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In addition to MVB Mortgage, the Company has a wholly-owned subsidiary, MVB Insurance, LLC. MVB Insurance was originally formed in 2000 and reinstated in 2005, as a Bank subsidiary. Effective June 1, 2013, MVB Insurance became a direct subsidiary of the Company. MVB Insurance offers select insurance products such as title insurance, individual insurance, commercial insurance, employee benefits insurance, and professional liability insurance. MVB Insurance maintains its headquarters at 301 Virginia Avenue, Fairmont, West Virginia, and operates offices at: 48 Donley Street, Suite 703, Morgantown, West Virginia, 2400 Cranberry Square, Morgantown, West Virginia,; and 355 Wharton Circle, Suite 123, Triadelphia, West Virginia.

The Company's primary business activities, through its Subsidiaries, are currently community banking, mortgage banking, insurance services, and wealth management. As a community banking entity, the Bank offers its customers a full range of products through various delivery channels. Such products and services include checking accounts, NOW accounts, money market and savings accounts, time certificates of deposit, commercial, installment, commercial real estate and residential real estate mortgage loans, debit cards, and safe deposit rental facilities. Services are provided through our walk-in offices, automated teller machines (ATMs), drive-in facilities, and internet and telephone banking. Additionally, the Bank offers non-deposit investment products through an association with a broker-dealer, and also offers correspondent lending services to assist other community banks in offering longer term fixed rate loan products that may be sold into the secondary market. Since the opening date of January 4, 1999, the Bank, has experienced significant growth in assets, loans, and deposits due to overwhelming community and customer support in the Marion County, West Virginia and Harrison County, West Virginia markets, expansion into West Virginia's eastern panhandle counties and, most recently, into Monongalia County, West Virginia. With the acquisition of PMG, mortgage banking is now a much more significant focus, which has opened up increased market opportunities in the Washington, District of Columbia / Baltimore, Maryland metropolitan region and added enough volume to better diversify the Company's earnings stream.

The Company and the Bank entered into a purchase and assumption agreement, on October 23, 2013, to purchase certain assets and assume specific liabilities, subject to regulatory approvals, of CFG Community Bank (CFG Bank), a subsidiary of Capital Funding Bancorp, Inc., headquartered in Lutherville, Maryland. This pending transaction, which is, again, subject to regulatory approvals, would increase the presence of the Company and the Bank in the Washington, District of Columbia / Baltimore, Maryland metropolitan region through the addition of three new branches in: Annapolis, Maryland; Baltimore, Maryland; and Lutherville, Maryland. Further, the transaction would include an additional office, also in Lutherville, Maryland.

This discussion and analysis should be read in conjunction with the prior year-end audited financial statements and footnotes thereto included in the Company's filing on Form 10-K and the unaudited financial statements, ratios, statistics, and discussions contained elsewhere in this Form 10-Q. At June 30, 2014, the Company had 313 full-time equivalent employees. The Company's principal office is located at 301 Virginia Avenue, Fairmont, West Virginia 26554, and its telephone number is (304) 363-4800. The Company's Internet web site is www.mvbbanking.com.

Application of Critical Accounting Policies

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States and follow general practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions, and judgments. Application of certain accounting policies inherently requires a greater reliance on the use of estimates, assumptions and judgments and as such, the probability of actual results being materially different from reported estimates is increased. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The fair values and the information used to record valuation adjustments for

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certain assets and liabilities are based either on quoted market prices or are provided by other third-party sources, when available. When third-party information is not available, valuation adjustments are estimated in good faith by management primarily through the use of internal forecasting techniques.

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The most significant accounting policies followed by the Company are presented in Note 1 to the audited consolidated financial statements included in the Company's 2013 Annual Report on Form 10-K. These policies, along with the disclosures presented in the other financial statement notes and in management's discussion and analysis of operations, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has identified the determination of the allowance for loan losses to be the accounting area that requires the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available.

The allowance for loan losses represents management's estimate of probable credit losses inherent in the loan portfolio. Determining the amount of the allowance for loan losses is considered a critical accounting estimate because it requires significant judgment and the use of estimates related to the amount and timing of losses inherent in classifications of homogeneous loans based on historical loss experience of peer banks, and consideration of current economic trends and conditions, all of which may be susceptible to significant change. Non-homogeneous loans are specifically evaluated due to the increased risks inherent in those loans. The loan portfolio also represents the largest asset type in the consolidated balance sheet. Note 1 to the consolidated financial statements in MVB's 10-K describes the methodology used to determine the allowance for loan losses and a discussion of the factors driving changes in the amount of the allowance for loan losses is included in the Allowance for Loan Losses section of Management's Discussion and Analysis in this quarterly report on Form 10-Q.

All dollars are expressed in thousands, unless as otherwise noted or specified.

Results of Operations

Overview of the Statement of Income

For the three months ended June 30, 2014, the Company earned \$969 compared to \$1,484 in the second quarter of 2013. Net interest income increased by \$1.9 million, noninterest income decreased by \$1.2 million and noninterest expenses increased by \$1.2 million. The increase in net interest income was driven mainly by the continued growth of the Company balance sheet, with \$243.6 million in average loan growth and despite an increase in average interest bearing liabilities of \$267.5 million and an increase in interest expense of \$765. There was also an increase in cost of funds of 8 basis points due to the increase in interest expense from subordinated debt.

Loan loss provisions of \$889 and \$667 were made for the quarters ended June 30, 2014 and 2013, respectively. The provision for loan losses, which is a product of management's formal quarterly analysis, is recorded in response to inherent risks in the loan portfolio. The Company charged off \$104 in loans during the second quarter of 2014 versus \$483 for the same time period in 2013.

For the six months ended June 30, 2014 the Company earned \$2.1 million compared to \$2.7 million for the same time period in 2013. Net interest income increased by \$3.8 million, noninterest income decreased by \$2.2 million and noninterest expenses increased by \$2.6 million. The increase in net interest income was driven mainly by the continued growth of the Company balance sheet, with \$214.5 million in average loan growth and despite an increase in average interest bearing liabilities of \$247.2 million and an increase in interest expense of \$959.

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Loan loss provisions of \$1.4 million and \$1.7 million were made for the six months ended June 30, 2014 and 2013, respectively. The provision for loan losses, which is a product of management's formal quarterly analysis, is recorded in response to inherent risks in the loan portfolio. The Company charged off \$111 in loans during the six month period ended June 30, 2014 versus \$985 for the same time period in 2013.

Due to the Bank's purchase of commercial loans in late 2013 that were marked to fair value at the time they were recorded on the balance sheet, the allowance for loan losses to total loans decreased from 1.02% at June 30, 2013 to 0.85% at June 30, 2014.

Interest Income and Expense

Net interest income is the amount by which interest income on earning assets exceeds interest expense on interest-bearing liabilities. Interest-earning assets include loans and investment securities. Interest-bearing liabilities include interest-bearing deposits and repurchase agreements, subordinated debt and Federal Home Loan Bank advances. Net interest income is a primary source of revenue for the bank. Changes in market interest rates, as well as changes in the mix and volume of interest-earning assets and interest-bearing liabilities impact net interest income. Net interest margin is calculated by dividing net interest income by average interest-earning assets. This ratio serves as a performance measurement of the net interest revenue stream generated by the Bank's balance sheet.

The net interest margin for the three months ended June 30, 2014 and 2013 was 2.88% and 2.97% respectively. The 9 basis point decline in the Bank's net interest margin for the quarter ended June 30, 2014 was the result of an 8 basis point increase in the cost of funds. NOW deposits increased 33 basis points due to escrowed subordinated debt deposits earning an average rate of approximately 7% during the three month period ended June 30, 2014. The continued low rate environment and increasing competition for quality credit continues to apply pressure upon the Bank's loan portfolio yield. The Bank was able to grow average loan balances by \$243.6 million, which enabled an increase in net interest income of \$1.9 million. An increase in the Bank's average non-interest bearing balances of \$12.1 million decreased the impact of non-interest bearing funds on the margin by 2 basis points.

The net interest margin for the six months ended June 30, 2014 and 2013 was 2.96% and 2.97% respectively. The continued low rate environment and increasing competition for quality credit continues to apply pressure upon the Bank's loan portfolio yield. The Bank was able to grow average loan balances by \$214.5 million, which enabled an increase in net interest income of \$3.8 million. An increase in the Bank's average non-interest bearing balances of \$8.5 million decreased the impact of non-interest bearing funds on the margin by 4 basis points.

Company and Bank management continuously monitor the effects of net interest margin on the performance of the Bank and, thus, the Company. Growth and mix of the balance sheet will continue to impact net interest margin in future periods.

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(Unaudited)(Dollars in thousands)

| | Three Months Ended June 30, 2014 | | | Three Months Ended June 30, 2013 | | |
|--------------------------------------------|-------------------------------------|--------------------------------|----------------|-------------------------------------|--------------------------------|----------------|
| | Average Balance | Interest Income/ Expense | Yield/ Cost | Average Balance | Interest Income/ Expense | Yield/ Cost |
| Assets | | | | | | |
| Interest-bearing deposits in banks | \$ 13,347 | \$ 9 | 0.26% | \$ 7,997 | \$ 9 | 0.47% |
| CD s with other banks | 9,427 | 42 | 1.78 | 9,427 | 43 | 1.81 |
| Investment securities: | | | | | | |
| Taxable | 97,470 | 358 | 1.47 | 82,993 | 275 | 1.33 |
| Tax-exempt | 56,304 | 407 | 2.89 | 37,424 | 259 | 2.77 |
| Loans and loans held for sale: | | | | | | |
| Commercial | 483,635 | 5,476 | 4.53 | 302,725 | 3,460 | 4.57 |
| Tax exempt | 38,226 | 350 | 3.66 | 24,063 | 230 | 3.82 |
| Real estate | 244,634 | 2,162 | 3.53 | 195,992 | 1,855 | 3.79 |
| Consumer | 18,479 | 193 | 4.17 | 18,551 | 213 | 4.59 |
| Allowance for loan losses | (5,924) | | | (4,779) | | |
| Net loans | 779,050 | 8,181 | 4.20 | 536,552 | 5,758 | 4.29 |
| Total earning assets | 955,598 | 8,997 | 3.77 | 674,393 | 6,344 | 3.76 |
| Cash and due from banks | 19,834 | | | 16,727 | | |
| Other assets | 72,937 | | | 61,450 | | |
| Total assets | \$ 1,048,369 | | | \$ 752,570 | | |
| Liabilities | | | | | | |
| Deposits: | | | | | | |
| NOW | \$ 389,650 | \$ 1,129 | 1.16% | \$ 254,578 | \$ 530 | 0.83% |
| Money market checking | 30,160 | 30 | 0.39 | 22,348 | 17 | 0.30 |
| Savings | 37,897 | 31 | 0.32 | 29,226 | 46 | 0.63 |
| IRAs | 9,609 | 26 | 1.10 | 9,333 | 38 | 1.63 |
| CDs | 219,094 | 465 | 0.85 | 139,257 | 317 | 0.91 |
| Repurchase agreements & federal funds sold | 78,699 | 107 | 0.54 | 81,404 | 144 | 0.73 |
| FHLB and other borrowings | 109,098 | 296 | 1.08 | 70,897 | 233 | 1.29 |
| Subordinated debt | 4,446 | 26 | 2.30 | 4,124 | 20 | 1.82 |
| Total interest-bearing liabilities | 878,653 | 2,110 | 0.96 | 611,167 | 1,345 | 0.88 |
| Non-interest bearing demand deposits | 62,904 | | | 50,774 | | |
| Other liabilities | 8,091 | | | 8,450 | | |
| Total liabilities | 949,648 | | | 670,391 | | |
| Stockholders equity | | | | | | |
| Preferred stock | 8,586 | | | 8,500 | | |
| Common stock | 7,954 | | | 3,494 | | |
| Paid-in capital | 72,203 | | | 61,783 | | |
| Treasury stock | (1,084) | | | (1,084) | | |
| Retained earnings | 13,698 | | | 11,096 | | |
| | (2,636) | | | (1,610) | | |

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| | | | | | |
|--------------------------------------------------|----|-----------|-------|--------|---------|
| Accumulated other comprehensive income | | | | | |
| Total stockholders equity | | 98,721 | | 82,179 | |
| Total liabilities and stockholders equity | \$ | 1,048,369 | | \$ | 752,570 |
| Net interest spread | | | 2.81 | | 2.88 |
| Net interest income-margin | \$ | 6,887 | 2.88% | \$ | 4,999 |

Table of Contents**Average Balances and Interest Rates**

(Unaudited)(Dollars in thousands)

| | Six Months Ended June 30, 2014 | | | Six Months Ended June 30, 2013 | | |
|--------------------------------------------|-----------------------------------|--------------------------------|----------------|-----------------------------------|--------------------------------|----------------|
| | Average Balance | Interest Income/ Expense | Yield/ Cost | Average Balance | Interest Income/ Expense | Yield/ Cost |
| Assets | | | | | | |
| Interest-bearing deposits in banks | \$ 12,380 | \$ 14 | 0.22% | \$ 10,051 | \$ 14 | 0.27% |
| CD s with other banks | 9,427 | 83 | 1.76 | 9,427 | 83 | 1.76 |
| Investment securities: | | | | | | |
| Taxable | 101,675 | 769 | 1.51 | 80,958 | 554 | 1.37 |
| Tax-exempt | 56,525 | 820 | 2.90 | 36,393 | 506 | 2.78 |
| Loans and loans held for sale: | | | | | | |
| Commercial | 459,212 | 10,312 | 4.49 | 294,537 | 6,854 | 4.65 |
| Tax exempt | 37,719 | 691 | 3.66 | 23,397 | 465 | 3.98 |
| Real estate | 230,590 | 4,170 | 3.62 | 195,551 | 3,624 | 3.71 |
| Consumer | 18,539 | 388 | 4.18 | 18,075 | 420 | 4.65 |
| Allowance for loan losses | (5,628) | | | (4,558) | | |
| Net loans | 740,432 | 15,561 | 4.20 | 527,002 | 11,363 | 4.31 |
| Total earning assets | 920,439 | 17,247 | 3.75 | 663,831 | 12,520 | 3.77 |
| Cash and due from banks | 22,306 | | | 16,639 | | |
| Other assets | 71,895 | | | 56,884 | | |
| Total assets | \$ 1,014,640 | | | \$ 737,354 | | |
| Liabilities | | | | | | |
| Deposits: | | | | | | |
| NOW | \$ 364,514 | \$ 1,674 | 0.92% | \$ 249,901 | \$ 1,035 | 0.83% |
| Money market checking | 30,972 | 61 | 0.39 | 22,662 | 34 | 0.30 |
| Savings | 38,278 | 68 | 0.35 | 28,576 | 87 | 0.61 |
| IRAs | 9,607 | 56 | 1.17 | 9,464 | 80 | 1.70 |
| CDs | 225,960 | 920 | 0.81 | 143,824 | 620 | 0.86 |
| Repurchase agreements & federal funds sold | 77,007 | 233 | 0.60 | 75,469 | 271 | 0.72 |
| FHLB and other borrowings | 97,821 | 559 | 1.14 | 67,197 | 491 | 1.46 |
| Subordinated debt | 4,286 | 45 | 2.10 | 4,124 | 39 | 1.91 |
| Total interest-bearing liabilities | 848,445 | 3,616 | 0.85 | 601,217 | 2,657 | 0.88 |
| Non-interest bearing demand deposits | 61,319 | | | 52,866 | | |
| Other liabilities | 8,125 | | | 8,076 | | |
| Total liabilities | 917,889 | | | 662,159 | | |
| Stockholders equity | | | | | | |
| Preferred stock | 8,543 | | | 8,500 | | |
| Common stock | 7,832 | | | 3,233 | | |
| Paid-in capital | 70,383 | | | 55,584 | | |
| Treasury stock | (1,090) | | | (1,084) | | |
| Retained earnings | 13,879 | | | 10,534 | | |
| | (2,796) | | | (1,572) | | |

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| | | | | | |
|--------------------------------------------------|----|-----------|-------|---------|-------|
| Accumulated other comprehensive income | | | | | |
| Total stockholders equity | | 96,751 | | 75,195 | |
| Total liabilities and stockholders equity | \$ | 1,014,640 | \$ | 737,354 | |
| Net interest spread | | | 2.90 | | 2.89 |
| Net interest income-margin | \$ | 13,631 | 2.96% | \$ | 9,863 |

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Non-Interest Income

Gain on loans held for sale and insurance income generate the core of the Bank's noninterest income. Also, service charges on deposit accounts continue to be part of the core of the Bank's noninterest income and include mainly non-sufficient funds and returned check fees, allowable overdraft fees and service charges on commercial accounts.

For the three months ended June 30, 2014, noninterest income totaled \$7.4 million compared to \$8.6 million for the same time period in 2013. The \$1.2 million decrease in noninterest income was mainly the result of a decrease in gain on loans held for sale of \$2.4 million due to a decrease in loan production. Service charges totaled \$139 and \$169, for the three months ended June 30, 2014 and 2013, respectively.

For the six months ended June 30, 2014, noninterest income totaled \$13.4 million compared to \$15.6 million for the same time period in 2013. The decrease in noninterest income was mainly the result of a decrease in gain on loans held for sale of \$3.6 million due to a decrease in loan production. Service charges totaled \$259 and \$306, for the six months ended June 30, 2014 and 2013, respectively.

The Bank is continually searching for ways to increase non-interest income. Income from loans sold in the secondary market continues to be a major area of focus for the Bank and the Company, as well as insurance income and servicing retained income on mortgage loans sold into the secondary market. Insurance income increased significantly for both the three and six month periods ended June 30, 2014 compared to the same time period in 2013. This significant increase was the result of MVB Insurance becoming a direct subsidiary of the Company on June 1, 2013, at which point the insurance company increased both staffing and the number of insurance products offered.

Non-Interest Expense

The Company had 313 full-time equivalent personnel at June 30, 2014, as noted, compared to 284 full-time equivalent personnel as of June 30, 2013. Company and Bank management will continue to strive to find new ways of increasing efficiencies and leveraging its resources, while effectively optimizing customer service.

Salaries and employee benefits, occupancy, mortgage processing and other operating expense generate the core of the Bank's noninterest expense. The Company's efficiency ratio was 85.46% for the second quarter of 2014 compared to 80.63% for the second quarter of 2013. This ratio measures the efficiency of noninterest expenses incurred in relationship to net interest income plus noninterest income. The increased efficiency ratio is the result of noninterest expense outpacing the growth in net interest income and noninterest income.

For the three months ended June 30, 2014, noninterest expense totaled \$12.2 million compared to \$11.0 million for the same time period in 2013. The \$1.2 million increase in noninterest expense was mainly the result of the following: increased salaries expense of \$495, with the addition of the Edwin Miller Bank office and the northern Virginia commercial bank office, additional staffing related to organic growth and increases for existing staff; increased occupancy, equipment and depreciation costs of \$299, the result of the additions of the Edwin Miller Bank office and the northern Virginia commercial bank office and additional leased office space related to MVB Insurance, LLC; increased data processing costs of \$139 due to increased volume and increased usage of products available to save time and better automate processes;

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increased other operating expenses of \$255, as follows: increased filings, recording, license and permit fees of \$22, telephone expense of \$10, other insurance expense of \$53, dues, memberships and publications expense of \$12, miscellaneous expense of \$40, other tax expense of \$35, postage and courier expense of \$7, and loan related expense of \$57.

For the six months ended June 30, 2014, noninterest expense totaled \$23.0 million compared to \$20.4 million for the same time period in 2013. The \$2.6 million increase in noninterest expense was mainly the result of the following: increased salaries expense of \$1.1 million, with the addition of the Edwin Miller Bank office and the northern Virginia commercial bank office, additional staffing related to organic growth and increases for existing staff; increased occupancy, equipment and depreciation costs of \$530, the result of the additions of the Edwin Miller Bank office and the northern Virginia commercial bank office and additional leased office space related to MVB Insurance, LLC; increased data processing costs of \$314 due to increased volume and increased useage of products available to save time and better automate processes; and increased other operating expenses of \$368, as follows increased filings, recording, license and permit fees of \$45, telephone expense of \$70, other insurance expense of \$82, dues, memberships and publications expense of \$25, other tax expense of \$54, postage and courier expense of \$29, and loan related expense of \$57.

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Return on Average Assets and Average Equity

Returns on average assets (ROA) and average equity (ROE) were .37% and 3.93% for the second quarter of 2014 compared to .79% and 7.22% in the second quarter of 2013.

Overview of the Statement of Condition

The Company's interest-earning assets, interest-bearing liabilities, and stockholders' equity changed significantly during the second quarter of 2014 compared to 2013. The most significant areas of change between the quarters ended June 30, 2014 and June 30, 2013 were as follows: loans and loans held for sale increased to an average balance of \$779.1 million from \$536.6 million, interest-bearing liabilities grew to an average balance of \$878.7 million from \$611.2 million and stockholders' equity grew by \$16.5 million to an average of \$98.7 million. These trends reflect the continued growth of the Company and its subsidiaries in the loan, deposit and capital areas.

Total assets at June 30, 2014 were \$1,063 million or an increase of \$75.6 million since December 31, 2013. The greatest area of increase was \$110.6 million in net loan growth.

Deposits totaled \$747.0 million at June 30, 2014 or an increase of \$51.2 million since December 31, 2013, mainly the result of an increase in broker buster deposits and other interest bearing deposits.

Stockholders' equity has increased approximately \$16.3 million from December 31, 2013 due to earnings for the six months ended June 30, 2014 of \$2.1 million, through the issuance of 361,865 shares of common stock totaling \$5.8 million in additional capital and through the issuance of 783 shares of preferred stock totaling \$7.8 million in additional capital.

Cash and Cash Equivalents

Cash and cash equivalents totaled \$28.1 million as of June 30, 2014 compared to \$39.8 million as of December 31, 2013.

Total cash and cash equivalents fluctuate on a daily basis due to transactions in process and other liquidity and performance demands. Management believes the liquidity needs of the Company are satisfied by the current balance of cash and cash equivalents, readily available access to traditional and non-traditional funding sources, and the portions of the investment and loan portfolios that mature within one year. These sources of funds should enable the Company and the Bank to meet cash obligations as they come due.

Investment Securities

Investment securities totaled \$146.1 million as of June 30, 2014 and \$163.1 million as of December 31, 2013. The investment portfolio is fairly evenly balanced between government sponsored agency securities, mortgage-backed securities and municipal securities.

The Company and Bank management monitor the earnings performance and liquidity of the investment portfolio on a regular basis through Asset/Liability Committee meetings. The group also monitors net interest income, sets pricing guidelines, and manages interest rate risk for the bank. Through active balance sheet management and analysis of the investment securities portfolio, the bank maintains sufficient liquidity to satisfy depositor requirements and the various credit needs of its customers. The Company and Bank management believes the risk characteristics inherent in the investment portfolio are acceptable based on these parameters.

Loans

The Bank's lending is primarily focused in the Marion, Harrison, Jefferson, Berkeley and Monongalia County areas of West Virginia with a secondary focus on the adjacent counties in West Virginia. The portfolio consists principally of commercial lending, retail lending, which includes single-family residential mortgages, and consumer lending. Northern Virginia is also a key area of focus for the Bank in the secondary market lending arena.

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Loan Concentration

At June 30, 2014, commercial loans comprised the largest component of the loan portfolio. The majority of commercial loans that are not secured by real estate are lines of credit secured by accounts receivable and equipment and obligations of states and political subdivisions. While the loan concentration is in commercial loans, the commercial portfolio is comprised of loans to many different borrowers, in numerous different industries but primarily located in our market areas.

Allowance for Loan Losses

The Bank management continually monitors the loan portfolio through review of the monthly delinquency reports and through the Bank Loan Review Committee. The Bank Loan Review Committee is responsible for the determination of the adequacy of the allowance for loan losses. Their analysis involves both experience of the portfolio to date and the makeup of the overall portfolio. Specific loss estimates are derived for individual loans based on specific criteria such as current delinquency status, related deposit account activity, where applicable, local market rumors, which are generally based on some factual information, and changes in the local and national economy. While local market rumors are not measurable or perhaps not readily supportable, historically, this form of information can be an indication of a potential problem. The allowance for loan losses is further based upon the internal risk rating assigned to the various loan types within the portfolio.

Capital Resources

The Company considers a number of alternatives, including but not limited to deposits, short-term borrowings, and long-term borrowings when evaluating funding sources. Traditional deposits continue to be the most significant source of funds for the bank, reaching \$747.0 million at June 30, 2014.

Non-interest bearing deposits remain a core funding source for the Bank and, thus, the Company. At June 30, 2014, non-interest bearing deposits totaled \$62.5 million compared to \$63.3 million at December 31, 2013. The Company and Bank management intend to continue to focus on finding ways to increase the base of non-interest bearing funding sources of the Bank and other Company subsidiaries.

Interest-bearing deposits totaled \$684.5 million at June 30 2014 compared to \$632.5 million at December 31, 2013. Average interest-bearing liabilities totaled \$878.7 million during the second quarter of 2014 compared to \$611.2 million for the second quarter of 2013. Average non-interest bearing demand deposits totaled \$62.9 million for the second quarter of 2014 compared to \$50.8 million for the second quarter of 2013. Management will continue to emphasize deposit gathering in 2014 by offering outstanding customer service and competitively priced products. The Company and Bank management will also concentrate on balancing deposit growth with adequate net interest margin to meet the Company's strategic goals.

Along with traditional deposits, the Bank has access to both repurchase agreements, which are corporate deposits secured by pledging securities from the investment portfolio, and Federal Home Loan Bank borrowings to fund its operations and investments. At June 30, 2014, repurchase agreements totaled \$36.5 million compared to \$81.6 million at December 31, 2013. In addition to the aforementioned funds alternatives, the

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Bank has access to more than \$162.6 million through additional advances from the Federal Home Loan Bank of Pittsburgh and the ability to readily sell jumbo certificates of deposits to other banks as well as brokered deposit markets.

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The Company recognizes the importance of liquidity in the day-to-day operations of the Bank, and believes it is critical to have a plan for addressing liquidity in times of crisis, as well as prudently managing levels to maximize earnings. The Bank has historically recognized the need for funding sources that go beyond the most important source which is retail deposit business. The Company and the Bank have created a funding program that identifies various wholesale funding sources that may be used whenever appropriate. These sources include the following: FHLB advances, brokered deposits, CDARS, repurchase agreements, internet CDs through Qwickrate, the Federal Reserve discount window, State of West Virginia CD auctions, and federal funds purchased through the Federal Reserve. Limits have been set as to how much MVB will utilize each identified source. The Bank currently is taking advantage of all of the above, with the exception of federal funds purchased and the discount window. This allows the Bank to lower funding costs slightly while documenting the availability of each.

Current Economic Conditions

The current economic climate in West Virginia, and, in particular, in the six counties in which the Company and the Bank focuses possess better economic climates than the general national climate. Unemployment in the United States was 6.1% and 7.3% in May 2014 and 2013, respectively. The unemployment levels in the six West Virginia counties where MVB operates in were as follows for the periods indicated:

| | May 2014 | May 2013 |
|-------------------|----------|----------|
| Berkeley County | 6.5% | 6.3% |
| Harrison County | 5.1% | 5.1% |
| Jefferson County | 4.9% | 4.5% |
| Marion County | 5.8% | 5.7% |
| Monongalia County | 4.2% | 4.2% |
| Kanawha County | 6.0% | 5.5% |

The numbers from all six counties continue to be significantly better than the national numbers.

The Company and the Bank nonperforming loan information supports the fact that the West Virginia economy has not suffered as much as that of the nation as a whole. Nonperforming loans to total loans were 0.35% in June of 2014 versus 0.24% in June of 2013 and charge offs to total loans were 0.02% and 0.18 % for each period respectively. The Company and the Bank continue to closely monitor economic and delinquency trends.

Capital/Stockholders Equity

The Company and the Bank have financed operations and growth over the years through the sale of equity. These equity sales have resulted in an effective source of capital.

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During the first quarter of 2013 the Company completed a private offering to accredited investors under Regulation D of the Securities Act which resulted in the issuance of 2,265,054 shares totaling \$27.1 million in additional capital. The proceeds of this offering were used to support the acquisition of PMG as well as the continued growth of the Company.

During 2013, the Company commenced a private offering to accredited investors under Rule 506 of Regulation D. As of December 31, 2013, the Company had received subscriptions for 610,194 shares totaling \$9.8 million in additional capital at December 31, 2013.

During the six month period ended June 30, 2014 the Company received additional subscriptions for 361,865 shares totaling \$5.8 million in additional capital. The proceeds of this offering are being used in connection with the acquisition of CFG Community Bank as well as continued growth of the Company.

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At June 30, 2014, accumulated other comprehensive loss totaled \$(2,237) compared to \$(2,961) at December 31, 2013. This change is primarily the result in the rise of the market values of investment securities.

Treasury stock shares totaled 51,077 shares.

The primary source of funds for dividends to be paid by the Company are dividends received by the Company from the Bank. Dividends paid by the Bank are subject to restrictions by banking regulations. The most restrictive provision requires regulatory approval if dividends declared in any year exceed that year's retained net profits, as defined, plus the retained net profits, as defined, of the two preceding years.

Bank regulators have established risk-based capital requirements designed to measure capital adequacy. Risk-based capital ratios reflect the relative risks of various assets banks hold in their portfolios. A weight category of 0% (lowest risk assets), 20%, 50%, or 100% (highest risk assets) is assigned to each asset on the balance sheet. Detailed information concerning MVB's risk-based capital ratios can be found in Note 14 of the Notes to the Consolidated Financial Statements of the Company's 2013 Form 10-K. At June 30, 2014, the Company's and the Bank's risk-based capital ratios exceeded the minimum standards for a well capitalized financial institution.

Commitments

In the normal course of business, the Bank is party to financial instruments with off-balance sheet risk necessary to meet the financing needs of customers and to manage its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets. The contract or notional amounts of these instruments express the extent of involvement the bank has in these financial instruments.

Loan commitments are made to accommodate the financial needs of the Bank's customers. The Bank uses the same underwriting standards in making commitments and conditional obligations as it does for on-balance sheet instruments. The amount of collateral obtained is based on management's credit evaluation of the customer. Collateral held varies, but may include accounts receivable, inventory, property, plant, and equipment, and income-producing commercial properties. The total amount of loan commitments outstanding at June 30, 2014 and December 31, 2013 was \$139.3 million and \$92.3 million, respectively.

Market Risk

There have been no material changes in market risks faced by the Company since December 31, 2013. For information regarding the Company's market risk, refer to the Company's Annual Report to Shareholders for the year ended December 31, 2013.

Effects of Inflation on Financial Statements

Substantially all of the Bank's assets relate to banking and are monetary in nature. Therefore, they are not impacted by inflation to the same degree as companies in capital-intensive industries in a replacement cost environment. During a period of rising prices, a net monetary asset position results in loss in purchasing power and conversely a net monetary liability position results in an increase in purchasing power. In the banking industry, typically monetary assets exceed monetary liabilities. Therefore as prices increase, financial institutions experience a decline in the purchasing power of their net assets.

Future Outlook

The Company's and the Bank's results of operations in the second quarter of 2014 are slightly down compared to the second quarter of 2013 mainly due to an increase in noninterest expense and a decrease in gain on loans held for sale due a decrease in loan production. The Company's emphasis in future periods will be to do those things that have made the bank successful thus far. The critical challenge for the bank in the future is to attract core deposits to fund growth in the new markets through continued delivery of the most outstanding customer service with the highest quality products and technology.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

No response required.

Item 4. Controls and Procedures

The Company, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, along with the Company's Chief Financial Officer (the Principal Financial Officer), has evaluated the effectiveness as of June 30, 2014, of the design and operation of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based upon that evaluation, the Company's Chief Executive Officer, along with the Company's Principal Accounting Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2014.

There have been no material changes in the Company's internal control over financial reporting during the second quarter of 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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Part II. Other Information

Item 1. Legal Proceedings

From time to time in the ordinary course of business, the Company and its subsidiaries are subject to claims, asserted or unasserted, or named as a party to lawsuits or investigations. Litigation, in general, and intellectual property and securities litigation in particular, can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings cannot be predicted with any certainty and in the case of more complex legal proceedings, the results are difficult to predict at all. The Company is not aware of any asserted or unasserted legal proceedings or claims that the Company believes would have a material adverse effect on the Company's financial condition or results of the Company's operations.

Item 1A. Risk Factors

No response required.

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

During the first quarter of 2014, the Company began a private offering under Regulation D of the Securities Act of 1933, as amended (the Securities Act) of subordinated promissory notes and preferred stock. During the six month period ended June 30, 2014, the Company received subscriptions for subordinated promissory notes totaling \$29.4 million. In addition, during the same period, the Company received subscriptions for seven hundred eighty-three preferred stock shares totaling \$7.8 million in additional capital. The proceeds of these subordinated debt and preferred stock offerings will be used in connection with the acquisition of CFG Community Bank and continued growth of the Company and its Subsidiaries.

During 2013, the Company commenced a private offering under Rule 506 of Regulation D of its common stock to accredited investors. As of December 31, 2013, the Company had received subscriptions for 610,194 common stock shares totaling \$9.8 million in additional capital. During the six month period ended June 30, 2014, the Company received additional subscriptions for 361,865 common stock shares totaling \$5.8 million in additional capital at June 30, 2014. The proceeds of this offering are also being used in connection with the acquisition of CFG Community Bank and to support continued growth of the Company and its Subsidiaries.

During the first quarter of 2013, the Company completed a private offering to accredited investors which resulted in the issuance of 2,265,054 shares totaling \$27.1 million in additional capital. The proceeds of this offering were used to support the acquisition of Potomac Mortgage Group, Inc. (which now does business as MVB Mortgage) as well as the continued growth of the Company.

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On September 8, 2011 MVB received \$8.5 million in Small Business Lending Fund (SBLF) capital. MVB issued 8,500 shares of \$1,000 per share preferred stock with dividends payable in arrears on January 1, April 1, July 1 and October 1 each year. At December 31, 2013 and 2012, MVB's loan production qualified for the lowest dividend rate possible of 1%. MVB may continue to utilize the SBLF capital through March 8, 2016 at the 1% dividend rate. After that time, if the SBLF is not retired, the dividend rate increases to 9%.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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Item 6. Exhibits

The following exhibits are filed herewith.

| | |
|--------------|------------------------------------------------------------------------------------------------------|
| Exhibit 3.1 | Articles of Incorporation, as amended |
| Exhibit 31.1 | Certificate of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 31.2 | Certificate of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32.1 | Certificate of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32.2 | Certificate of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 11, 2014

MVB Financial Corp.

By: /s/ Larry F. Mazza
Larry F. Mazza
Chief Executive Officer & President

By: /s/ Bret S. Price
Bret S. Price
Senior Vice President & Chief Financial Officer