

Virginia National Bankshares Corp
Form 10-Q
November 09, 2018

**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 September 30, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: **000-55117**

VIRGINIA NATIONAL BANKSHARES CORPORATION

(Exact name of registrant as specified in its charter)

Virginia

46-2331578

(State or other jurisdiction of
incorporation or organization)

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

404 People Place, Charlottesville, Virginia
(Address of principal executive offices)

22911
(Zip Code)

(434) 817-8621

(Registrant's telephone number, including area code)

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of November 5, 2018:

Class of Stock	Shares Outstanding
Common Stock, Par Value \$2.50	2,543,452

VIRGINIA NATIONAL BANKSHARES CORPORATION

FORM 10-Q

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****VIRGINIA NATIONAL BANKSHARES CORPORATION
CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share data)

	September 30, 2018	December 31, 2017 *
	(Unaudited)	
ASSETS		
Cash and due from banks	\$ 7,669	\$ 11,390
Federal funds sold	1,093	6,887
Securities:		
Available for sale, at fair value	62,100	67,501
Restricted securities, at cost	2,108	2,284
Total securities	64,208	69,785
Loans	527,327	528,784
Allowance for loan losses	(4,678)	(4,043)
Loans, net	522,649	524,741
Premises and equipment, net	7,195	7,371
Bank owned life insurance	16,677	16,344
Goodwill	372	372
Other intangible assets, net	503	579
Accrued interest receivable and other assets	6,430	6,417
Total assets	\$ 626,796	\$ 643,886
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Demand deposits:		
Noninterest-bearing	\$ 170,623	\$ 193,081
Interest-bearing	87,418	102,583
Money market and savings deposit accounts	153,271	138,065
Certificates of deposit and other time deposits	127,190	109,233
Total deposits	538,502	542,962
Repurchase agreements and other borrowings	17,193	34,092
Accrued interest payable and other liabilities	1,977	1,727
Total liabilities	557,672	578,781
Shareholders' equity:		
Preferred stock, \$2.50 par value, 2,000,000 shares authorized, no shares outstanding	-	-
Common stock, \$2.50 par value, 10,000,000 shares authorized; 2,543,452 and 2,410,680 issued and outstanding at September 30, 2018 and December 31, 2017, respectively	6,359	6,027
Capital surplus	26,989	22,038
Retained earnings	37,729	37,923
Accumulated other comprehensive loss	(1,953)	(883)
Total shareholders' equity	69,124	65,105
Total liabilities and shareholders' equity	\$ 626,796	\$ 643,886
* Derived from audited Consolidated Financial Statements		

See Notes to Consolidated Financial Statements

VIRGINIA NATIONAL BANKSHARES CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)
(Unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest and dividend income:				
Loans, including fees	\$ 6,200	\$ 5,348	\$ 17,849	\$ 15,454
Federal funds sold	46	30	120	208
Investment securities:				
Taxable	265	328	814	838
Tax exempt	86	78	257	203
Dividends	42	23	103	69
Other	-	1	-	7
Total interest and dividend income	6,639	5,808	19,143	16,779
Interest expense:				
Demand and savings deposits	277	108	773	341
Certificates and other time deposits	413	179	815	516
Repurchase agreements and other borrowings	158	38	376	58
Total interest expense	848	325	1,964	915
Net interest income	5,791	5,483	17,179	15,864
Provision for loan losses	285	168	890	213
Net interest income after provision for loan losses	5,506	5,315	16,289	15,651
Noninterest income:				
Trust income	409	394	1,250	1,171
Advisory and brokerage income	144	132	426	387
Royalty income	17	22	569	198
Customer service fees	210	225	693	678
Debit/credit card and ATM fees	176	206	567	650
Earnings/increase in value of bank owned life insurance	113	103	333	312
Fees on mortgage sales	73	55	155	104
Losses on sales of securities	-	(78)	-	(74)
Losses on sales of other assets	-	-	(33)	-
Other	128	99	331	308
Total noninterest income	1,270	1,158	4,291	3,734
Noninterest expense:				
Salaries and employee benefits	2,049	1,998	6,022	5,770
Net occupancy	458	461	1,387	1,390
Equipment	128	124	374	398
Other	1,454	1,334	4,350	3,897
Total noninterest expense	4,089	3,917	12,133	11,455
Income before income taxes	2,687	2,556	8,447	7,930
Provision for income taxes	527	811	1,659	2,530
Net income	\$ 2,160	\$ 1,745	\$ 6,788	\$ 5,400
Net income per common share, basic *	\$ 0.85	\$ 0.69	\$ 2.67	\$ 2.15
Net income per common share, diluted *	\$ 0.84	\$ 0.68	\$ 2.65	\$ 2.13
Weighted average common shares outstanding, basic *	2,542,094	2,521,137	2,538,712	2,507,358
Weighted average common shares outstanding, diluted *	2,561,638	2,543,150	2,559,144	2,529,889

* Shares and per share data have been adjusted to reflect a 5% stock dividend effective April 13, 2018.

See Notes to Consolidated Financial Statements

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VIRGINIA NATIONAL BANKSHARES CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	\$ 2,160	\$ 1,745	\$ 6,788	\$ 5,400
Other comprehensive income (loss)				
Unrealized gain (loss) on securities, net of tax of (\$59) and (\$285) for the three and nine months ended September 30, 2018; and net of tax of (\$105) and \$224 for the three and nine months ended September 30, 2017	(222)	(206)	(1,070)	434
Reclassification adjustment for realized losses on sales of securities, net of tax of \$0 and \$0 for the three and nine months ended September 30, 2018; and net of tax of \$27 and \$25 for the three and nine months ended September 30, 2017	-	51	-	49
Total other comprehensive income (loss)	(222)	(155)	(1,070)	483