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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

OR

o **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: 333-93437

Centra Financial Holdings, Inc.

(Exact name of registrant as specified in its charter)

West Virginia (State or other jurisdiction of incorporation or organization)	**55-0770610** (I.R.S. Employer Identification No.)
990 Elmer Prince Drive, Morgantown, WV (Address of principal executive offices)	**26505** (Zip Code)

(Registrant's telephone number, including area code) **(304) 598-2000**

(Former name, former address and former fiscal year, if changed since last report) [None]

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
[Common Stock, $1 par value per share]	None

Securities registered pursuant to Section 12(g) of the Act: Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) Act. Yes o No þ

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 þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

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 o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Based upon the average selling price of sales known to the registrant of the common shares of the registrant during the period from July 1, 2008 to August 31, 2008, the aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2008 was $78,206,123. For this purpose, certain executive officers and directors are considered affiliates.

Portions of the registrant's definitive Proxy Statement relating to the Annual Meeting to be held May 14, 2009, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. BUSINESS

Centra Financial Holdings, Inc., or Centra, was formed on October 25, 1999, as a bank holding company. Centra Bank, Inc., or the bank or Centra Bank, was formed on September 27, 1999, and chartered under the laws of the state of West Virginia. The bank commenced operations on February 14, 2000. During the first quarter of 2001, Centra formed two second-tier holding companies (Centra Financial Corporation — Morgantown, Inc. and Centra Financial Corporation — Martinsburg, Inc.) On August 25, 2006, Centra completed its acquisition of Smithfield State Bank of Smithfield, Pennsylvania ("Smithfield"), a state-chartered bank operating four retail branch offices in Fayette County, Pennsylvania. The acquisition was completed in accordance with the Agreement and Plan of Merger that Centra and Smithfield entered into on April 7, 2006. During the first quarter of 2007, Centra formed two additional second-tier holding companies (Centra Financial Corporation — Uniontown, Inc. and Centra Financial Corporation — Hagerstown, Inc.) These four entities were formed to manage the banking operations of Centra Bank, the sole bank subsidiary, in those markets.

Centra operates offices in the Suncrest, Waterfront, Cheat Lake, Sabraton, and Westover areas of Morgantown;, Foxcroft Avenue, South Berkeley, and Spring Mills areas of Martinsburg, West Virginia; the Uniontown, Smithfield, Walnut Hill, and Point Marion areas of Fayette County, Pennsylvania; and the Pennsylvania Avenue and Kenley Square areas of Hagerstown, Maryland. At December 31, 2008, Centra had total assets of $1.2 billion, total loans of $1.0 billion, total deposits of $1.0 billion, and total stockholders' equity of $95.2 million.

Centra's business activities are currently confined to a single segment, community banking. As a community banking entity, Centra 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. Centra also offers official checks. Services are provided through our walk-in offices, automated teller machines ("ATMs"), thirteen automobile drive-in facilities, banking by phone, and Internet-based banking. Additionally, Centra offers a full line of investment products through an unaffiliated registered broker-dealer.

At December 31, 2008, Centra had 232 full-time equivalent employees. Centra's principal office is located at 990 Elmer Prince Drive, Morgantown, West Virginia 26505, and its telephone number is (304) 598-2000. Centra's Web site is www.centrabank.com.

Since the opening date of February 14, 2000, Centra has experienced significant growth in loans and deposits due to tremendous community and customer support.

Customers and Markets

Centra's market areas have a diverse economic structure. Centra has expanded from its roots in Monongalia County, West Virginia, to a market area that encompasses eastern West Virginia, southwestern Pennsylvania and western Maryland. Principal industries or employers in Monongalia County include health care, West Virginia University, metals, plastics and petrochemical manufacturing; oil, gas, and coal production; and related support industries. Principal industries in Berkeley County include manufacturing, warehousing, federal government, and printing and binding. Principal businesses and industries in Washington County include manufacturing, data processing, health care, higher education, construction, tourism, transportation and warehousing, scientific and technical services and retail businesses. Fayette County's industries include health care, education, customer service centers, steel fabrication, water meter production, glass production, coal strip mining, retail businesses, sales, and professional services. In addition, tourism, education, and other service-related industries are important and growing components of the economy of our markets. Consequently, Centra does not depend upon any one industry segment for its business opportunities.

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Centra originates various types of loans, including commercial and commercial real estate loans, residential real estate loans, home equity lines of credit, real estate construction loans, and consumer loans (loans to individuals). In general, Centra retains most of its originated loans (exclusive of certain long-term, fixed rate residential mortgages that are sold servicing released.). However, loans originated in excess of Centra's legal lending limit are participated to other banking institutions and the servicing of those loans is retained by Centra. Centra's loan originations include a broad range of industrial classifications. Management has identified eight areas of loan concentrations to borrowers engaged in the same or similar industries. However, loans within these areas are not concentrated to a single borrower or in a single geographic area. Management does not believe these concentrations are detrimental to the bank, although new loan requests in those areas are more closely scrutinized before approving additional loans in those categories. Centra has no loans to foreign entities. Centra's lending market areas are primarily concentrated in Monongalia and Berkeley Counties, West Virginia, and neighboring areas of Pennsylvania, West Virginia, Virginia, Maryland, and Ohio.

Commercial Loans

At December 31, 2008, Centra had outstanding approximately $743 million in commercial loans, including commercial, commercial real estate, financial, and agricultural loans. These loans represented approximately 72.5% of the total aggregate loan portfolio as of that date.

Lending Practices. Commercial lending entails significant additional risks as compared with consumer lending (i.e., single-family residential mortgage lending and installment lending). In addition, the payment experience on commercial loans typically depends on adequate cash flow of a business and thus may be subject, to a greater extent, to adverse conditions in the general economy or in a specific industry. Loan terms include amortization schedules commensurate with the purpose of each loan, the source of repayment, and the risk involved. Extensions of credit to borrowers whose aggregate total debt, including the principal amount of the proposed loan, exceeds $5.0 million require board approval. The primary analysis technique used in determining whether to grant a commercial loan is the review of a schedule of estimated cash flows to evaluate whether anticipated future cash flows will be adequate to service both interest and principal due. In addition, Centra reviews collateral to determine its value in relation to the loan in the event of a foreclosure.

Centra presents all new loans with an aggregate outstanding balance greater than $100,000 to the board of directors on a bi-monthly basis. If deterioration in creditworthiness has occurred, Centra takes effective and prompt action designed to assure repayment of the loan. Upon detection of the reduced ability of a borrower to meet original cash flow obligations, the loan is considered an impaired loan and reviewed for possible downgrading or placement on nonaccrual status.

Consumer Loans

At December 31, 2008, Centra had outstanding consumer loans in an aggregate amount of approximately $87 million or approximately 8.5% of the total loan portfolio.

Lending Practices. Consumer loans generally involve more risk as to collectability than mortgage loans because of the type and nature of the collateral and, in certain instances, the absence of collateral. As a result, consumer lending collections are dependent upon the borrower's continued financial stability, and thus are more likely to be adversely affected by employment loss, personal bankruptcy, or adverse economic conditions. Credit approval for consumer loans requires demonstration of sufficiency of income to repay principal and interest due, stability of employment, a positive credit record and sufficient collateral for secured loans. It is the practice of Centra to review its delinquent and nonperforming consumer loans monthly and to charge off loans that do not meet its standards and to adhere strictly to all laws and regulations governing consumer lending. The loan committees are responsible for monitoring performance in this area, and for advising and updating loan personnel.

Centra offers credit life insurance and accident and health insurance to all qualified buyers, thus reducing risk of loss when a borrower's income is terminated or interrupted.

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Real Estate Loans

At December 31, 2008, Centra had approximately $195 million of residential real estate loans, home equity lines of credit, and construction mortgages outstanding, representing 19.0% of the total loan portfolio.

Lending Practices. Centra generally requires that the residential real estate loan amount be no more than 80% of the purchase price or the appraised value of the real estate securing the loan, unless the borrower obtains private mortgage insurance for the percentage exceeding 80%. The risk conditions of these loans are considered during underwriting. Loans made in this lending category are generally one to three-year adjustable rate, fully amortizing mortgages. Centra also originates fixed or adjustable rate real estate loans and generally sells these loans in the secondary market, servicing released. All real estate loans are secured by first mortgages with evidence of title in favor of Centra in the form of an attorney's opinion of the title or a title insurance policy. Centra also requires proof of hazard insurance with Centra named as the mortgagee and as the loss payee. Generally, full appraisals are obtained for all mortgage loans. Appraisals are obtained from licensed appraisers.

Home Equity Loans. Home equity lines of credit are generally made as second mortgages by Centra. The maximum amount of a home equity line of credit is generally limited to 80% of the appraised value of the property less the balance of the first mortgage. The home equity lines of credit are written with 20-year terms, but are subject to review upon request for renewal.

Construction Loans. Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction and the estimated cost (including interest) of construction. If the estimate of construction cost proves to be inaccurate, Centra may advance funds beyond the amount originally committed to permit completion of the project.

Competition

Centra experiences significant competition in attracting depositors and borrowers. Competition in lending activities comes principally from other commercial banks, savings associations, insurance companies, governmental agencies, credit unions, brokerage firms, and pension funds. The primary factors in competing for loans are interest rate and overall lending services. Competition for deposits comes from other commercial banks, savings associations, money market funds, and credit unions as well as from insurance companies and brokerage firms. The primary factors in competing for deposits are interest rates paid on deposits, account liquidity, convenience of office location, and overall financial condition. Centra believes that its size and community approach provide flexibility, which enables the bank to offer an array of banking products and services.

Centra primarily focuses on its local markets for its products and services. Management believes Centra has developed a niche and a level of expertise in serving these communities.

Centra operates under a "needs-based" selling approach that management believes has proven successful in serving the financial needs of most customers. It is not Centra's strategy to compete solely on the basis of interest rate. Management believes that a focus on customer relationships and service will promote our customers' continued use of Centra's financial products and services, and will lead to enhanced revenue opportunities.

Supervision and Regulation

The following is a summary of certain statutes and regulations affecting Centra and its subsidiaries, and is qualified in its entirety by reference to such statutes and regulations:

Bank Holding Company Regulation. Centra is a bank holding company under the Bank Holding Company Act of 1956, which restricts the activities of Centra and any acquisition by Centra of voting stock or assets of any bank, savings association, or other company. Centra is also subject to the reporting requirements

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of, and examination and regulation by, the Federal Reserve Board. Centra's subsidiary bank, Centra Bank, is subject to restrictions imposed by the Federal Reserve Act on transactions with affiliates, including any loans or extensions of credit to Centra or its subsidiaries, investments in the stock or other securities thereof, and the taking of such stock or securities as collateral for loans to any borrower; the issuance of guarantees, acceptances, or letters of credit on behalf of Centra and its subsidiaries; purchases or sales of securities or other assets; and the payment of money or furnishing of services to Centra and other subsidiaries. Centra is prohibited from acquiring direct or indirect control of more than 5% of any class of voting stock or substantially all of the assets of any bank holding company without the prior approval of the Federal Reserve Board. Centra and its subsidiaries are prohibited from engaging in certain tying arrangements in connection with extensions of credit and/or the provision of other property or services to a customer by Centra or its subsidiaries.

The Sarbanes-Oxley Act of 2002 addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information.

As directed by Section 302(a) of Sarbanes-Oxley, Centra's chief executive officer and chief financial officer are each required to certify that Centra's Quarterly and Annual Reports do not contain any untrue statement of a material fact. The rules have several requirements, including having these officers certify that: they are responsible for establishing, maintaining, and regularly evaluating the effectiveness of Centra's internal controls; they have made certain disclosures to Centra's auditors and the audit committee of the Board of Directors about Centra's internal controls; and they have included information in Centra's Quarterly and Annual Reports about their evaluation and whether there have been significant changes in Centra's internal controls or in other factors that could significantly affect internal controls subsequent to the evaluation.

Banking Subsidiary Regulation. Centra Bank was chartered as a state bank and is regulated by the West Virginia Division of Banking and the Federal Deposit Insurance Corporation. Centra Bank provides FDIC insurance on its deposits and is a member of the Federal Home Loan Bank of Pittsburgh.

International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (USA Patriot Act) The International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (the "Patriot Act") was adopted in response to the September 11, 2001, terrorist attacks. The Patriot Act provides law enforcement with greater powers to investigate terrorism and prevent future terrorist acts. Among the broad-reaching provisions contained in the Patriot Act are several provisions designed to deter terrorists' ability to launder money in the United States and provide law enforcement with additional powers to investigate how terrorists and terrorist organizations are financed. The Patriot Act creates additional requirements for banks, which were already subject to similar regulations. The Patriot Act authorizes the Secretary of the Treasury to require financial institutions to take certain "special measures" when the Secretary suspects that certain transactions or accounts are related to money laundering. These special measures may be ordered when the Secretary suspects that a jurisdiction outside of the United States, a financial institution operating outside of the United States, a class of transactions involving a jurisdiction outside of the United States, or certain types of accounts are of "primary money laundering concern." The special measures include the following: (a) require financial institutions to keep records and report on the transactions or accounts at issue; (b) require financial institutions to obtain and retain information related to the beneficial ownership of any account opened or maintained by foreign persons; (c) require financial institutions to identify each customer who is permitted to use a payable-through or correspondent account and obtain certain information from each customer permitted to use the account; and (d) prohibit or impose conditions on the opening or maintaining of correspondent or payable-through accounts.

Federal Deposit Insurance Corporation

The FDIC insures the deposits of Centra Bank and Centra Bank is subject to the applicable provisions of the Federal Deposit Insurance Act. The FDIC may terminate a bank's deposit insurance upon finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order, or condition enacted or imposed by the bank's regulatory agency.

Federal Home Loan Bank

The FHLB provides credit to its members in the form of advances. As a member of the FHLB of Pittsburgh, Centra Bank must maintain an investment in the capital stock of that FHLB in an amount equal to the greater of 1.0% of the aggregate outstanding principal amount of its respective residential mortgage loans, home purchase contracts, and similar obligations at the beginning of each year, or 5% of its advances from the FHLB.

Capital Requirements

Federal Reserve Board. The Federal Reserve Board has adopted risk-based capital guidelines for bank holding companies. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning assets and off-balance sheet items to broad risk categories. For further discussion regarding Centra's risk-based capital requirements, see Note 12 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

West Virginia Division of Banking. State banks, such as Centra Bank, are subject to similar capital requirements adopted by the West Virginia Division of Banking.

FDIC Assessments.

The FDIC imposes an assessment against all depository institutions for deposit insurance. This assessment is based on the risk category of the institution and, prior to 2009, ranged from five to 43 basis points of an institution's deposits. On October 7, 2008, as a result of decreases in the reserve ratio of the Deposit Insurance Fund ("DIF"), the FDIC issued a proposed rule establishing a Restoration Plan for the DIF. On December 22, 2008, the FDIC published a final rule raising the current deposit insurance assessment rates uniformly for all institutions by seven basis points (to a range from 12 to 50 basis points) for the first quarter of 2009. However, the FDIC approved an extension of the comment period on the parts of the proposed rulemaking that would become effective on April 1, 2009. The FDIC expects to issue a second final rule early in 2009, to be effective April 1, 2009, to change the way that the FDIC's assessment differentiates for risk and to set new assessment rates beginning with the second quarter of 2009. On February 27, 2009, the FDIC proposed an emergency assessment charged to all financial institutions of 0.20% of insured deposits as of June 30, 2009, payable on September 30, 2009. In March of 2009, the FDIC reduced the amount of the proposed assessment to 0.10% of insured deposits as of June 30, 2009.

Troubled Asset Relief Program — Capital Purchase Program.

On October 3, 2008, the Federal government enacted the Emergency Economic Stabilization Act of 2008 ("EESA"). EESA was enacted to provide liquidity to the U.S. financial system and lessen the impact of looming economic problems. The EESA included broad authority. The centerpiece of the EESA is the Troubled Asset Relief Program ("TARP"). EESA's broad authority was interpreted to allow the U.S. Treasury to purchase equity interests in both healthy and troubled financial institutions. The equity purchase program is commonly referred to as the Capital Purchase Program ("CPP"). The company elected to participate in the CPP and sold preferred stock to the U.S. Treasury. As a participant in the CPP, the Company is subject to the regulatory requirements of the EESA, as amended from time to time. These requirements apply to us so long as Treasury holds any of our securities (unless it holds only our warrants).

America Recovery and Reinvestment Act of 2009.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 ("ARRA"), more commonly known as the economic stimulus or economic recovery package. ARRA includes a wide variety of programs intended to stimulate the economy and provide for extensive infrastructure, energy, health, and education needs. In addition, ARRA imposes certain executive compensation and corporate expenditure limits on all current and future TARP recipients that are in addition to those previously outlined under the CPP. The institution has the ability to repay the U.S. Treasury under ARRA without penalty

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and without the need to raise new capital, subject to the U.S. Treasury's consultation with the recipient's appropriate regulatory agency.

Future Legislation.

Various other legislative and regulatory initiatives, including proposals to overhaul the banking regulatory system and to limit the investments that a depository institution may make with insured funds, are from time to time introduced in Congress and state legislatures, as well as regulatory agencies. Such legislation may change banking statutes and the operating environment of Centra and Centra Bank in substantial and unpredictable ways, and could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance depending upon whether any of this potential legislation will be enacted, and if enacted, the effect that it or any implementing regulations, would have on the financial condition or results of operations of the Company or any of its subsidiaries. With the recent enactments of EESA and ARRA, the nature and extent of future legislative and regulatory changes affecting financial institutions is very unpredictable at this time. The Company cannot determine the ultimate effect that such potential legislation, if enacted, would have upon its financial condition or operations.

Limits on Dividends

Centra's ability to obtain funds for the payment of dividends and for other cash requirements largely depends on the amount of dividends Centra Bank declares. However, the Federal Reserve Board expects Centra to serve as a source of strength to Centra Bank. The Federal Reserve Board may require Centra to retain capital for further investment in Centra Bank, rather than pay dividends to its shareholders. Centra Bank may not pay dividends to Centra if, after paying those dividends, Centra Bank would fail to meet the required minimum levels under the risk-based capital guidelines and the minimum leverage ratio requirements. Centra Bank must have the approval from the West Virginia Division of Banking if a dividend in any year would cause the total dividends for that year to exceed the sum of the current year's net earnings as defined and the retained earnings for the preceding two years as defined, less required transfers to surplus. These provisions could limit Centra's ability to pay dividends on its outstanding common shares. As disclosed in Note 12 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K, Centra has $20,179,000 available for dividends at January 1, 2009.

Federal and State Laws

Centra Bank is subject to regulatory oversight under various consumer protection and fair lending laws. These laws govern, among other things, truth-in-lending disclosure, equal credit opportunity, fair credit reporting, and community reinvestment. Failure to abide by federal laws and regulations governing community reinvestment could limit the ability of a bank to open a new branch or engage in a merger transaction. Community reinvestment regulations evaluate how well and to what extent a bank lends and invests in its designated service area, with particular emphasis on low-to-moderate income communities and borrowers in such areas.

Monetary Policy and Economic Conditions

The business of financial institutions is affected not only by general economic conditions, but also by the policies of various governmental regulatory agencies, including the Federal Reserve Board. The Federal Reserve Board regulates money and credit conditions and interest rates to influence general economic conditions primarily through open market operations in U.S. government securities, changes in the discount rate on bank borrowings, and changes in the reserve requirements against depository institutions' deposits. These policies and regulations significantly affect the overall growth and distribution of loans, investments and deposits, and the interest rates charged on loans, as well as the interest rates paid on deposits and accounts.

The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of financial institutions in the past and are expected to continue to have significant effects in the future. In

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view of the changing conditions in the economy and the money markets, and the activities of monetary and fiscal authorities, Centra cannot predict future changes in interest rates, credit availability, or deposit levels.

Effect of Environmental Regulation

Centra's primary exposure to environmental risk is through its lending activities. In cases when management believes environmental risk potentially exists, Centra mitigates its environmental risk exposures by requiring environmental site assessments at the time of loan origination to confirm collateral quality as to commercial real estate parcels posing higher than normal potential for environmental impact, as determined by reference to present and past uses of the subject property and adjacent sites. Environmental assessments are typically required prior to any foreclosure activity involving nonresidential real estate collateral.

With regard to residential real estate lending, management reviews those loans with inherent environmental risk on an individual basis, and makes decisions based on the dollar amount of the loan and the materiality of the specific credit.

Centra anticipates no material effect on anticipated capital expenditures, earnings, or competitive position as a result of compliance with federal, state, or local environmental protection laws or regulations.

Executive Officers

The following are the executive officers of Centra Financial Holdings.

Name	Age	Position	Principal Occupation (Past Five Years)
Douglas J. Leech	54	Chairman, President and Chief Executive Officer	Chairman, President and CEO Centra Financial Holdings, Inc., President Centra Bank, Inc.
Henry M. Kayes, Jr.	41	Vice President	Executive Vice President, Centra Bank, President — Martinsburg Region, Centra Bank, Inc. (2001 to present); Senior Vice President — City Executive, Martinsburg, West Virginia, BB&T(2000 to 2001); Senior Vice President, One Valley Bank — East (1989-2001)
Kevin D. Lemley	54	Vice President, CFO and Treasurer	Senior Vice President and CFO Centra Bank, Inc. (1999 to present); Senior Vice President, Huntington National Bank, West Virginia (Commercial Portfolio Manager/Manager of Statewide Commercial Lending) (1997-1999); Huntington National Bank, West Virginia, Chief Financial Officer (1987-1997)
Timothy P. Saab	52	Vice President and Secretary	Senior Vice President, Centra Bank, Inc. (1999 to present); Vice President and Group Executive, Private Financial Group, Huntington National Bank (1996-1999); Senior Vice President, Huntington National Bank, West Virginia (1993-1996); Corporate Secretary, Huntington Bancshares West Virginia (1989-1996); Corporate Secretary, Huntington National Bank, West Virginia (1994-1997)

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Name	Age	Position	Principal Occupation (Past Five Years)
E. Richard Hilleary	60	Vice President	Senior Vice President — Commercial Lending, Centra Bank, Inc. (1999 to present); Vice President, Huntington National Bank, West Virginia (Commercial Lending (1973 to 1999)
Karla J. Strosnider	46	Vice President	Senior Vice President, Centra Bank, Inc. (1999 to present); Assistant Vice President, Operations, One Valley Bank — Charleston (1981 to 1999)
John T. Fahey	47	Vice President	Senior Vice President and Marketing Director, Centra Bank, Inc. (1999 to present); Marketing Director, Huntington National Bank, West Virginia (1991 to 1999)

ITEM 1A. RISK FACTORS

We may not be able to maintain our historical growth rate, which may adversely impact our results of operations and financial condition.

Since our inception, Centra's asset level has increased rapidly, including a 12% increase in 2008. Various factors, such as economic conditions, regulatory considerations and competition, may impede our rate of growth and our branch expansion, or may make future growth or branches less profitable or more expensive. If we experience a significant decline in our rate of growth as compared to our historic rate of growth, our income, or our rate of income growth, may decrease, and we may not be able to maintain or reduce our expense levels and efficiency ratio, which will adversely affect our results of operations and financial condition.

Economic conditions began deteriorating during the latter half of 2007 and continued throughout 2008. Business activity across a wide range of industries and regions has been greatly reduced and many businesses are in serious difficulties due to a lack of consumer spending and the lack of liquidity in credit markets. Unemployment has also increased significantly. As a result of this economic crises, many lending institutions have experienced declines in the performance of their loans, including construction, land development and land loans, commercial loans and consumer loans. Moreover, competition among depository institutions for deposits and quality loans has increased significantly. In addition, the values of real estate collateral supporting many commercial loans and home mortgages have declined and may continue to decline. There can be no assurance that the environment will improve in the near term.

Centra's real estate portfolios are exposed to weakness in the U.S. housing markets and the overall state of the economy.

The declines in home prices in many markets across the U.S., along with the reduced availability of mortgage credit, could result in increases in delinquencies and losses in Centra's portfolio of loans related to residential real estate construction and development. Further declines in home prices coupled with an economic recession and associated rises in unemployment levels could drive losses beyond that which is provided for in the allowance for loan losses.

The allowance for loan losses may prove inadequate or be negatively affected by credit risk exposures.

Centra's business depends on the creditworthiness of its customers. Centra periodically reviews the allowance for loan losses for adequacy considering economic conditions and trends, collateral values and credit quality indicators, including past charge-off experience and levels of past due loans and nonperforming assets. There is no certainty that the allowance for loan losses will be adequate over time to cover credit losses in the portfolio because of unanticipated adverse changes in the economy, market conditions or events

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adversely affecting specific customers, industries or markets. If the credit quality of the customer base materially decreases, if the risk profile of a market, industry or group of customers changes materially, or if the allowance for loan losses is not adequate, the business, financial condition, liquidity, capital, and results of operations could be materially adversely affected. See the sections captioned "Allowance and Provision for loans Losses" in Item 7 of this Form 10-K for further discussion related to Centra's allowance for loan losses.

Centra's Ability to Pay Dividends is Limited.

Holders of shares of Centra's common stock are entitled to dividends if, and when, they are declared by Centra's Board of Directors out of funds legally available for that purpose. The Federal Reserve Board expects Centra to serve as a source of strength to Centra Bank. The Federal Reserve Board may require Centra to retain capital for further investment in Centra Bank, rather than pay dividends to its shareholders. Centra Bank may not pay dividends to Centra if, after paying those dividends, Centra Bank would fail to meet the required minimum levels under the risk-based capital guidelines and the minimum leverage ratio requirements. Centra Bank must have the approval from the West Virginia Division of Banking if a dividend in any year would cause the total dividends for that year to exceed the sum of the current year's net earnings as defined in the retained earnings for the preceding two years as defined, less required transfers to surplus. These provisions could limit Centra's ability to pay dividends on its outstanding common shares. As disclosed in Note 12 of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K, Centra has $20,179,000 available for dividends as of January 2009.

On January 16, 2009, Centra, pursuant to a Letter Agreement with the United States Department of the Treasury ("U.S. Treasury") issued and sold 15,000,000 shares of Centra's Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Series A Preferred Stock") and a Warrant to purchase 750.7507 shares of Centra's Fixed Rate Cumulative Perpetual Preferred Stock, Series B, par value $1.00 per share, in liquidation $1,000 per share (the "Series B Preferred Stock") for an aggregate purchase price of $15,000,000 in cash. The Warrant was immediately exercised, and Centra issued 751 shares of Series B Preferred Stock.

The terms of the Series A Preferred Stock and Series B Preferred Stock include restrictions on Centra's ability to declare or pay dividends, including a restriction against increasing dividends from the last quarterly cash dividend per share of $0.05 declared on Centra's common stock prior to January 16, 2009. The redemption, purchase or other acquisition of common stock or trust preferred securities of Centra or its affiliates is restricted. These restrictions will terminate on the earlier of the third anniversary of the date of issuance of the Series A Preferred Stock and the date on which the Series A Preferred Stock has been redeemed in whole or the U.S. Treasury has transferred all of the Series A Preferred Stock to third parties. In addition, the ability of Centra to declare or pay dividends or distributions on, or repurchase, redeem or otherwise acquire for consideration, shares of common stock or other preferred stock of Centra, is subject to restrictions if Centra fails to declare and pay full dividends (or declare and set aside a sum sufficient for payment thereof) on its Series A Preferred Stock and Series B Preferred Stock.

Financial Market and Economic Conditions May Adversely Affect Our Business.

The United States is considered to be in a recession, and many businesses are having difficulty due to reduced consumer spending and the lack of liquidity in the credit markets. Unemployment has increased significantly.

Because of declines in home prices and the values of subprime mortgages across the country, financial institutions and the securities markets have been adversely affected by significant declines in the values of most asset classes and by a serious lack of liquidity. These conditions have led to the failure or merger of a number of prominent financial institutions. In 2008, the U.S. government, the Federal Reserve and other regulators have taken numerous steps to increase liquidity and to restore investor confidence, but asset values have continued to decline and access to liquidity continues to be very limited.

Centra's financial performance and the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans depends on the business environment in the markets where Centra operates.

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An Increase in FDIC Assessments Could Impact Our Financial Performance.

The FDIC imposes an assessment against all depository institutions for deposit insurance. See "Supervision and Regulation — FDIC Assessments." For 2009, the FDIC is proposing significant increases to assessed premiums on Centra Bank's deposits. In the current economic environment, it is likely that this assessment will increase in general for financial institutions across the country, including Centra Bank, thereby increasing operating costs.

Changes in interest rates could reduce income and cash flows.

Aside from credit risk, the most significant risk resulting from Centra's normal course of business, extending loans and accepting deposits, is interest rate risk. Centra's income and cash flows depend to a great extent on the difference between the interest rates earned on interest-earning assets such as loans and investment securities, and the interest rates paid on interest-bearing liabilities such as deposits and other borrowings. These rates are highly sensitive to many factors outside of Centra's control, including general economic conditions and the fiscal and monetary policies of various governmental agencies, in particular, the Federal Reserve. Changes in monetary policy and changes in interest rates will affect loan origination values, the values of investments and other assets, the volume of deposits and other borrowings and the rates received on loans and investment securities and the rates paid on deposits and other borrowings and the resulting margin. Fluctuations in these areas may have an adverse effect.

Management uses various measures to monitor interest rate risk and believes it has implemented effective asset and liability management strategies to reduce the potential effects of changes in interest rates on Centra's results of operations. Management also periodically adjusts the mix of assets and liabilities to manage interest rate risk. However, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on Centra's financial condition and results of operations. See the sections captioned "Interest Income and Expense", "Liquidity and Interest Rate Sensitivity" and "Interest Rate Risk" in Item 7 of this Form 10-K for further discussion related to Centra's interest rate risk.

Centra's success depends on Centra's management team.

The departure of one or more of Centra's officers or other key personnel could adversely affect Centra's operations and financial position. Centra's management makes most decisions that involve Centra's operations. A significant portion of Centra's key personnel have all been with Centra since Centra was formed in 1999.

Centra faces vigorous competition in its market areas.

Centra faces competition from the following:

- local, regional and national banks;
- savings and loans;
- internet banks;
- credit unions;
- finance companies; and
- brokerage firms serving Centra's market areas.

In particular, Centra's competitors include several major national financial and banking companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous banking locations and mount extensive promotional and advertising campaigns. Additionally, banks and other financial institutions may have products and services not offered by Centra, which may cause current and potential customers to choose those institutions. Centra experiences areas of competition with interest rates on loans and deposits, the ability to obtain deposits and the range and quality of services provided. If Centra is unable to attract new and retain current customers, loan and deposit growth could decrease causing Centra's results of operations and financial condition to be negatively impacted.

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Centra is highly regulated.

The operations of Centra are subject to extensive regulation by federal, state, and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on them. Policies adopted or required by these governmental authorities can affect Centra's business operations and the availability, growth, and distribution of Centra's investments, borrowings, and deposits. Regulations affecting banks and financial services businesses are undergoing continuous change, and management cannot predict the effect of those changes.

The number of shares owned by our directors and executive officers could make it more difficult to obtain approval for some matters submitted to shareholder vote, including mergers and acquisitions.

Our directors and executive officers and their affiliates own approximately 30% of the outstanding common stock. By voting against a proposal submitted to shareholders, the directors and officers, as a group, may be able to make approval more difficult for proposals requiring the vote of shareholders, such as some mergers, share exchanges, asset sales, and amendments to the Articles of Incorporation. The results of the vote may be contrary to the desires or interests of the public shareholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Centra's sole banking subsidiary, Centra Bank, leases its main office on Elmer Prince Drive in Morgantown, West Virginia and its operation center on University Avenue in Morgantown, West Virginia. Centra Bank also leases its offices on Foxcroft Avenue in Martinsburg and on Pennsylvania Avenue, Frederick Street and North Point Drive in Hagerstown, Maryland. Rent expense on the leased properties totaled $1,263,000 in 2008, $1,063,000 in 2007, and $985,000 in 2006. The main banking office is leased from a limited liability company, two-thirds of which is owned by two directors of Centra. Rent expense for the building approximated $671,000 in 2008, $658,000 in 2007, and $593,000 in 2006 and has primarily increased due to additional space being leased.

Additional information concerning the property and equipment owned or leased by Centra and its subsidiaries is incorporated herein by reference from "Note 5. Bank Premises and Equipment" of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

Centra is engaged in various legal actions that it deems to be in the ordinary course of business. As these legal actions are resolved, Centra could realize positive and/or negative impact to its financial performance in the period in which these legal actions are ultimately decided. There can be no assurance that current actions will have immaterial results, either positive or negative, or that no material actions may be presented in the future.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of shareholders during the quarter ended December 31, 2008.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASERS OF EQUITY SECURITIES

Centra's common shares are not traded on any national exchange.

The table presented below sets forth the estimated market value for the indicated periods based upon sales known to management with respect to Centra's common shares. Centra's stock is not traded on any national or regional stock exchange and the prices listed below are based on Centra's knowledge of certain arm's-length transactions in the stock, including sales by Centra of its stock in connection with SEC registered offerings by Centra. In addition, dividends are subject to the restrictions described in Note 12 to the financial statements.

Quarterly Market and Dividend Information:

	2008		2007	
	Estimated Market Value Per Share	Dividend	Estimated Market Value Per Share	Dividend
Fourth Quarter	$ 16.59	$ 0.05	$ 16.53	$ 0.00
Third Quarter	16.59	0.05	16.53	0.00
Second Quarter	16.59	0.05	13.52	0.00
First Quarter	16.53	0.05	13.52	0.00

Centra declared a 10% stock dividend on common shares on November 6, 2008, with a record date of December 12, 2008, payable January 2, 2009. All per share data has been restated to reflect the stock dividend.

As a result of record earnings and strong growth in 2007, the Board of Directors of Centra declared its first cash dividend. Four quarterly dividends of $0.05 each were declared for a year-to-date dividend amount of $0.20. The fourth quarter dividend will be payable on January 2, 2009. As noted above, Centra also declared its fifth 10% stock dividend in as many years. The declaration and payment of dividends are subject to various regulatory restrictions and requirements. Refer to "Supervision and Regulation — Limits on Dividends" and "Risk Factors — Centra's Ability to Pay Dividends is Limited."

Centra had 1,798 stockholders of record at December 31, 2008.

In 2008, the Board of Directors approved 1,100,000 shares of common stock to be used in our dividend reinvestment and stock purchase plans. Our shareholders of record have the opportunity to purchase shares of Centra Financial Holdings, Inc. common stock through these plans with full dividend reinvestment, partial dividend reinvestment and optional cash payment investment options. In addition, Centra's Board of Directors approved the selection of Registrar and Transfer Company as Centra's stock transfer agent.

Centra has not initiated any plans to repurchase its stock nor has it repurchased any stock since its formation in 1999.

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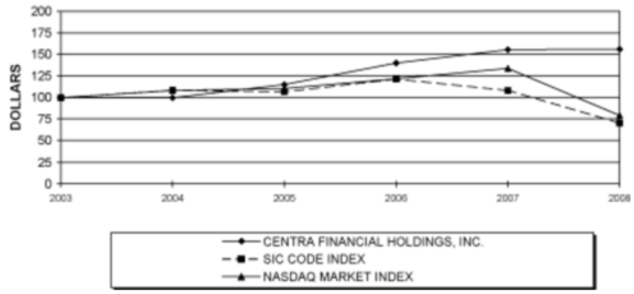
Performance Graph

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall such information be deemed to be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that Centra specifically incorporates it by reference into such filing.

The following line graph compares the five-year cumulative total shareholder return of Centra's common shares, based on an initial investment of $100 on December 31, 2003, and assuming reinvestment of dividends, against that of an index comprised of all domestic common shares traded on the NASDAQ Stock Market ("NASDAQ Stocks [U.S. Companies]"), and an index comprised of all depository institutions (SIC Code #602) and depository institutions holding companies (SIC Code #6712) that are traded on the NASDAQ Stock Market ("NASDAQ Bank Stocks").

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN
AMONG CENTRA FINANCIAL HOLDINGS, INC.,
NASDAQ MARKET INDEX AND SIC CODE INDEX



ASSUMES $100 INVESTED ON JAN. 1, 2004
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING DEC. 31, 2008

	2003	2004	2005	2006	2007	2008
CENTRA FINANCIAL HOLDINGS	100.00	100.00	115.38	140.55	156.19	156.81
STATE COMMERCIAL BANKS	100.00	108.75	106.93	121.68	108.53	70.43
NASDAQ MARKET INDEX	100.00	108.41	110.79	122.16	134.29	79.25

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ITEM 6. SELECTED FINANCIAL DATA

The information below has been derived from Centra's Consolidated Financial Statements.

(Dollars in Thousands, except Ratios and Per Share Data)	2008	2007	2006(a)	2005	2004
Operating Data					
For the year ended:					
Total interest income	$ 69,355	$ 68,570	$ 50,201	$ 29,530	$ 20,014
Total interest expense	29,399	34,001	22,976	11,288	6,846
Net interest income	39,956	34,569	27,225	18,242	13,168
Provision for credit losses	5,157	3,498	2,327	1,341	2,160
Other income	7,566	6,081	3,638	3,135	2,497
Security gains(losses)	217	—	(40)	(247)	—
Other expense	32,763	28,921	20,735	13,465	10,350
Income tax expense	3,249	2,904	2,929	2,337	1,151
Net income	6,570	5,327	4,832	3,987	2,004
Balance Sheet Data					
At year-end:					
Total assets	$ 1,213,557	$ 1,085,187	$ 913,853	$ 550,756	$ 442,914
Investment securities	121,543	125,904	125,130	49,748	23,386
Total loans	1,025,212	876,176	693,520	463,496	396,914
Total deposits	1,012,393	943,934	804,188	484,532	385,822
Short-term borrowings	75,285	25,173	25,366	18,536	14,507
Long-term debt	20,000	20,000	20,000	10,000	10,000
Stockholders' equity	95,242	87,920	57,113	33,873	29,745
Significant Ratios					
Net income to:					
Average total assets	.57%	.54%	.66%	.80%	.50%
Average stockholders' equity	7.21	8.16	9.92	12.50	6.98
Average stockholders' equity to average total assets	7.84	6.59	6.60	6.42	7.14
Average total loans to average deposits	92.87	89.00	89.61	99.46	99.06
Risk-based capital ratio	11.36	12.24	10.28	11.58	12.09
Per Share Data					
Basic net income per share	$ 1.00	$ 0.99	$ 1.10	$ 0.91	$ 0.54
Diluted net income per share	$ 0.92	$ 0.91	$ 1.01	$ 0.83	$ 0.51
Cash dividends paid	$ 0.20	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Book value at end of period	$ 14.00	$ 14.72	$ 13.57	$ 10.93	$ 10.59
Basic weighted-average shares outstanding	6,597,386	5,384,111	4,394,585	4,394,585	3,737,124
Diluted weighted-average shares outstanding	7,125,462	5,859,746	4,788,779	4,788,779	3,922,731

(a) The financial data for 2006 and beyond includes the acquisition of Smithfield.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements:

The following discussion contains statements that refer to future expectations, contains projections of the results of operations or of financial condition, or states other information that is "forward-looking." "Forward-looking" statements are easily identified by the use of words such as "could," "anticipate," "estimate," "believe," and similar words that refer to a future outlook. There is always a degree of uncertainty associated with "forward-looking" statements. Centra's management believes that the expectations reflected in such statements are based upon reasonable assumptions and on the facts and circumstances existing at the time of these disclosures. Actual results could differ significantly from those anticipated.

Many factors could cause Centra's actual results to differ materially from the results contemplated by the forward-looking statements. Some factors, which could negatively affect the results, include those set forth in the "Risk Factors" section and the following:

- General economic conditions, either nationally or within Centra's markets, could be less favorable than expected;
- Changes in market interest rates could affect interest margins and profitability;
- Competitive pressures could be greater than anticipated;
- Legal or accounting changes could affect Centra's results;
- Adverse changes could occur in the securities and investments markets;
- The FDIC could increase insurance assessments;
- The current economic environment could pose significant challenges for us as well as other financial institutions across the country, and these challenges could adversely affect our financial condition and results of operations; and
- Legislation adopted by Congress may not prove effective in loosening the credit markets and reversing deterioration of the economy.

In Management's Discussion and Analysis, we review and explain the general financial condition and the results of operations for Centra Financial Holdings, Inc. and its subsidiaries. We have designed this discussion to assist you in understanding the significant changes in Centra's financial condition and results of operations. We have used United States generally accepted accounting principles to prepare the accompanying consolidated financial statements. We engaged Ernst & Young LLP to audit the consolidated financial statements and their independent audit report is included in Item 8 herein.

Introduction

The following discussion and analysis of the Consolidated Financial Statements of Centra is presented to provide insight into management's assessment of the financial results and operations of Centra. Centra Bank is the sole operating subsidiary of Centra and all comments, unless otherwise noted, are related to the bank. You should read this discussion and analysis in conjunction with the audited Consolidated Financial Statements and footnotes, and the ratios and statistics contained elsewhere in this Form 10-K.

Application of Critical Accounting Policies

Centra's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles 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. Certain policies inherently have a greater reliance on the use of estimates, assumptions, and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. 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 certain assets and liabilities are based either on quoted market prices or are

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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.

The most significant accounting policies followed by the bank are presented in Note 1 to the consolidated financial statements. 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 income recognition, the determination of the allowance for loan losses, investment securities and the provision for income taxes to be the accounting areas that require the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available.

Income Recognition

Interest income on loans and investment securities is recognized by methods that result in level rates of return on principal amounts outstanding, including yield adjustments resulting from the amortization of loan costs and premiums on investment securities and accretion of loan fees and discounts on investment securities.

In the event management believes collection of all or a portion of contractual interest on a loan has become doubtful, which generally occurs after the loan is 90 days past due, Centra discontinues the accrual of interest. In addition, previously accrued interest deemed uncollectible that was recognized in income in the current year is reversed, while amounts recognized in income in the prior year are charged against the allowance for loan losses. Interest received on nonaccrual loans is included in income only if principal recovery is reasonably assured. A nonaccrual loan is restored to accrual status after appropriate review by lending and/or loan review personnel indicates the collectability of the total contractual principal and interest is no longer considered doubtful.

Allowance for Loan Losses

In general, determining the amount of the allowance for loan losses requires significant judgment and the use of estimates by management. Centra maintains an allowance for loan losses to absorb probable losses based on a quarterly analysis of the loan portfolio and estimation of the losses that have been incurred within the loan portfolio. This formal analysis determines an appropriate level and allocation of the allowance for loan losses among loan types and resulting provision for loan losses by considering factors affecting losses, including specific losses on impaired loans, levels and trends in impaired and nonperforming loans, historical loan loss experience, current national and local economic conditions, volume, growth and composition of the portfolio, regulatory guidance, and other relevant factors. Management continually monitors the loan portfolio through its Loan Review Department to evaluate the adequacy of the allowance. The provision could increase or decrease each quarter based upon the results of management's formal analysis.

The amount of the allowance for loan losses for the various loan types represents management's estimate of probable losses from existing loans based upon specific allocations for individual lending relationships and historical loss experience for each category of homogeneous loans. The allowance for loan losses related to impaired loans is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral dependent loans. This evaluation requires management to make estimates of the amounts and timing of future cash flows on impaired loans, which consists primarily of nonaccrual and restructured loans. While allocations are made to specific loans and pools of loans, the allowance is available for all loan losses.

Individual loan reviews are based upon specific quantitative and qualitative criteria, including the size of the loan, the loan cash flow characteristics, loan quality ratings, value of collateral, repayment ability of borrowers, and historical experience factors. The historical experience factors utilized for individual loan reviews are based upon past loss experience, known trends in losses and delinquencies, the growth of loans in particular markets and industries, and known changes in economic conditions in particular lending markets.

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Allowances for homogeneous loans (such as residential mortgage loans, personal loans, etc.) are evaluated based upon historical loss experience, trends in losses and delinquencies, growth of loans in particular markets, and known changes in economic conditions in each lending market.

There can be no assurance the allowance for loan losses will be adequate to cover all losses, but management believes the allowance for loan losses of $16.4 million at December 31, 2008, is adequate to provide for probable losses from existing loans based on information currently available. While management uses available information to provide for loan losses, the ultimate collectability of a substantial portion of the loan portfolio, and the need for future additions to the allowance, will be based on changes in economic conditions and other relevant factors. As such, adverse changes in economic activity could reduce cash flows for both commercial and individual borrowers, which would likely cause Centra to experience increases in problem assets, delinquencies, and losses on loans.

Investment Securities

Investment securities represent the second largest component of Centra's assets, accounting for approximately 10% of total assets at December 31, 2008. Presently, Centra classifies its entire investment portfolio as available-for-sale and records changes in the estimated fair value of the portfolio in stockholders' equity as a component of comprehensive income. As a result, both the investment and equity sections of Centra's balance sheet are more sensitive to changes in the overall market value of the investment portfolio, due to changes in market interest rates, investor confidence, and other factors affecting market values, than if the investment portfolio was classified as held-to-maturity.

While temporary changes in the fair value of available-for-sale securities are not recognized in earnings, a decline in fair value below amortized cost deemed to be "other-than-temporary" results in an adjustment to the cost basis of the investment, with a corresponding loss charged against earnings. Management systematically evaluates Centra's investment securities on a quarterly basis to identify potential other-than-temporary losses. This analysis requires management to consider various factors that can involve judgment and estimation, including duration and magnitude of the decline in value, the financial condition of the issuer, and Centra's ability and intent to continue holding the investment for a period of time sufficient to allow for any anticipated recovery in market value.

At December 31, 2008, there were no investment securities identified by management to be other-than-temporarily impaired. If investments decline in fair value due to further adverse changes in the financial markets and the deterioration of credit of the underlying issuer, other than temporary impairment charges to income could occur in future periods.

Income Taxes

Income taxes are provided based on the liability method of accounting. The calculation of tax liabilities is complex and requires the use of estimates and judgment since it involves the application of complex tax laws that are subject to different interpretations by Centra and the various tax authorities. These interpretations are subject to challenge by the tax authorities upon audit or to reinterpretation based on management's ongoing assessment of facts and evolving case law.

From time-to-time and in the ordinary course of business, Centra is involved in inquiries and reviews by tax authorities that normally require management to provide supplemental information to support certain tax positions taken by Centra in its tax returns. Uncertain tax positions are initially recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions are initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and all relevant facts. Management believes that it has taken appropriate positions on its tax returns, although the ultimate outcome of any tax review cannot be predicted with certainty. On a quarterly basis, management assesses Centra's tax exposures based on the most recent information available and adjusts the related liability as deemed prudent and necessary. No assurance can be given that the final outcome of these matters will not be different than what is reflected in the current and historical financial statements.

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Goodwill and Other Intangible Assets

Centra is required to allocate the cost of an acquired company to the assets acquired, including identified intangible assets, and liabilities assumed based on their estimated fair values at the date of acquisition.

The determination of fair value and subsequent allocation of the cost of an acquired company generally involves management making estimates based on other third-party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques. In addition, the valuation and amortization of intangible assets representing the present value of future net income to be earned from customers (commonly referred to as "customer relationship intangibles" or "core deposit intangibles") requires significant judgment and the use of estimates by management. While management feels the assumptions and variables used to value the recent acquisition were reasonable, the use of different, but still reasonable, assumptions could produce materially different results.

Customer relationship intangibles are required to be amortized over their estimated useful lives. The method of amortization should reflect the pattern in which the economic benefits of the intangible assets are consumed or otherwise used up. Management is required to evaluate the useful life of customer relationship intangibles to determine if events or circumstances warrant a change in the estimated life. Should management determine in future periods the estimated life of any intangible asset is shorter than originally estimated, Centra would adjust the amortization of that asset, which could increase future amortization expense.

Goodwill arising from business combinations represents the value attributable to unidentifiable intangible elements in the business acquired. Goodwill recorded by Centra in connection with its acquisition relates to the inherent value in the businesses acquired and this value is dependent upon Centra's ability to provide quality, cost effective services in a competitive market place. As such, goodwill value is supported ultimately by revenue that is driven by the volume of business transacted. A decline in earnings as a result of a lack of growth or the inability to deliver cost effective services over sustained periods can lead to impairment of goodwill that could adversely impact earnings in future periods.

Centra has reviewed its recorded goodwill and concluded that no indicators of impairment existed as of December 31, 2008. However, future events could cause management to conclude that impairment indicators exist and re-evaluate goodwill. If such re-evaluation indicated impairment, Centra would recognize the loss, if any. Any resulting impairment loss could have a material, adverse impact on Centra's financial condition and results of operations.

Recent Accounting Pronouncements and Developments

Note 1 to the consolidated financial statements discusses new accounting policies adopted by Centra during 2008 and the expected impact of accounting policies recently issued or proposed but not yet required to be adopted. The adoption of such accounting policies did not materially affect Centra's financial condition, results of operations, or liquidity.

In addition, Centra has been impacted by two subsequent events occurring in 2009 relating to the issuance of preferred stock to the United States Department of Treasury under the Troubled Asset Relief Program and the proposed increase in the deposit insurance by the FDIC. Refer to Notes 19 and 20 for discussions of these subsequent events.

Summary Financial Results

Centra began operations on February 14, 2000, with a mission to provide community banking to the Morgantown area. On August 25, 2006, Centra completed the acquisition of Smithfield State Bank of Smithfield, Pennsylvania ("Smithfield"), a state-chartered bank operating four retail branch offices in Fayette County, Pennsylvania, which significantly impacted Centra's overall performance. The total cost of the acquisition was $28.5 million and was primarily financed by the proceeds of an $18 million public stock offering and the issuance of $10 million of trust preferred securities. At the date of acquisition, Smithfield had $247 million and $213 million of total assets and total deposits, respectively.

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Centra earned $6,570,000 in 2008 compared to $5,327,000 in 2007 and $4,832,000 in 2006. The earnings equated to a 2008 return on average assets of .57% and a return on average equity of 7.21%, compared to prior year results of .54% and 8.16% in 2007 and .66% and 9.92% in 2006, respectively. Basic earnings per share was $1.00 in 2008 compared to $0.99 in 2007 and $1.10 in 2006. Diluted earnings per share was $0.92 in 2008 compared to $0.91 in 2007 and $1.01 in 2006.

While operating in a challenging interest rate environment, the bank achieved a 6.51% yield on earning assets in 2008 compared to 7.45% in 2007 and 7.27% in 2006. Despite extensive competition, total loans increased to $1.0 billion at December 31, 2008, from $876.2 million at December 31, 2007.

Deposits increased to $1.0 billion at December 31, 2008, from $943.9 million at December 31, 2007, due to strong growth across all markets and Centra's *de novo* expansion into Hagerstown, Maryland. Centra offers an uncomplicated product design accompanied by a simple fee structure that attracted customers at a steady rate during the year. The overall cost of funds for the bank was 3.14% in 2008 compared to 4.22% in 2007 and 3.85% in 2006. This cost of funds, combined with the earning asset yield, resulted in a net interest margin of 3.81% in 2008 compared to 3.77% in 2007 and 3.95% in 2006.

The bank maintained a high-quality, short-term investment portfolio during 2008 to provide liquidity in the balance sheet, to fund loan growth, and to pledge against customer's accounts. U.S. government and agency securities comprised the majority of the bank's investment portfolio at December 31, 2008 and 2007.

Interest Income and Expense

Net interest income is the amount by which interest income on interest-earning assets exceeds interest expense incurred on interest-bearing liabilities. Interest-earning assets include loans, investment securities, interest-bearing deposits and federal funds sold. Interest-bearing liabilities include interest-bearing deposits, borrowed funds such as sweep accounts, and term repurchase agreements. Net interest income remains the primary source of revenue for Centra. Net interest income is also impacted by changes in market interest rates, as well as the mix of interest-earning assets and interest-bearing liabilities. Net interest income is also impacted favorably by increases in non-interest-bearing demand deposits and equity.

Net interest margin is calculated by dividing net interest income by average interest-earning assets and serves as a measurement of the net revenue stream generated by Centra's balance sheet. As noted above, the net interest margin was 3.81% in 2008 compared to 3.77% in 2007 and 3.95% in 2006. The net interest margin continues to face considerable pressure due to competitive pricing of loans and deposits in Centra's markets and the unprecedented interest rate environment. Management's estimate of the impact of future changes in market interest rates is shown in the section captioned "Interest Rate Risk."

During 2008, net interest income increased by $5.4 million or 15.6% to $40.0 million in 2008 from $34.6 million in 2007. This increase is due to growth in core average earning assets. Average total loans grew to $962.4 million in 2008 from $778.7 million in 2007. Primarily as a result of this growth, total interest income increased by $0.8 million or 1.1% to $69.4 million in 2008 from $68.6 million in 2007.

Average interest-bearing liabilities, mainly deposits, likewise increased in 2008 by $103.5 million. Average interest-bearing deposits grew to $865.6 million in 2008 from $762.2 million in 2007. Primarily as a result of the decline in interest rates, total interest expense decreased by $4.6 million or 13.5% to $29.4 million in 2008 from $34.0 million in 2007.

As a result of the challenging rate environment, Centra has experienced a decline in the yield on earning assets and the cost of funds. This trend is similar to many other banks in the industry. The yield on earning assets has declined to 6.51% in 2008 from 7.45% in 2007. This decrease occurred in each major earning asset category on the balance sheet including net loans which decreased from 7.90% to 6.80%. Centra's investment portfolio yield decreased to 4.78% during 2008 from 5.29% in 2007. Centra has continued to stress the quality of investments and the short-term nature of the portfolio. This short-term maturity structure was, and continues to be, necessary to provide funding for loan growth and to meet liquidity needs.

The cost of interest-bearing liabilities decreased to 3.14% in 2008 from 4.22% in 2007. This decrease is primarily a result of the declining rate environment.

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As of December 31, 2008 and 2007, Centra had a balance of $20,000,000 in trust preferred securities (see Note 8). This long-term debt had an effective weighted-average rate of 5.47% in 2008 and 7.44% in 2007. Interest expense on long-term debt was $1,094,000 in 2008 and $1,488,000 in 2007.

Statistical Financial Information Regarding Centra

The following tables provide further information about Centra's interest income and expense:

Average Balances and Analysis of Net Interest Income:

(Dollars in Thousands)	2008 Average Balance	2008 Income/ Expense	2008 Average Yield/ Rate	2007 Average Balance	2007 Income/ Expense	2007 Average Yield/ Rate
Securities(1)(4):						
Taxable	$ 88,495	$ 4,048	4.57%	$ 110,357	$ 5,770	5.23%
Tax-exempt	34,068	1,811	5.32%	9,640	575	5.96%
Loans(2)(3)(4):						
Commercial	685,626	45,689	6.66%	521,193	42,260	8.11%
Real estate	188,922	12,123	6.42%	178,575	12,278	6.88%
Consumer	87,910	6,659	7.57%	78,956	6,070	7.69%
Allowance for loan losses	(14,817)			(11,282)		
Net loans	947,641	64,471	6.80%	767,442	60,608	7.90%
Loans held for sale	3,120	164	5.26%	2,641	156	5.91%
Short-term investments:						
Interest-bearing deposits	1,312	23	1.75%	1,120	70	6.34%
Federal funds sold	14,074	327	2.32%	34,879	1,768	5.07%
Total	15,386	350	2.27%	35,999	1,838	5.11%
Total earning assets	1,088,710	70,844	6.51%	926,079	68,947	7.45%
Other assets	73,807			65,405		
Total assets	$ 1,162,517			$ 991,484		
Interest-bearing deposits:						
Savings	$ 36,347	$ 183	0.50%	$ 36,081	$ 449	1.24%
Demand	297,502	5,782	1.94%	237,072	9,054	3.82%
Time	531,740	21,523	4.05%	488,998	22,050	4.51%
Total	865,589	27,488	3.18%	762,151	31,553	4.14%
Short-term borrowed funds	49,969	817	1.64%	22,879	960	4.20%
Long-term debt	20,000	1,094	5.47%	20,000	1,488	7.44%
Total interest-bearing liabilities	935,558	29,399	3.14%	805,030	34,001	4.22%
Non-interest-bearing demand deposits	125,830			112,794		
Other liabilities	9,721			8,353		
Total liabilities	1,071,109			926,177		
Stockholders' equity	91,408			65,307		
Total liabilities and stockholders' equity	$ 1,162,517			$ 991,484		
Interest rate spread		$ 41,445	3.37%		$ 34,946	3.23%
Interest income/earning assets			6.51%			7.45%
Interest expense/earning assets			2.70%			3.68%
Net yield on earning assets (net interest margin			3.81%			3.77%

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(1) Average balances of investment securities based on carrying value.

(2) Loan fees included in interest income were $1,170 in 2008 and $801 in 2007.

(3) Nonaccrual loans are included in the daily average loan amounts outstanding.

(4) For 2008 and 2007, income is computed on a fully tax-equivalent basis assuming a tax rate of approximately 40%.

Average Balances and Analysis of Net Interest Income:

	2006		
(Dollars in Thousands)	**Average Balance**	**Income/ Expense**	**Average Yield/ Rate**
Securities(1)(4):			
Taxable	$ 87,922	$ 4,130	4.70%
Tax-exempt	3,171	206	6.50%
Loans(2)(3)(4):			
Commercial	374,864	29,992	8.00%
Real estate	145,947	9,870	6.76%
Consumer	55,671	4,207	7.56%
Allowance for loan losses	(9,095)		
Net loans	567,387	44,069	7.77%
Loans held for sale	2,678	171	6.39%
Short-term investments:			
Interest-bearing deposits	2,211	244	11.04%
Federal funds sold	29,737	1,548	5.21%
Total	31,948	1,792	5.61%
Total earning assets	693,106	50,368	7.27%
Other assets	44,485		
Total assets	$ 737,591		
Interest-bearing deposits:			
Savings	$ 34,179	412	1.21%
Demand	153,538	5,131	3.34%
Time	369,201	15,206	4.12%
Total	556,918	20,749	3.73%
Short-term borrowed funds	24,003	1,098	4.57%
Long-term debt	15,370	1,129	7.35%
Total interest-bearing liabilities	596,291	22,976	3.85%
Non-interest-bearing demand deposits	86,424		
Other liabilities	6,188		
Total liabilities	688,903		
Stockholders' equity	48,688		
Total liabilities and stockholders' equity	$ 737,591		
Interest rate spread		$ 27,392	3.42%
Interest income/earning assets			7.27%
Interest expense/earning assets			3.32%
Net yield on earning assets (net interest margin)			3.95%

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(1) Average balances of investment securities based on carrying value.

(2) Loan fees included in interest income for 2006 were $740.

(3) Nonaccrual loans are included in the daily average loan amounts outstanding.

(4) For 2006, income is computed on a fully tax-equivalent basis assuming a tax rate of approximately 40%.

Rate/Volume Analysis of Changes in Interest Income and Expense:

	2008 vs. 2007 Increase (Decrease) Due to Change In:		
(Dollars in Thousands)	Volume(1)	Rate(1)	Net
Interest-earning assets:			
Loan portfolio:			
Commercial	$ 11,815	$ (8,385)	$ 3,430
Real estate	667	(822)	(155)
Consumer	702	(113)	589
Net loans	13,184	(9,320)	3,864
Loans held for sale	26	(18)	8
Securities:			
Taxable	(1,055)	(667)	(1,722)
Tax exempt	1,305	(69)	1,236
Federal funds sold and other	(800)	(689)	(1,489)
Total interest-earning assets	$ 12,660	$ (10,763)	$ 1,897
Interest-bearing liabilities:			
Savings deposits	$ 3	$ (269)	$ (266)
Interest-bearing demand deposits	1,921	(5,193)	(3,272)
Time deposits	1,836	(2,363)	(527)
Short-term borrowings	679	(822)	(143)
Long-term debt	0	(394)	(394)
Total interest-bearing liabilities	4,439	(9,041)	(4,602)
Net interest income	$ 8,221	$ (1,722)	$ 6,499

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(Dollars in Thousands)	2007 vs. 2006 Increase (Decrease) Due to Change In: Volume(1)	Volume(1)	Volume(1)
Interest-earning assets:			
Loan portfolio:			
Commercial	$ 11,859	$ 408	$ 12,267
Real estate	2,241	167	2,408
Consumer	1,789	74	1,863
Net loans	15,889	649	16,538
Loans held for sale	(2)	(13)	(15)
Securities:			
Taxable	1,136	504	1,640
Tax exempt	387	(18)	369
Federal funds sold and other	216	(169)	47
Total interest-earning assets	$ 17,626	$ 953	$ 18,579
Interest-bearing liabilities:			
Savings deposits	$ 23	$ 14	$ 37
Interest-bearing demand deposits	3,107	816	3,923
Time deposits	5,297	1,547	6,844
Short-term borrowings	(50)	(88)	(138)
Long-term debt	344	15	359
Total interest-bearing liabilities	8,721	2,304	11,025
Net interest income	$ 8,905	$ (1,351)	$ 7,554

(1) The change in interest due to both rate and volume has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.

Allowance and Provision for Credit Losses

Centra's credit quality continues to be sound. Centra maintains an allowance for loan losses and an allowance for lending-related commitments. The allowance for loan losses was $16,367,000, $13,536,000 and $10,336,000 at December 31, 2008, 2007 and 2006, respectively. The allowance for loan losses increased compared to the previous periods due to the continued increase in the loan portfolio and deteriorating general economic conditions. The allowance for loan losses as a percentage of total loans was 1.60%, 1.54%, and 1.49% at December 31, 2008, 2007, and 2006, respectively. The allowance for loan losses as a percentage of total loans compared to previous periods increased slightly based upon management's analysis of the adequacy of the reserve.

As evidenced in the following table, the allowance for loan losses allocated to commercial loans increased by $4,234,000. This increase was primarily due to the continued increase in the outstanding balance of commercial loans and an increase in risk factors associated with the portfolio. The current economic environment also has impacted the allowance for loan losses. Though Centra's market regions are somewhat resistant to national economic trends, management has identified specific observable risk factors related to the current economic environment, watch list and delinquency trends, and loan concentrations, which increased the allowance for loan losses. The allowance allocated to consumer and real estate loans decreased $964,000 and $439,000, respectively.

In connection with the Smithfield acquisition, Centra acquired various commercial, consumer, and mortgage loans previously originated by Smithfield to sub-prime borrowers. As of December 31, 2008, approximately $12.4 million of these loans were outstanding. Given the inherent risks of borrowers that did not meet certain FICO levels at the time of loan origination, management has separately considered these loans within its analysis of the allowance for credit losses. Also, in connection with the Smithfield acquisition, management identified certain Smithfield loans as problem credits in accordance with Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer,” and determined that the related allocated allowance for loan losses was not material.

Centra incurred net charge-offs totaling $2,355,000 in 2008 and net recoveries totaling $41,000 in 2007. During the year, nonaccrual loans increased by $2,565,000 to $6,761,000 at December 31, 2008, compared to $4,196,000 at December 31, 2007. Centra had other real estate owned of $160,000 as of December 31, 2008, and $235,000 as of December 31, 2007. As of December 31, 2008, Centra had delinquent loans of $6,301,000 and $4,929,000 as of December 31, 2007. The overall increase in delinquencies is attributable to deteriorating general economic conditions and its impact on our customers.

Management records the provision for credit losses as a result of its analysis of the adequacy of the allowance for loan losses and the overall management of inherent credit risks.

Management continually monitors the loan portfolio through its regional committees and the Senior Loan Committee to determine the adequacy of the allowance for loan losses. This formal analysis determines the appropriate level of the allowance for loan losses and allocation of the allowance among loan types and specific credits. The portion of the allowance allocated among the various loan types represents management’s estimate of probable losses based upon historical loss factors. In addition, Centra considers factors such as changes in lending policies, changes in the trend and volume of past due and adversely classified or graded loans, changes in local and national economic conditions, and effects of changes in loan concentrations. Specific loss estimates are derived for individual credits, where applicable, and are based upon specific qualitative criteria, including the size of the loan and loan grades below a predetermined level.

During 2008, Centra recorded a provision for credit losses of $5,157,000 related to on-balance sheet loans and $(30,000) for unused off balance sheet commitments. The negative provision represents an increase level of advances on lines of credit. Unused off balance sheet commitments and the related provision were reduced as a result. This compared to a provision for credit losses in 2007 of $3,159,000 for on balance sheet loans and $339,000 for unused off-balance sheet commitments in 2007. Net charge-offs represented .24% of average loans outstanding in 2008 and net recoveries represented .01% of average loans outstanding in 2007.

Activity in the allowance for loan losses follows:

(Dollars in Thousands)	2008	2007	2006	2005	2004
Balance, January 1	$ 13,536	$ 10,336	$ 6,907	$ 5,764	$ 3,922
Provision	5,186	3,159	1,830	1,301	2,065
Charge-offs	2,530	213	1,272	304	227
Recoveries	175	254	200	146	4
Net (recoveries) charge-offs	2,355	(41)	1,072	158	223
Balance acquired through acquisition	—	—	2,671	—	—
Balance, December 31	$ 16,367	$ 13,536	$ 10,336	$ 6,907	$ 5,764
Ratio of net (recoveries) charge-offs to average loans	0.24%	(.01)%	.19%	.04%	.06%

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The following table reflects the allocation of the allowance for loan losses as of December 31:

(Dollars in Thousands)	2008	2007	2006	2005	2004
Allocation of allowance for loan losses at December 31:					
Commercial	$ 11,862	$ 7,628	$ 6,236	$ 5,291	$ 4,217
Real estate	3,062	3,273	2,140	769	983
Real estate construction	48	276	152	65	80
Consumer	1,395	2,359	1,808	782	484
Total	$ 16,367	$ 13,536	$ 10,336	$ 6,907	$ 5,764
Percent of loans to total loans at December 31:					
Commercial	72%	69%	65%	66%	68%
Real estate	19	19	24	23	23
Real estate construction	0	2	2	2	2
Consumer	9	10	9	9	7
Total	100%	100%	100%	100%	100%

The allowance for loan losses related to unused off balance sheet commitments and its activity is as follows:

(Dollars in Thousands)	2008	2007	2006	2005	2004
Balance, January 1	$ 1,507	$ 1,167	$ 670	$ 630	$ 535
Provision	(30)	340	497	40	95
Balance, December 31	$ 1,477	$ 1,507	$ 1,167	$ 670	$ 630

Non-performing assets consist of loans that are no longer accruing interest, loans that have been renegotiated to below market rates based upon financial difficulties of the borrower, and real estate acquired through foreclosure. When interest accruals are suspended, accrued interest income is reversed with current year accruals charged to earnings and prior year amounts generally charged off as a credit loss. When, in management's judgment, the borrower's ability to make periodic interest and principal payments resumes, and collectability is no longer in doubt, the loan is returned to accrual status.

Total non-performing assets were $6,867,000 at December 31, 2008, compared with $4,431,000 at December 31, 2007, and represent 0.66% and 0.48%, respectively, of total loans and other real estate.

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Non-performing assets and past due loans:

(Dollars in Thousands)	2008	2007	2006	2005	2004
Nonaccrual loans					
Commercial	$ 3,774	$ 3,005	$ 1,149	$ —	$ 358
Real estate	2,468	905	—	—	—
Consumer	519	286	209	72	1
Total nonaccrual loans	6,761	4,196	1,358	72	359
Renegotiated loans	—	—	—	—	—
Total non-performing loans	6,761	4,196	1,358	72	359
Other real estate, net	160	235	10	204	—
Total non-performing assets	$ 6,921	$ 4,431	$ 1,368	$ 276	$ 359
Accruing loans past due 90 days or more	—	—	—	—	—
Non-performing loans as a% of total loans	.67%	.48%	.20%	.02%	.09%
Allowance for loan losses as a% of non-performing loans	242%	323%	761%	9,593%	1,681%

The amount of interest income which would have been recorded under the original terms for total loans classified as non-accrual was $527,000. Amounts actually collected and recorded as interest income for these loans were $511,000.

Non-Interest Income

Fees related to real estate loans sold in the secondary market, deposit accounts, and electronic banking services generate the core of the bank's non-interest income. Non-interest income totaled $7,783,000 in 2008 compared to $6,081,000 in 2007. This increase is primarily related to additional fee income related to core growth of deposits and growth related to other service charges and fees.

Service charges on deposit accounts increased to $3,058,000 in 2008 from $2,174,000 in 2007. This growth was driven by the increased volume of deposit accounts and increases in overdraft fee rate charged to customers.

Other service charges and fees increased to $2,431,000 in 2008 from $1,893,000 in 2007. This growth is primarily attributed to Visa and MasterCard related fees associated with an expanded card base.

Centra originates long-term, fixed rate, or adjustable mortgage loans and sells them on the secondary market, servicing released. Centra's mortgage banking income includes the recognition of fees received from the borrower and the market gain from the sale of the loan. Centra recognized $1,187,000 of income from selling those loans during 2008 compared to $1,099,000 of such income in 2007. Approximately $76 million of loans were sold in 2008 compared to approximately $72 million in 2007.

Management will continue to explore new methods of enhancing non-interest income. Other traditional and non-traditional financial service products are analyzed regularly for potential inclusion in Centra's product mix.

Non-Interest Expense

In 2008, total non-interest expense reached $32.8 million compared to $28.9 million in 2007. The level of non-interest costs incurred included start up costs in the Hagerstown market, and is indicative of Centra's continued growth in the number of customers served, the number of banking offices operated, and the number of personnel and technology to support the growth.

Salaries and benefits expense totaled $16.4 million in 2008 compared to $14.7 million in 2007. At December 31, 2008, Centra had 232 full-time equivalent employees compared to 257 full-time equivalent employees at December 31, 2007. The increase of $1.7 million is mostly attributable to two new Supplemental Retirement Plans for the benefit of seven key officers of the bank.

Occupancy expense totaled $2.6 million in 2008 compared to $2.2 million in 2007. This increase is primarily due to the leasing of a facility to house a new operations center located in Morgantown, West Virginia. Included in these totals is depreciation expense of $456,000 in 2008 and $506,000 in 2007. Depreciation expense decreased due to previously depreciating assets becoming full depreciated. Lease expense totaled $1.3 million in 2008 compared to $1.0 million in 2007.

Equipment expense totaled $2.2 million in 2008 compared to $1.9 million in 2007. Depreciation expense on furniture, fixtures, and equipment constituted $1.4 million in 2008 compared to $1.0 million in 2007. Equipment depreciation reflects Centra's commitment to technology such as expenditures on new technologies for the deposit operation area.

Advertising costs totaled $1.4 million in 2008 compared to $2.2 million 2007. This decrease represents management's discretion in adjusting marketing efforts in mature markets while continuing the level of advertising in our newer expansion areas. The bank believes this marketing approach resulted in market awareness of the Centra name and customer service philosophy.

Professional fees totaled $1.3 million in 2008 compared to $0.3 million in 2007. This increase is the result of expenses in connection with certain compliance projects that were not incurred in 2007 compared to normalized levels in 2008. The remaining increases are due to increased legal, accounting and consulting fees paid related to bank operations.

Data processing costs totaled $2.2 million in 2008 compared to $1.8 million in 2007. The overall increase is due to volume related charges from our core system provider, the addition of our operation center and the addition of new branches in Washington County, Maryland.

Other expense increased to $5.8 million in 2008 from $5.2 million in 2007. The primary components of this increase were non-income related taxes, and regulatory fees.

Centra's key non-interest expense initiative is to maintain an acceptable level of non-interest expense and operating efficiency. The financial services industry uses the efficiency ratio (total non-interest expense as a percentage of the aggregate of net interest income and non-interest income, excluding security transactions) as a key indicator of performance. Centra's efficiency ratio was 67.1% in 2008 compared to 71.1% in 2007. This ratio should continue to migrate towards peer group levels as the bank achieves an asset size to support the cost infrastructure.

Income Taxes

Centra incurred income tax expense of $3.2 million in 2008 and $2.9 million in 2007. Centra's income tax expense was relatively consistent with the prior year due to the expansion of Centra's tax free investment portfolio. As a result, Centra's effective income tax rate, including both federal and state income taxes, decreased from 35.3% in 2007 to 33.1% in 2008.

Return on Assets

Centra's return on average assets was .57% in 2008, .54% in 2007, and .66% in 2006. The trend in these ratios was negatively impacted by Centra's continued expansion and rapid growth. It is anticipated that these performance indicators will continue to migrate toward those of Centra's peers in 2008.

Return on Equity

Centra's return on average stockholders' equity ("ROE") was 7.21% in 2008, 8.16% in 2007, and 9.92% in 2006. These returns also reflect Centra's rapid growth and are impacted by Centra's $24 million stock offering completed in the fourth quarter of 2007.

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The bank is considered well-capitalized under regulatory and industry standards of risk-based capital. See Note 12 of Notes to the Consolidated Financial Statements included in Item 8 herein.

2007 Compared to 2006

During 2007, net interest income increased by $7.4 million or 27% to $34.6 million in 2007 from $27.2 million in 2006. This increase is partly due to the Smithfield acquisition and growth in core average earning assets. Average total loans grew to $778.7 million in 2007 from $576.5 million in 2006. Primarily as a result of this growth, total interest income increased by $18.4 million, or 36.6%, to $68.6 million in 2007 from $50.2 million in 2006. Average interest-bearing liabilities, mainly deposits, likewise increased in 2007 by $208.7 million. Average interest-bearing deposits grew to $762.2 million in 2007 from $556.9 million in 2006. Primarily as a result of this growth, total interest expense increased by $11 million, or 48%, to $34.0 million in 2007 from $23.0 million in 2006.

The provision for credit losses was $3.5 million in 2007 compared to $2.3 million in 2006. This increase was a result of continued growth in the loan portfolio and deteriorating general economic conditions.

Non-interest income is comprised of fees related to real estate loans sold on the secondary market, deposit accounts, and electronic banking services. Non-interest income totaled $6.1 million in 2007 compared to $3.6 million in 2006. This increase is partially related to an increased level of income earned from selling real estate loans in the secondary market. Increases in service charges on deposits, other service charges and fees, and other income contributed to the improved volume of non interest income for the year.

Centra originates long-term, fixed rate, or adjustable mortgage loans and sells them on the secondary market, servicing released. Centra's mortgage banking income includes the recognition of fees received from the borrower and the market gain from the sale of the loan. Centra recognized $1.1 million of income from selling those loans during 2007 compared to $0.8 million of such income in 2006. This increase resulted from a favorable market and the expansion into the Hagerstown Maryland market which contributed $168,000 to the growth. Approximately $72 million of loans were sold in 2007 compared to approximately $62 million in 2006.

In 2007, total non-interest expense reached $28.9 million compared to $20.7 million in 2006. The level of non-interest costs incurred included a full year of expenses associated with the Smithfield acquisition, start up costs in the Hagerstown market, and is indicative of Centra's continued growth in the number of customers served, the number of banking offices operated, and the number of personnel and technology to support the growth.

Centra incurred income tax expense of $2.9 million in 2007 and in 2006. Centra's income tax expense was lower than the prior year due to the expansion of Centra's tax free investment portfolio. As a result, Centra's effective income tax rate, including both federal and state income taxes, decreased from 37.7% in 2006 to 35.3% in 2007.

Overview of the Statement of Condition

Centra's balance sheet at December 31, 2008, reflects the dynamic growth of the organization. Total assets grew to $1.2 billion at December 31, 2008, from $1.1 billion at December 31, 2007. The majority of the asset growth was a result of an increase in total loans of $149.0 million to $1.0 billion in 2008 compared to $876.2 million in 2007.

Deposits grew to $1.0 billion at December 31, 2008, an increase of $68.5 million from December 31, 2007. Short-term borrowings increased by $50.1 million to $75.3 million as of December 31, 2008.

Stockholders' equity increased to approximately $7.3 million in 2008 due to the net income recognized for 2008 and as a result of the exercise of stock options.

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Cash and Cash Equivalents

Centra's cash and cash equivalents totaled $20.3 million at December 31, 2008, compared to $43.4 million at December 31, 2007, a decrease of $23.1 million. This decrease resulted from strong loan demand experienced throughout the year.

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

Investment Securities

Investment securities totaled $121.5 million at December 31, 2008, compared to $125.9 million at December 31, 2007. This decrease of $4.4 million is the result of maturities and calls of numerous securities in 2008. The proceeds from the maturities and calls were reinvested in the loan portfolio. Government-sponsored agency securities comprise the majority of the portfolio. Centra does not hold any single issue or pooled trust preferred securities, perpetual preferred equity securities or any securities collateralized by sub-prime loans.

All of Centra's investment securities are classified as available-for-sale. Management believes the available-for-sale classification provides flexibility for Centra in terms of selling securities as well as interest rate risk management opportunities. At December 31, 2008, the amortized cost of Centra's investment securities was $1.8 million less than the fair value resulting in unrealized appreciation in the investment portfolio.

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

Loans

Centra's lending is primarily focused in the north central and the eastern panhandle areas of West Virginia, south western Pennsylvania, and western Maryland and consists principally of commercial lending, retail lending, which includes single-family residential mortgages, and consumer lending. Total loans were $1.0 billion as of December 31, 2008, compared to $876.2 million as of December 31, 2007.

Centra continued to experience significant loan growth during 2008 in commercial and all other loan classifications. At December 31, 2008, commercial loans totaled 72% of Centra's total loan portfolio and comprised the largest portion of the loan portfolio. Commercial loans totaled $743.1 million as of December 31, 2008, compared to $604.3 million at December 31, 2007. Management will continue to focus on the enhancement and growth of the commercial loan portfolio while maintaining appropriate underwriting standards and risk/price balance. Management expects commercial loan demand to decline in 2009, due to new banking entities entering the markets being served by Centra and the overall economic conditions. In addition to the anticipated increased in-market penetration, Centra will continue to selectively lend to customers outside its primary markets.

Real estate loans to Centra's retail customers (including real estate construction loans) account for the second largest portion of the loan portfolio, comprising 19% of Centra's total loan portfolio. Real estate mortgage loans totaled $194.8 million as of December 31, 2008, compared to $185.8 million at December 31, 2007.

Included in real estate loans are home equity credit lines with outstanding balances totaling $40.8 million as of December 31, 2008, compared to $41.9 million at December 31, 2007. Management believes the home equity loans are competitive products with an acceptable return on investment after risk considerations.

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Residential real estate lending continues to represent a major focus of Centra's lending due to the lower risk factors associated with this type of loan, and the opportunity to provide additional products and services to these consumers at reasonable yields to Centra.

Consumer lending continues to be a vital part of Centra's core lending. At December 31, 2008, consumer loan balances totaled $87.4 million compared to $86.1 million at December 31, 2007. Centra's consumer loans are primarily in the direct lending area. Management is pleased with the performance and quality of Centra's consumer loan portfolio, which can be attributed to Centra's commitment to a high level of customer service and the continued loan demand in the markets served by Centra.

The following table provides additional information about Centra's loans:

Loan Portfolio Analysis:

(Dollars in Thousands)	2008	2007	2006	2005	2004
Year-end balances:					
Commercial, financial, and agricultural	$ 743,052	$ 604,319	$ 448,885	$ 305,270	$ 269,863
Real estate	180,109	171,335	167,354	106,599	90,458
Real estate construction	14,696	14,465	11,894	9,084	7,416
Consumer	87,355	86,057	65,387	42,543	29,177
Total	$ 1,025,212	$ 876,176	$ 693,520	$ 463,496	$ 396,914
Average total loans	$ 962,458	$ 778,724	$ 576,482	$ 432,910	$ 349,837
Average allowance for loan losses	(14,817)	(11,282)	(9,095)	(7,075)	(5,276)
Average loans, net of allowance	$ 947,641	$ 767,442	$ 567,387	$ 425,835	$ 344,561

The data below has been compiled based upon loan maturity date. Repricing intervals are typically more frequent.

Loan Maturities:

	December 31, 2008			
(Dollars in Thousands)	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years	Total
Loan Type				
Commercial loans:				
Fixed	$ 46,874	$ 133,760	$ 104,447	$ 285,081
Variable	31,759	219,186	207,026	457,971
	78,633	352,946	311,473	743,052
Real estate loans:				
Fixed	17,216	66,256	60,219	143,691
Variable	11,701	19,781	19,632	51,114
	28,917	86,037	79,851	194,805
Consumer loans:				
Fixed	11,023	39,235	34,328	84,586
Variable	71	1,364	1,334	2,769
	11,094	40,599	35,662	87,355
Total	$ 118,644	$ 479,582	$ 426,986	$ 1,025,212

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Loan Concentration

At December 31, 2008, commercial loans comprised the largest component of the loan portfolio. While the bank has concentrations of its loan portfolio in the building, developing, and general contracting industry, coal mining, clothing retail, leasing of real estate, and the hotel/motel areas, these concentrations are comprised of loans to various borrowers in various geographic areas and are not considered detrimental to the bank.

Funding Sources

Centra 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 Centra, totaling $1.0 billion, or 91% of Centra's funding sources at December 31, 2008.

Non-interest-bearing deposits remain a core funding source for Centra. At December 31, 2008, non-interest-bearing balances totaled $132.2 million compared to $114.4 million at December 31, 2007. Management intends to continue to focus on maintaining its base of low-cost funding sources, through product offerings that benefit customers who increase their relationship with Centra by using multiple products and services. Average non-interest-bearing deposits totaled $125.8 million during 2008 compared to $112.8 million during 2007.

Interest-bearing deposits totaled $880.2 million at December 31, 2008, compared to $829.5 million at December 31, 2007. Average interest-bearing liabilities were $935.6 million during 2008 compared to $805.0 million during 2007. Management will continue to emphasize deposit gathering in 2009 by offering outstanding customer service and competitively priced products from a network of strategically placed banking offices. Management will also concentrate on balancing deposit growth with adequate net interest margin to meet Centra's strategic goals.

Maturities of Certificates of Deposit $100,000 or More:

(Dollars in Thousands)	2008	2007	2006
Under 3 months	$ 62,789	$ 65,733	$ 45,661
3 to 12 months	134,824	123,593	82,243
Over 12 months	67,922	50,270	86,599
Total	$ 265,535	$ 239,596	$ 214,503

Along with traditional deposits, Centra has access to both short-term and long-term borrowings to fund its operations and investments. Centra's short-term borrowings consist of corporate deposits held in overnight repurchase agreements and retail funds such as term repurchase agreements. At December 31, 2008, short-term borrowings totaled $75.3 million compared to $25.2 million in 2007. Centra relies on short-term, overnight borrowings to cover liquidity needs. During the latter half of 2008, Centra required more overnight borrowings than what was necessary in the prior year. In 2007, Centra had excess funds that were invested in overnight interest-earning accounts.

Capital/Stockholders' Equity

During the year ended December 31, 2008, stockholders' equity increased approximately $7.3 million (or 8.3%) to $95.2 million. This increase resulted primarily from Centra's $6.6 million net income for the year and $1.5 million additional paid-in capital from the exercise of stock options. Centra declared its first cash dividend in 2008, which provided shareholders with approximately $1.1 million of earnings.

As a result of record earnings and strong growth in 2008, the Board of Directors of Centra declared its first cash dividend. The cash dividend consisted of four quarterly dividends of $0.05 each, for a year to date dividend of $0.20 per share. The fourth quarter dividend was declared on November 6, 2008, with a record date of December 19, 2008 and was payable on January 2, 2009. In addition to the cash dividend, Centra

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declared a 10% stock dividend on common shares on November 6, 2008, with a record date of December 12, 2008, payable January 2, 2009. All per share data has been restated to reflect the stock dividend.

At December 31, 2008, accumulated other comprehensive income totaled $1.1 million, an increase of $170,000 from December 31, 2007. This represents net unrealized gains on available-for-sale securities, net of income taxes, at December 31, 2008. Because all of the investment securities in Centra's portfolio are classified as available-for-sale, both the investment and equity sections of Centra's balance sheet are more sensitive to the changing market values of investments.

Centra has also complied with the standards of capital adequacy mandated by the banking industry. 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 Centra's risk-based capital ratios can be found in Note 12 of the Notes to the Consolidated Financial Statements. At December 31, 2008, Centra and its banking subsidiary's risk-based capital ratios were above the minimum standards for a well-capitalized institution. Centra's risk-based capital ratio of 11.4% at December 31, 2008, is above the well-capitalized standard of 10%. Centra's Tier 1 capital ratio of 10.1% also exceeded the well-capitalized minimum of 6%. The leverage ratio at December 31, 2008, was 8.2% and was also above the well-capitalized standard of 5%. Management believes Centra's capital continues to provide a strong base for profitable growth.

Liquidity and Interest Rate Sensitivity

The objective of Centra's asset/liability management function is to maintain consistent growth in net interest income within Centra's policy guidelines. This objective is accomplished through management of Centra's balance sheet liquidity and interest rate risk exposure based on changes in economic conditions, interest rate levels, and customer preferences.

Interest Rate Risk

The most significant market risk resulting from Centra's normal course of business, extending loans and accepting deposits, is interest rate risk. Interest rate risk is the potential for economic loss due to future interest rate changes which can impact both the earnings stream as well as market values of financial assets and liabilities. Centra's management has charged the Asset/Liability Committee (ALCO) with the overall management of Centra and its subsidiary bank's balance sheets related to the management of interest rate risk. The ALCO strives to keep Centra focused on the future, anticipating and exploring alternatives, rather than simply reacting to change after the fact.

The ALCO has established an interest risk management policy that sets the minimum requirements and guidelines for monitoring and controlling the level and amount of interest rate risk. The objective of the interest rate risk policy is to encourage management to adhere to sound fundamentals of banking while allowing sufficient flexibility to exercise the creativity and innovations necessary to meet the challenges of changing markets. The ultimate goal of these policies is to optimize net interest income within the constraints of prudent capital adequacy, liquidity, and safety.

The ALCO relies on different methods of assessing interest rate risk including simulating net interest income, monitoring the sensitivity of the net present market value of equity or economic value of equity, and monitoring the difference or gap between maturing or rate-sensitive assets and liabilities over various time periods. The ALCO places emphasis on simulation modeling as the most beneficial measurement of interest rate risk due to its dynamic measure. By employing a simulation process that measures the impact of potential changes in interest rates and balance sheet structures, and by establishing limits on changes in net income and net market value, the ALCO is better able to evaluate the possible risks associated with alternative strategies.

The simulation process starts with a base case simulation which represents projections of current balance sheet growth trends. Base case simulation results are prepared under a flat interest rate forecast and at least two alternative interest rate forecasts, one rising and one declining, assuming parallel yield curve shifts.

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Comparisons showing the earnings variance from the flat rate forecast illustrate the risks associated with the current balance sheet strategy. When necessary, additional balance sheet strategies are developed and simulations prepared. These additional simulations are run with the same interest rate forecasts used with the base case simulation and/or using non-parallel yield curve shifts. The additional strategies are used to measure yield curve risk, prepayment risk, basis risk, and index lag risk inherent in the balance sheet. Comparisons showing the earnings and equity value variance from the base case provide the ALCO with information concerning the risks associated with implementing the alternative strategies. The results from model simulations are reviewed for indications of whether current interest rate risk strategies are accomplishing their goal and, if not, suggest alternative strategies that could. The policy calls for periodic review by the ALCO of assumptions used in the modeling.

The ALCO believes that it is beneficial to monitor interest rate risk for both the short and long-term. Therefore, to effectively evaluate results from model simulations, limits on changes in net interest income and the value of the balance sheet will be established. The ALCO has determined that the earnings at risk of the bank shall not change more than 7.5% from base case for each 1.0% shift in interest rates. Centra is in compliance with this policy as of December 31, 2008. The following table is provided to show the earnings at risk and value at risk positions of Centra as of:

Immediate Interest Rate Change (in Basis Points)	2008 Estimated Increase (Decrease) in Net Interest Income		2007 Estimated Increase (Decrease) in Net Interest Income	
	(Dollars in Thousands)			
300	(8,573)	(18.38%)	(4,187)	(10.3%)
200	(6,190)	(13.27%)	(2,793)	(6.9)
100	(3,245)	(6.96%)	(1,416)	(3.5)
(100)	(509)	(1.09%)	1,519	3.7

Liquidity

Maintenance of a sufficient level of liquidity is a primary objective of the ALCO. Liquidity, as defined by the ALCO, is the ability to meet anticipated operating cash needs, loan demand, and deposit withdrawals, without incurring a sustained negative impact on net interest income. It is Centra's practice to manage liquidity so that there is no need to make unplanned sales of assets or to borrow funds under emergency conditions.

The main source of liquidity for Centra comes through deposit growth. During the fourth quarter of 2008, Centra enrolled in the CDARs program. This program is designed to allow customers to make large deposits while remaining fully insured by the FDIC. The deposited money is invested in multiple short term certificates of deposits at various financial institutions also participating in the CDARs network. Each certificate of deposit is under the FDIC insurance limit. Therefore, the customer's deposit is fully insured. As of December 31, 2008, Centra had total deposits in CDARs of $11.3 million.

Liquidity is also provided from cash generated from investment maturities, principal payments from loans, and income from loans and investment securities. During the year ended December 31, 2008, cash provided by financing activities totaled $118.9 million, while outflows from investing activities totaled $157.0 million. When appropriate, Centra has the ability to take advantage of external sources of funds such as advances from the Federal Home Loan Bank (FHLB), national market repurchase agreements, and brokered funds. These external sources often provide attractive interest rates and flexible maturity dates that enable Centra to match funding with contractual maturity dates of assets. Securities in the investment portfolio are classified as available-for-sale and can be utilized as an additional source of liquidity.

Substantially all of Centra's assets relate to banking and are monetary in nature. Therefore, they are not impacted by inflation in the same manner as companies in capital-intensive industries. 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.

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Contractual Obligations, Commitments, Contingent Liabilities, and Off-Balance Sheet Arrangements

Centra has various financial obligations, including contractual obligations and commitments that may require future cash payments.

The following table details the amounts and expected maturities of significant commitments as of December 31, 2008. Further discussion of these commitments is included in Note 10 to the consolidated financial statements.

(Dollars in Thousands)	One Year or Less	One to Three Years	Three to Five Years	Over Five Years	Total
Commitments to extend credit:					
Commercial	$ 49,658	$ 19,729	$ 1,790	$ 3,673	$ 74,850
Residential real estate	70,078	742	4	1,319	72,143
Revolving home equity lines	—	—	—	45,352	45,352
Standby letters of credit	30,316	674	19	47	31,056
Net commitments to sell mortgage loans	1,961	—	—	—	1,961

Commitments to extend credit, including loan commitments, standby letters of credit, and commercial letters of credit do not necessarily represent future cash requirements, in that these commitments often expire without being drawn upon.

The following table presents, as of December 31, 2008, significant fixed and determinable contractual obligations to third parties by payment date. Further discussion of the nature of each obligation is included in the notes to the consolidated financial statements.

	Payments Due in				
(Dollars in Thousands)	One Year or Less	One to Three Years	Three to Five Years	Over Five Years	Total
Deposits without a stated maturity(a)	$ 488,904	$ —	$ —	$ —	$ 488,904
Consumer certificates of deposits(b)	381,003	106,864	35,622	—	523,489
Federal funds borrowed and security repurchase agreements(b)	75,285	—	—	—	75,285
Long-term debt(b)	2,058	2,058	22,473	21,029	47,618
Operating leases	1,284	1,959	1,376	3,747	8,366

(a) Excludes interest

(b) Includes interest on both fixed and variable rate obligations. The interest associated with variable rate obligations is based upon interest rates in effect at December 31, 2008. The contractual amounts to be paid on variable rate obligations are affected by changes in market interest rates. Future changes in market interest rates could materially affect the contractual amounts to be paid.

Centra's operating lease obligations represent short- and long-term lease and rental payments for facilities, certain software, and data processing and other equipment. See further discussion in Note 5.

Centra also has obligations under its supplemental retirement agreements with key executive officers. The cost for these agreements are being accrued over the period of active service of the executives. See further discussion in Note 14.

Fourth Quarter

Centra's fourth quarter net income was $786,000 in 2008 compared to $643,000 in the fourth quarter of 2007. This equated to basic earnings per share, on a quarterly basis, of $0.12 in 2008 and $0.10 in 2007. For the fourth quarter 2008 and 2007, diluted earnings per share were $0.11 and $0.10, respectively. Net interest income was $10.6 million in the fourth quarter of 2008 compared to $9.1 million in 2007. Non-interest income was $2.0 million in the fourth quarter of 2008 compared to $1.8 million in 2007. Non-interest expense increased to

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$8.3 million for the fourth quarter of 2008 from $8.1 million in 2007. In addition, Centra recorded income tax expense of $332,000 in the fourth quarter of 2008 compared to $188,000 in the fourth quarter of 2007.

Future Outlook

The bank's results of operations through the third quarter of 2008 shows that Centra has been able to maintain loan quality levels uncertain economic climate. The continued emphasis in future periods will be to continue focusing on asset quality and capital preservation while balancing the effects of competition on pricing of our interest bearing assets and liabilities. The critical challenge for the bank in the future will be the continued emphasis on customer service and balancing competitive pressures on growth and profitability.

Future plans for the bank involve continuing the successful start of the operations in the Washington County, Maryland area. In our Fayette County market, the bank has enhanced the personal banking services and recently relocated our Fairchance location to a larger full-service location more convenient for our customers. These locations complement our delivery systems and enable the bank to service a broader customer base.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Please refer to pages 34-35 in Item 7 of this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements and accompanying notes, and the report of independent auditors, are set forth immediately following Item 9 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No response required.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Centra's management, with the participation of Centra's chief executive officer and chief financial officer, has evaluated the effectiveness of Centra's disclosure controls and procedures as of December 31, 2008. Based on that evaluation, Centra's chief executive officer and chief financial officer concluded that Centra's disclosure controls and procedures are effective as of December 31, 2008.

Management's Annual Report on Internal Control Over Financial Reporting

The "Report of Management's Assessment of Internal Control over Financial Reporting" required by Item 308(a) of SEC Regulation S-K is included on page 67 of this Annual Report on Form 10-K.

Attestation Report of Independent Registered Public Accounting Firm

The "Report of Independent Registered Public Accounting Firm on Effectiveness of Internal Control Over Financial Reporting" required by Item 308(b) of SEC Regulation S-K is included on page 68 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no significant changes in Centra's internal controls over financial reporting during the fourth quarter of 2008.

ITEM 9B. OTHER INFORMATION

None.

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(Dollars in Thousands, except Per Share Data)	December 31 2008	December 31 2007
Assets		
Cash and cash equivalents	$ 18,646	$ 15,507
Interest-bearing deposits in other banks	1,650	985
Federal funds sold	—	26,904
Total cash and cash equivalents	20,296	43,396
Available-for-sale securities, at estimated fair value (amortized cost of $119,733 and $124,379 at December 31, 2008 and 2007, respectively)	121,543	125,904
Loans	1,025,212	876,176
Allowance for loan losses	(16,367)	(13,536)
Net loans	1,008,845	862,640
Premises and equipment	21,446	18,720
Loans held for sale	1,961	1,865
Goodwill and other intangible assets	16,297	16,735
Other assets	23,169	15,927
Total assets	$ 1,213,557	$ 1,085,187
Liabilities		
Deposits:		
Non-interest-bearing	$ 132,229	$ 114,419
Interest-bearing	880,164	829,515
Total deposits	1,012,393	943,934
Short-term borrowings	75,285	25,173
Long-term debt	20,000	20,000
Other liabilities	10,637	8,160
Total liabilities	1,118,315	997,267
Stockholders' equity:		
Preferred stock, $1 par value, 1,000,000 authorized, none issued	—	—
Common stock, $1 par value, 50,000,000 authorized, 6,804,084 and 5,971,171 issued and outstanding on December 31, 2008 and 2007, respectively	6,804	5,971
Additional paid-in capital	93,887	81,580
Accumulated (deficit)	(6,535)	(547)
Accumulated other comprehensive income	1,086	916
Total stockholders' equity	95,242	87,920
Total liabilities and stockholders' equity	$ 1,213,557	$ 1,085,187

See Notes to Consolidated Financial Statements.

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(Dollars in Thousands, except Per Share Data)	Year Ended December 31 2008	2007	2006
Interest income:			
Loans, including fees	$ 63,607	$ 60,423	$ 43,975
Loans held for sale	164	156	171
Securities available-for-sale	5,234	6,153	4,263
Interest-bearing bank balances	23	70	244
Federal funds sold	327	1,768	1,548
Total interest income	69,355	68,570	50,201
Interest expense:			
Deposits	27,488	31,553	20,749
Short-term borrowings	817	960	1,098
Long-term debt	1,094	1,488	1,129
Total interest expense	29,399	34,001	22,976
Net interest income	39,956	34,569	27,225
Provision for credit losses	5,157	3,498	2,327
Net interest income after provision for credit losses	34,799	31,071	24,898
Other income:			
Service charges on deposit accounts	3,058	2,174	1,241
Other service charges and fees	2,431	1,893	1,224
Secondary market income	1,187	1,099	808
Security gains/(losses)	217	—	(40)
Other	890	915	365
Total other income	7,783	6,081	3,598
Other expense:			
Salaries and employee benefits	16,423	14,653	10,015
Occupancy expense	2,600	2,171	1,840
Equipment expense	2,169	1,921	1,524
Advertising	1,388	2,029	1,031
Professional fees	1,283	340	420
Data processing	2,220	1,763	1,292
Other outside services	901	885	625
Other	5,779	5,159	3,988
Total other expense	32,763	28,921	20,735
Net income before income tax expense	9,819	8,231	7,761
Income tax expense	3,249	2,904	2,929
Net income	$ 6,570	$ 5,327	$ 4,832
Basic earnings per share	$ 1.00	$ 0.99	$ 1.10
Diluted earnings per share	$ 0.92	$ 0.91	$ 1.01
Basic weighted-average shares outstanding	6,597,386	5,384,111	4,394,585
Diluted weighted-average shares outstanding	7,125,462	5,859,746	4,788,779

See Notes to Consolidated Financial Statements.

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

(Dollars in Thousands)	Common Stock	Additional Paid-in Capital	Accumulated (Deficit) Earnings	Accumulated Other Comprehensive Income(Loss)	Total
Balance, December 31, 2005	$ 2,817	$ 25,016	$ 6,033	$ 7	$ 33,873
Issuance of a 10% stock dividend	381	6,488	(6,869)	—	—
Issuance of common stock	999	16,841	—	—	17,840
Payments for fractional shares		4	—	—	4
Stock Based Compensation Expense				161	161
Comprehensive income:					
Net income	—	—	4,832	—	4,832
Other comprehensive income:					
Unrealized gain on available-for-sale securities, net of income taxes of $284	—	—	—	427	427
Reclassification adjustment for losses included in net income, net of income taxes $16	—	—	—	(24)	(24)
Total comprehensive income					5,235
Balance, December 31, 2006	4,197	48,510	3,996	410	57,113
Issuance of a 10% stock dividend	542	9,319	(9,861)	—	—
Issuance of common stock	1,232	23,008	—	—	24,240
Payments for fractional shares		—	(9)	—	(9)
Stock Based Compensation Expense		743			743
Comprehensive income:					
Net income	—	—	5,327	—	5,327
Other comprehensive income:					
Unrealized gain on available-for-sale securities, net of income taxes of $202	—	—	—	506	506
Total comprehensive income					5,833
Balance, December 31, 2007	5,971	81,580	(547)	916	87,920
Issuance of a 10% stock dividend	616	10,625	(11,241)	—	—
Payments for fractional shares	—	—	(8)	—	(8)
Cash dividend declared ($0.20)	—	—	(1,140)	—	(1,140)
Stock Based Compensation Expense	—	223	—	—	223
Exercise of 216,967 stock options	217	1,459	—	—	1,676
Adoption of EITF 06-04	—	—	(169)	—	(169)
Comprehensive income:					
Net income	—	—	6,570	—	6,570
Other comprehensive income:					
Change in unrealized gain on available for sale securities, net of income taxes of $28	—	—	—	40	40
Reclassification adjustment for securities gains included in income, net of income taxes of $87	—	—	—	130	130
Unrealized gain on available-for-sale securities, net of income taxes of $115	—	—	—	—	170
Total comprehensive income	—	—	—	—	6,740
Balance, December 31, 2008	$ 6,804	$ 93,887	$ (6,535)	$ 1,086	$ 95,242

See Notes to Consolidated Financial Statements.

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Dollars in Thousands)	Year Ended December 31 2008	2007	2006
Operating activities:			
Net income	$ 6,570	$ 5,327	$ 4,832
Adjustments to reconcile net income to net cash provided by operating activities:			
Accretion of discounts on securities	(608)	(1,028)	(488)
Amortization of premiums on securities	587	876	47
(Gain)/loss on sale of securities	(217)	—	40
Amortization of purchase accounting adjustments	1,246	—	—
Provision for credit losses	5,157	3,498	2,327
Deferred income tax (benefit) expense	1,674	(1,155)	839
Depreciation	1,867	1,486	1,257
Loss on disposal of premises and equipment	—	18	3
Loans originated for sale	(74,911)	(71,671)	(60,916)
Proceeds from loans sold	75,999	71,895	62,207
Gain on sale of loans	(1,184)	(1,078)	(795)
Stock Option Expense	223	743	161
Increase in cash surrender value of life insurance	(362)	(216)	(173)
Increase (decrease) in other liabilities	2,477	974	(5,169)
(Increase) decrease in other assets	(3,884)	(1,237)	463
Net cash provided by operating activities	14,634	8,648	4,808
Investing activities:			
Purchases of premises and equipment	(4,598)	(6,298)	(4,581)
Retirement of premises and equipment	—	—	34
Purchases of life insurance	(5,509)	—	—
Purchases of available-for-sale securities	(84,015)	(68,300)	(44,642)
Sales, calls and maturities of available-for-sale securities	88,898	69,260	134,375
Net cash paid for acquisition of Smithfield	—	—	(16,700)
Net increase in loans made to customers	(151,414)	(182,954)	(178,403)
Net cash used in investing activities	(156,638)	(188,508)	(110,090)
Financing activities:			
Net increase in deposits	68,010	139,746	106,659
Net increase (decrease) in short-term borrowing	50,112	(193)	6,830
Proceeds of long-term debt issuance	—	—	10,000
Proceeds of stock offering	—	23,974	17,840
Payments for fractional shares	(8)	(9)	(4)
Cash dividend paid on common stock	(898)	—	—
Cash received from exercise of stock options	1,688	266	—
Net cash provided by financing activities	118,904	163,784	141,325
(Decrease) increase in cash and cash equivalents	(23,100)	(16,076)	36,043
Cash and cash equivalents — beginning of period	43,396	59,472	23,429
Cash and cash equivalents — end of period	$ 20,296	$ 43,396	$ 59,472
Supplemental cash flow information:			
Interest paid	$ 29,679	$ 32,902	$ 22,600
Income taxes paid	$ 4,455	$ 4,803	$ 3,950

See Notes to Consolidated Financial Statements.

CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The accounting and reporting policies of Centra Financial Holdings, Inc. and Subsidiaries ("Centra") conform to U.S. generally accepted accounting principles and to general practices within the banking industry. Centra considers all of its principal activities to be banking related. Centra's business activities are currently confined to one segment which is community banking. As a community banking entity, Centra offers its customers a full range of products through various delivery channels. The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certain prior period amounts have been reclassified to conform with the current period presentation. Such reclassifications had no material impact to stockholders' equity or net income.

The following is a summary of significant accounting policies followed in the preparation of the financial statements:

Principles of Consolidation

The consolidated financial statements include the accounts of Centra Financial Holdings, Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits in other banks, and federal funds sold, all with original maturities of 90 days or less.

Investment Securities

Management determines the appropriate classification of investment securities at the time of purchase. Available-for-sale securities are those securities that would be available to be sold in the future in response to Centra's liquidity needs, changes in market interest rates, and asset-liability management strategies, among others. Available-for-sale securities are reported at fair value, with unrealized holding gains and losses reported in a separate component of other comprehensive income. The cost of securities sold is based on the specific-identification method.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In determining whether other-than-temporary impairment exists, management considers many factors, including (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Centra to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans

Loans are stated at the principal amount outstanding, net of any unearned income. Loans are deemed delinquent when scheduled principal or interest payments are 30 to 90 days past due.

Interest income is recognized on an accrual basis. Loan origination fees and certain direct costs are deferred and amortized into interest income as an adjustment to the yield over the term of the loan. Other credit-related fees such as commitment fees, letter, and line of credit fees are recognized as fee income when earned.

CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

Loans are designated as non-performing when either principal or interest payments are 90 days or more past due, unless those loans are in the process of collection and, in management's opinion, have a net realizable value of collateral that exceeds the principal and accrued interest. When a loan is placed on nonaccrual status, interest accruals are discontinued, previously accrued interest recognized in income in the current year is reversed, and interest accrued in prior years is charged against the allowance for loan losses. Interest received on non-performing loans is included in income only if principal recovery is reasonably assured. A non-performing loan is restored to accrual status when it is brought current, has performed in accordance with contractual terms for a reasonable period of time, and the collectability of the total contractual principal and interest is no longer in doubt.

Consistent with Centra's existing method of income recognition for loans, interest income on impaired loans, except those classified as nonaccrual, is recognized as income using the accrual method. Centra's method of income recognition for impaired loans that are classified as nonaccrual is to recognize interest income on the cash basis or apply the cash receipt to principal when the ultimate collectability of principal is in doubt.

Allowance for Credit Losses

Centra maintains an allowance for loan losses and an allowance for lending-related commitments such as unfunded loan commitments and letters of credit. The allowance for lending-related commitments is reported as a liability on the Consolidated Balance Sheets within other liabilities while the corresponding provision for these commitments is recorded as a component of the provision for credit losses. The combined allowances for loan losses and lending-related commitments are referred to as the allowance for credit losses.

Centra maintains an allowance for loan losses to absorb probable losses based on a quarterly analysis of the loan portfolio and estimation of the losses that have been incurred within the loan portfolio. This formal analysis determines an appropriate level and allocation of the allowance for loan losses among loan types and resulting provision for loan losses by considering factors affecting losses, including specific losses, levels and trends in impaired and nonperforming loans, historical loan loss experience, current national and local economic conditions, volume, growth and composition of the portfolio, regulatory guidance, and other relevant factors. Determining the amount of the allowance for loan losses requires significant judgment and the use of material estimates by management, which is inherently subjective. Increases to the allowance for estimated credit losses are made by charges to the provision for credit losses. Loans that are determined uncollectible are charged against the allowance for loan losses, while recoveries of previously charged-off loans would be credited to the allowance for loan losses.

Centra's allowance for loan losses is the combination of estimated allowances for specific commercial credits, if any, and allowances for the remaining loans, grouped by similar characteristics. Management's estimate of each component of the allowance for loan losses is based on certain observable data that management believes is the most reflective of the underlying credit losses being estimated.

A key element of Centra's methodology for determining the allowance for loan losses is Centra's formal credit risk monitoring procedures, which includes credit risk grading of individual commercial loans. Commercial loans are assigned credit risk grades based on the individual borrower's ability to meet its contractual obligations. Upon detection of the borrower's inability to meet its contractual obligations, the loan is considered impaired and a specific allowance is determined. For the remaining loans, historical loss estimates are utilized and adjusted in consideration of known inherent risk factors. Any differences between net charge-offs and estimated losses are evaluated so that management can ensure the allowance for loan loss analysis adequately provides for the risk in the total loan portfolio.

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

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Loans Held for Sale

Loans held for sale are conforming real estate loans that Centra originated with the intent to sell in the secondary market. The loans are carried at the lower of aggregate cost or estimated fair value.

Rate Lock Commitments

Centra enters into commitments to originate mortgage loans whereby the interest rate on the loans is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. The period of time between issuance of a loan commitment and closing and the sale of the loan generally ranges from thirty to ninety days. Centra protects itself from changes in interest rates through the use of best efforts forward delivery commitments. whereby Centra commits to sell a loan at the time the borrower commits to an interest rate with the intent that the buyer has assumed interest rate risk on the loan. As a result, Centra is not exposed to losses nor will it realize significant gains related to its rate lock commitments due to changes in interest rates. The correlation between the rate lock commitments and the best efforts contracts is very high due to their similarity. Because of this high correlation, no material gain or loss occurs on the rate lock commitments.

Other Real Estate Owned

Other real estate owned ("OREO") included in other assets in the Consolidated Balance Sheets was $160,000 and $235,000 as of December 31, 2008 and 2007, respectively. OREO consists of real estate acquired in foreclosure or other settlement of loans. Such assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs. Any adjustment to the fair value at the date of transfer is charged against the allowance for loan losses. Any subsequent valuation adjustments as well as any costs relating to operating, holding, or disposing of the property are recorded in other expense in the period incurred.

Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Centra depreciates its building, leasehold improvements, and premises; and furniture, fixtures, and equipment over estimated useful lives ranging from 7 to 31 years and 3 to 10 years, respectively.

Advertising Expense

Advertising costs are expensed as incurred.

Income Taxes

Deferred income taxes (included in other assets) are provided for temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements at the anticipated statutory tax rate that will be in effect when the differences are expected to reverse. Management believes that future taxable income will be sufficient to fully realize the deferred tax assets.

Stock-Based Compensation

Centra has nonqualified and incentive stock option plans for certain key employees and directors. On January 1, 2006, Centra adopted the provisions of Financial Accounting Standards Board (FASB) Statement 123R, "Share-Based Payment" using the modified prospective method of transition. SFAS 123R establishes new accounting requirements for share-based compensation to employees and carries forward prior guidance on accounting for awards to non-employees. As a result of adopting SFAS 123R, Centra began recognizing

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compensation expense over the period in which the related employee service is rendered, which generally is the vesting period. Accordingly, Centra recognized share-based compensation expense of $223,000 and $743,000 during 2008 and 2007, respectively.

The significant assumptions used in computing the fair value of stock options are disclosed in Note 15.

Earnings Per Share

Basic earnings per share is determined by dividing net income by the weighted-average number of shares outstanding. 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. The dilutive effect of stock options was 528,076 shares in 2008 and 475,635 shares in 2007.

Stock Dividend

Centra declared a 10% stock dividend on common shares on November 6, 2008, with a record date of December 12, 2008, payable January 2, 2009. All per share data has been restated to reflect the stock dividend.

Variable Interest Entities

Variable interest entities (VIEs) are entities that either have a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest (i.e., ability to make significant decisions, through voting rights, right to receive the expected residual returns of the entity, and obligation to absorb the expected losses of the entity). VIEs can be structured as corporations, trusts, partnerships, or other legal entities. Centra's only relationship with VIEs consists of funding activities in the form of issuing trust preferred securities.

Centra currently sponsors two statutory business trusts that were created for the purpose of raising funds that qualify for Tier I regulatory capital. These trusts consists of trust preferred capital securities issued to third-party investors with the proceeds invested in junior subordinated debt securities of Centra. Centra owns 100% of the voting equity shares of each trust through a small capital contribution. The assets, liabilities, operations, and cash flows of each trust are solely related to the issuance, administration, and repayment of the preferred equity securities held by third-party investors. Centra fully and unconditionally guarantees the obligations of each trust and is obligated to redeem the junior subordinated debentures upon maturity.

The trusts utilized in these transactions are VIEs as the third-party equity holders lack a controlling financial interest in the trusts through their inability to make decisions that have a significant effect on the operations and success of the entities. Centra does not consolidate these trusts as it is not the primary beneficiary of these entities because Centra's equity interest does not absorb the majority of the trusts' expected losses or receive a majority of their expected residual returns.

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46R-8 (FSP 140/FIN 46R). FSP 140/FIN 46R requires public entities to provide additional disclosures about transfers of financial assets and their involvement with VIEs. The FASB issued this FSP with the intent to immediately improve the level of transparency about these transactions and involvements, in advance of the effective date of the proposed amendments to SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," and FIN 46R, "Consolidation of Variable Interest Entities." The enhanced disclosures of FSP 140/FIN 46R are required for the first reporting period, interim or annual, ending after December 15, 2008. Earlier application and comparative disclosures are encouraged but not required. The disclosure provisions of this FSP have been adopted by Centra and the adoption did not have any impact on financial condition, results of

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Notes to the Consolidated Financial Statements — (Continued)

operations, or liquidity. Refer to Note 8 for additional information on Centra's trust preferred security transactions.

The following table summarizes quantitative information about Centra's significant involvement in unconsolidated VIEs:

	As of December 31, 2008			As of December 31, 2007		
(Dollars in Thousands)	**Aggregate Assets**	**Aggregate Liabilities**	**Risk of Loss(1)**	**Aggregate Assets**	**Aggregate Liabilities**	**Risk of Loss(1)**
Trust preferred securities	$ 20,620	$ 20,000	$ 620	$ 20,620	$ 20,000	$ 620

(1) Represents investment in VIEs.

Reclassifications

Certain amounts in the 2007 financial statements have been reclassified to conform with the 2008 presentation format. These reclassifications had no affect on stockholders' equity or net income.

Recent Accounting Pronouncements

In September 2006, the FASB issued Emerging Issues Task Force (EITF) Issue No. 06-4 (EITF 06-4), *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*, which requires employers with endorsement split-dollar arrangements that provide a post-retirement life insurance benefit to record an obligation for this benefit and recognize an ongoing expense. EITF 06-4 applies for fiscal years beginning after December 15, 2007, with an earlier adoption permitted. Centra adopted EITF 06-4 on January 1, 2008, as required and a cumulative effect adjustment was recorded in retained earnings.

In September 2006, the FASB issued SFAS 157, *Fair Value Measurements*, which replaces various definitions of fair value in existing accounting literature with a single definition, establishes a framework for measuring fair value, and requires additional disclosures about fair value measurements. SFAS 157 clarifies that fair value is the price that would be received to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity and emphasizes that fair value is a market-based measurement and should be based on the assumptions market participants would use. The statement also creates a three-level hierarchy under which individual fair value estimates are to be ranked based on the relative reliability of the inputs used in the valuation. This hierarchy is the basis for the disclosure requirements, with fair value estimates based on the least reliable inputs requiring more extensive disclosures about the valuation method used and the gains and losses associated with those estimates. SFAS 157 is required to be applied whenever another financial accounting standard requires or permits an asset or liability to be measured at fair value. The statement does not expand the use of fair value to any new circumstances. Centra adopted SFAS 157, as amended, on January 1, 2008, and the adoption did not have a material impact on financial condition, results of operations, or liquidity.

Centra also adopted the provisions of FASB Staff Position (FSP) No. 157-2, which defers until January 1, 2009, the application of SFAS 157 to nonfinancial assets and nonfinancial liabilities not recognized or disclosed at least annually at fair value. Items affected by this deferral include goodwill and long-lived assets for which any necessary impairment analyses are performed using fair value measurements. The delayed application of the provisions of this FSP did not have a material impact on financial condition, results of operations, or liquidity.

In October, 2008, the FASB issued FSP No. 157-3 *"Determining the Fair Value of a Financial Asset When the Market for that Asset Is Not Active*." The FSP clarifies the application of SFAS 157 in a market that

CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

is not active and provides an example to illustrate key consideration in determining the fair value of a financial asset with the market for that financial asset is not active.

On February 15, 2007, the FASB issued SFAS No. 159 (SFAS 159), *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115*, which permits companies to choose to measure many financial instruments and certain other items at fair value. The objective of SFAS 159 is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. Centra adopted SFAS 159 effective January 1, 2008, as required, but has not elected to measure any permissible items at fair value. As a result, the adoption of SFAS 159 did not have any impact on Centra's Consolidated Financial Statements.

In June 2007, the FASB ratified the consensus reached in EITF Issue No. 06-11, *Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards*. EITF 06-11 applies to entities that have share-based payment arrangements that entitle employees to receive dividends or dividend equivalents on equity-classified nonvested shares when those dividends or dividend equivalents are charged to retained earnings and result in an income tax deduction. Entities that have share-based payment arrangements that fall within the scope of this Issue will be required to increase capital surplus for any realized income tax benefit associated with dividends or dividend equivalents paid to employees for equity classified nonvested equity awards. Any increase recorded to capital surplus is required to be included in an entity's pool of excess tax benefits that are available to absorb potential future tax deficiencies on share-based payment awards. Centra adopted EITF 06-11 on January 1, 2008 for dividends declared on share-based payment awards subsequent to this date. The adoption of EITF 06-11 did not have a material impact on financial condition, results of operations, or liquidity.

In November 2007, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 109, which addresses the valuation of written loan commitments accounted for at fair value through earnings. The guidance in SAB 109 expresses the staff's view that the measurement of fair value for a written loan commitment accounted for at fair value through earnings should incorporate the expected net future cash flows related to the associated servicing of the loan. Previously under SAB 105, *Application of Accounting Principles to Loan Commitments*, this component of value was not incorporated into the fair value of the loan commitment. The Corporation adopted the provisions of SAB 109 for written loan commitments entered into or modified after December 31, 2007 related to residential and commercial real estate loans held for sale that are accounted for as derivatives under SFAS 133. Centra does not account for any other written loan commitments at fair value through earnings. The impact of SAB 109 results in the acceleration of the recognition of the estimated fair value of the servicing inherent in the loan to the commitment date. The adoption of SAB 109 did not have a material impact on financial condition, results of operations, or liquidity.

In December 2007, the FASB issued SFAS 141(R), *Business Combinations*. SFAS 141(R) will significantly change how entities apply the acquisition method to business combinations. The most significant changes include: the acquisition date will be the date the acquirer obtains control; all (and only) identifiable assets acquired, liabilities assumed, and noncontrolling interests in the acquiree will be stated at fair value on the acquisition date; assets or liabilities arising from noncontractual contingencies will be measured at their acquisition date fair value only if it is more likely than not that they meet the definition of an asset or liability on the acquisition date; adjustments subsequently made to the provisional amounts recorded on the acquisition date will be made retroactively during a measurement period not to exceed one year; acquisition-related restructuring costs that do not meet the criteria in SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*, will be expensed as incurred; transaction costs will be expensed as incurred; reversals of deferred income tax valuation allowances and income tax contingencies will be recognized in earnings subsequent to the measurement period; and the allowance for loan losses of an acquiree will not be permitted to be recognized by the acquirer. Additionally, SFAS 141(R) will require new and modified disclosures

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surrounding subsequent changes to acquisition-related contingencies, contingent consideration, noncontrolling interests, acquisition-related transaction costs, fair values and cash flows not expected to be collected for acquired loans, and an enhanced goodwill rollforward. Centra will be required to prospectively apply SFAS 141(R) to all business combinations completed on or after January 1, 2009. Early adoption is not permitted. For business combinations in which the acquisition date was before the effective date, the provisions of SFAS 141(R) will apply to the subsequent accounting for deferred income tax valuation allowances and income tax contingencies and will require any changes in those amounts to be recorded in earnings.

In December 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements*. SFAS 160 establishes new accounting and reporting standards for noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 will require entities to classify noncontrolling interests as a component of stockholders' equity and will require subsequent changes in ownership interests in a subsidiary to be accounted for as an equity transaction. Additionally, SFAS 160 will require entities to recognize a gain or loss upon the loss of control of a subsidiary and to remeasure any ownership interest retained at fair value on that date. This statement also requires expanded disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective on a prospective basis for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which are required to be applied retrospectively. Adoption is not permitted. The adoption of SFAS 160 did not have a material impact on the results of operations or liquidity.

In March 2008, the FASB issued SFAS No. 161 (SFAS 161), *Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133*, which requires enhanced disclosures about an entity's derivative and hedging activities intended to improve the transparency of financial reporting. Under SFAS 161, entities will be required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. Centra will adopt SFAS 161 effective January 1, 2009 and adoption is not anticipated to have a material impact on Centra's Consolidated Financial Statements.

In June 2008, the FASB issued FSP No. EITF 03-6-1 (FSP 03-6-1), *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*. The FASB concluded in FSP 03-6-1 that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The definition of a participating security and the computation of earnings per share under the two-class method are contained in SFAS 128, *Earnings Per Share*, as clarified by EITF 03-6, *Participating Securities and the Two-Class Method Under FASB Statement No. 128*. A participating security is a security issued by an entity that may participate in dividends with common shareholders based upon a predetermined formula. The two-class method is an earnings allocation formula that determines earnings per share for each class of an entity's common stock and participating security according to dividends declared and participation rights in undistributed earnings. As a result of the final consensus reached in this FSP, the Corporation's unvested restricted share awards will be considered participating securities and will be required to be included in the computation of earnings per share using the two-class method. FSP 03-6-1 is effective for annual and interim financial statements issued after December 15, 2008. All prior period earnings per share amounts presented throughout an entity's financial statements are required to be adjusted retrospectively. Adoption of this FSP is not expected to have a material impact on financial condition, results of operations, or liquidity.

In December 2008, the FASB issued FSP FAS 132R-1, Employers' Disclosures about Postretirement Benefit Plan Assets (FSP 132R-1). This FSP amends FASB Statement 132R, *Employers' Disclosures about Pensions and other Postretirement Benefits*, to require additional disclosures about assets held in an employer's defined benefit pension or other postretirement plan. The objectives of the enhanced disclosures provided for in this FSP are to provide users of financial statements with an understanding of: how investment allocation decisions are made; the major categories of an employer's plan assets; the inputs and valuation techniques used to measure the fair value of a plan's assets; the effect of fair value measurements on plan assets using significant unobservable inputs, and significant concentrations of risk within plan assets.

Enhanced disclosures of FSP 132R include the replacement of the current requirement to disclose the percentage of fair value of total plan assets with a requirement to disclose the fair value of major asset categories, of which should be disaggregated based upon the nature and risk of assets held by an employer's plan. This FSP also requires disclosure of the level within the three-level fair value hierarchy (Level 1, Level 2, Level 3) in which each major category of plan assets falls using the guidance provided in SFAS 157. Additionally, FSP 132R requires employers to reconcile the beginning and ending balances of plan assets with fair values measured using significant Level 3 unobservable inputs. This reconciliation will require entities to separately present changes during the period that are attributable to actual return on plan assets, purchases, sales and settlements, and transfers in and out of Level 3. 21 The disclosure provisions of FSP 132R-1 are required for reporting periods ending after December 15, 2009. Comparative disclosures are not required upon adoption and earlier application of this FSP is permitted. The adoption of this FSP is not expected to have an impact on financial condition, results of operations, or liquidity.

In January 2009, the FASB issued FSP 99-20-1, *Amendments to the Impairment Guidance of EITF Issue No. 99-20* (FSP 99-20). This FSP amends the impairment guidance in EITF 99-20, *Recognition of Interest Income and Impairment of Purchased Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets*, by eliminating the requirement that a investment holder's best estimate of cash flows be based upon those that a market participant would use. Instead, FSP 99-20 requires that an other than temporary impairment (OTTI) be recognized as a realized loss through earnings when it is probable that there has been an adverse change in the investment holder's estimated cash flows from the cash flows previously projected. This requirement and amendment makes the impairment model in EITF 99-20 consistent with the impairment model in SFAS 115, *Accounting for Certain Investments in Debt and Equity Securities*. In addition, this FSP provides additional guidance emphasizing that investment holders should consider all available information (i.e., past events, current conditions, and expected events) when developing estimates of future cash flows in their EITF 99-20 OTTI assessments.

FSP 99-20 is effective for interim and annual reporting periods ending after December 15, 2008. Retroactive application to prior interim or annual reporting periods is not permitted. Centra considered the guidance provided for in this FSP in connection with its year-end OTTI evaluation of its investment security portfolio and accordingly, the adoption of this FSP did not have any impact on the level or amount of OTTI impairments recognized at December 31, 2008.

2. Fair Values of Financial Instruments

Centra uses fair value measures to record adjustments to certain financial assets and liabilities and to determine fair value disclosures. In determining fair value, Centra uses various valuations approaches, including market, income and cost approaches. FAS No. 157, *Fair Value Measures*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Bank. Unobservable inputs reflect the Bank's judgment of the assumptions that market participants would use in pricing an asset or liability.

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SFAS 157 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The three levels of the fair value hierarchy under SFAS 157 based on these two types of inputs are as follows:

- Level 1 — Valuation is based on quoted prices in active markets for identical assets and liabilities.
- Level 2 — Valuation is based on observable inputs other than quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in nonactive markets, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 — Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

When determining the fair value measurements for assets and liabilities, Centra looks to active and observable markets to price identical assets or liabilities whenever possible and classifies such items in Level 1. When identical assets and liabilities are not traded in active markets, Centra looks to market observable data for similar assets and liabilities and classifies such items as Level 2. Nevertheless, certain assets and liabilities are not actively traded in observable markets and Centra must use alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. The level within the fair value hierarchy is based on the lowest level of input that is significant in the fair value measurement.

The following table presents the balances of financial assets and liabilities measured at fair value on a recurring basis as of **December 31**, 2008:

		Fair Value Measurements at December 31, 2008 Using:		
Description	**Balance as of December 31, 2008**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Available-for-sale securities	$ 121.543	$ 643	$ 120,900	

The following methods and assumptions were used by Centra in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents

The carrying amounts reported in the balance sheet approximate their fair values.

Investment Securities

Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are estimated using quoted market prices of comparable securities. Differences occurring due to these estimates are not material.

Loans

The fair value of performing variable rate loans that reprice frequently and performing demand loans, with no significant change in credit risk, is based on carrying value. The fair value of certain mortgage loans is based on quoted market prices of similar loans sold adjusted for differences in loan characteristics. The fair value of other performing loans (e.g., commercial real estate, commercial, and consumer loans) is estimated

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using discounted cash flow analyses and interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Loans Held for Sale

The estimated fair value of loans held for sale is based upon the market price of similar loans which is not materially different than cost due to the short time duration between origination and sale.

Deposits

The carrying amounts of demand deposits, savings accounts, and certain money market deposits approximate their fair values. The fair value of fixed maturity certificates of deposit is estimated using a discounted cash flow calculation that applies current rates offered for deposits of similar remaining maturities.

Short-Term Borrowings

The carrying amounts of short-term borrowings approximate their fair values.

Long-Term Debt

The carrying amounts of long-term debt approximate their fair value because the debt is a variable rate instrument repricing quarterly.

Off-Balance Sheet Financial Instruments

The fair value of loan commitments is estimated using the fees currently charged to enter into similar agreements taking into account the remaining terms of the agreements and the counter parties' credit standing. The estimated fair value of these commitments approximates their carrying value.

The estimated fair values of Centra's financial instruments are as follows:

	2008		2007	
(Dollars in Thousands)	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair**
Financial assets:				
Cash and cash equivalents	$ 20,296	$ 20,296	$ 43,396	$ 43,396
Investment securities	121,543	121,543	125,904	125,904
Loans	1,025,212	1,090,055	876,176	1,111,167
Loans Held for Sale	1,961	1,961	1,865	1,865
Financial liabilities:				
Deposits	1,012,393	1,013,717	943,934	942,994
Short-term borrowings	75,285	75,285	25,173	25,173
Long-term debt	20,000	20,000	20,000	20,000

Bank premises and equipment and other information required to compute Centra's aggregate fair value are not included in the above information. Accordingly, the above fair values are not intended to represent the aggregate fair value of Centra.

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3. Investment Securities

(Dollars in Thousands)	Securities Classified as Available-for-Sale Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
At December 31, 2008:				
U.S. Government and federal agencies	$ 79,961	$ 1,942	—	$ 81,903
State and municipal	33,558	416	(252)	33,722
Other securities	6,214	21	(317)	5,918
Total available-for-sale securities	$ 119,733	$ 2,379	$ (569)	$ 121,543
At December 31, 2007:				
U.S. Government and federal agencies	$ 93,373	$ 1,260	—	$ 94,633
State and municipal	20,364	290	(22)	20,632
Other securities	10,642	80	(83)	10,639
Total available-for-sale securities	$ 124,379	$ 1,630	$ (105)	$ 125,904

Other securities include corporate bonds, Federal Home Loan Bank (“FHLB”) stock and corporate stock.

The estimated maturities presented in the tables below may differ from the contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties. The portfolio contains no single issue (excluding U.S. government and U.S. agency securities) that exceeds 10% of stockholders’ equity.

The amortized cost and fair value of the available-for-sale securities portfolio, including FHLB stock and corporate stock, as of December 31, 2008 by contractual maturity, are shown below:

Amortized Cost

(Dollars in Thousands)	Within 1 Year	Yield	After 1 Year Through 5 Years	Yield	After 5 Years Through 10 Years	Yield	Over 10 Years	Yield	Total
December 31, 2008:									
US Government & federal agency	$ 28,591	4.41%	$ 51,370	3.56%	$ —	0.00%	$ —	0.00%	$ 79,961
State and municipal	576	3.64%	18,539	3.50%	14,443	3.34%	—	0.00%	33,558
Other securities	1,709	6.01%	3,590	4.66%	—	0.00%	915	4.95%	6,214
Total	$ 30,876	4.49%	$ 73,499	3.60%	$ 14,443	3.34%	$ 915	4.95%	$ 119,733

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Notes to the Consolidated Financial Statements — (Continued)

Fair Value

	Within 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	Over 10 Years	Total
December 31, 2008:					
US Government & federal agency	$ 29,068	$ 52,835	$ —	$ —	$ 81,903
State and municipal	581	18,696	14,445	—	33,722
Other securities	1,703	3,572	—	643	5,918
Total	$ 31,352	$ 75,103	$ 14,445	$ 643	$ 121,543

At December 31, 2008 and 2007, investment securities having a carrying value of $112,070,000 and $98,121,000, respectively were pledged to secure public deposits and repurchase agreements in accordance with federal and state requirements.

Provided below is a summary of securities available-for-sale which were in an unrealized loss position at December 31, 2008 and 2007. Thirty-nine and ten securities are in an unrealized loss position at December 31, 2008 and 2007, respectively. Centra has the ability and the intent to hold these securities until such time as the value recovers or the securities mature. Further, Centra believes the deterioration in value is attributable to changes in market interest rates and not credit quality of the issuer.

	Less Than 12 Months		12 Months or More		Total	
(Dollars in Thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At December 31, 2008:						
U.S. Government and federal agencies	$ —	$ —	$ —	$ —	$ —	$ —
State and municipal	12,355	(252)	—	—	12,355	(252)
Other securities	1,733	(45)	643	(272)	2,376	(317)
Total loans	$ 14,088	$ (297)	$ 643	$ (272)	$ 14,731	$ (569)
At December 31, 2007:						
U.S. Government and federal agencies	$ —	$ —	$ 5,994	$ (1)	$ 5,994	$ (1)
State and municipal	—	—	—	—	—	—
Other securities	2,976	(104)	—	—	2,976	(104)
Total loans	$ 2,976	$ (104)	$ 5,994	$ (1)	$ 8,970	$ (105)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of Centra to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

4. Loans and Allowance for Loan Losses

The following is a detail of total loans outstanding as of December 31:

(Dollars in Thousands)	2008	2007
Commercial	$ 141,584	$ 143,675
Real estate, commercial	601,468	460,644
Real estate, mortgage	194,805	185,800
Consumer	87,355	86,057
Total loans	$ 1,025,212	$ 876,176

The allowance for loan losses represents an estimation of probable credit losses inherent in the loan portfolio. Activity in the allowance for loan losses follows:

(Dollars in Thousands)	2008	2007	2006
Balance, January 1	$ 13,536	$ 10,336	$ 6,907
Provision	5,186	3,159	1,830
Balance acquired through acquisition	—	—	2,671
Charge-offs	2,530	213	1,272
Recoveries	175	254	200
Net (recoveries) charge-offs	2,355	(41)	1,072
Balance, December 31	$ 16,367	$ 13,536	$ 10,336

The allowance for credit losses on lending related commitments represents an estimation of probable credit losses inherent in the off balance sheet unused commitments and is classified as other liabilities in the financial statements. Activity in the allowance for loan losses on lending related commitments follows:

(Dollars in Thousands)	2008	2007	2006
Balance, January 1	$ 1,507	$ 1,167	$ 670
Provision	(30)	340	497
Balance, December 31	$ 1,477	$ 1,507	$ 1,167

Total impaired assets as of December 31 are summarized as follows:

(Dollars in Thousands)	2008	2007
Impaired loans for which a specific allowance has been provided	—	—
Impaired loans for which a no specific allowance has been provided	$ 3,774	$ 3,005
Other impaired loans for which no specific allowance has been provided	—	—
Total impaired loans	$ 3,774	$ 3,005
Average balance of impaired loans	$ 4,967	$ 1,233

Centra did not have any loans past due ninety days and still accruing interest as of December 31, 2008 and 2007. Non-accrual loans were $6.8 million and $4.2 million as of December 31, 2008 and 2007. In addition, there is no associated allowance with the impaired loans based on the estimated fair value of the collateral. Interest income that would have been recognized on the impaired loans, if they were current under their original terms and the cash basis, in 2008 and 2007 were not material to the financial statements.

CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

Centra's lending is primarily focused in the north central and eastern panhandle areas of West Virginia, south western Pennsylvania and western Maryland, and consists principally of commercial lending, retail lending, which includes single-family residential mortgages, and other consumer lending. All credits were subjected to Centra's normal commercial underwriting standards and did not present more than the normal amount of risk assumed in other lending areas.

Centra does not extend credit to any single borrower or group of related borrowers in excess of the combined legal lending limits of its subsidiary bank. The legal lending limit of Centra Bank, Inc. as of December 31, 2008, was $16.8 million.

In the normal course of its business, Centra's subsidiary bank has granted loans to executive officers and directors of Centra and to their associates. Related-party loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with unrelated persons and did not involve more than normal risk of collectability. All related-party loans were current as of December 31, 2008. The following is an analysis of activity of related-party loans for the years ended December 31:

(Dollars in Thousands)	2008	2007
Balance, January 1	$ 55,716	$ 35,172
New loans	21,324	38,752
Repayments	(5,518)	(18,208)
Balance, December 31	$ 71,522	$ 55,716

5. Bank Premises and Equipment

The major categories of bank premises and equipment and accumulated depreciation are summarized as follows at December 31:

(Dollars in Thousands)	2008	2007
Land	$ 6,055	$ 6,026
Building and premises	10,668	8,887
Leasehold improvements	2,154	1,191
Furniture, fixtures, and equipment	10,942	9,135
	29,819	25,239
Accumulated depreciation	(8,373)	(6,519)
Net book value	$ 21,446	$ 18,720

Centra leases certain banking facilities and equipment under various agreements with original terms providing for fixed monthly payments over periods ranging from 3 to 20 years. The future minimum payments,

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

by year and in the aggregate, under non-cancelable operating leases with initial or remaining terms of one year or more consisted of the following at December 31, 2008:

(Dollars in Thousands)	Operating Leases
Year ending December 31:	
2009	$ 1,342
2010	1,212
2011	747
2012	705
2013	671
Thereafter	3,747
Total minimum lease payments	$ 8,424

Rent expense was $1,263,000 in 2008, $1,063,000 in 2007 and $985,000 in 2006.

Centra leases its main banking facility from a limited liability company, two-thirds of which is owned by two directors of Centra. Rent expense for the building approximated $671,000 in 2008, $658,000 in 2007 and $593,000 in 2006.

6. Deposits

The aggregate amount of time deposits in denominations of $100,000 or more at December 31, 2008 and 2007 were $265,535,000 and $239,596,000, respectively.

At December 31, 2008, the scheduled maturities of time deposits are as follows: (dollars in thousands)

(Dollars in Thousands)	Amount
Due in one year	$ 381,003
Due in one — three years	106,864
Due in three — five years	35,622
Thereafter	—
	$ 523,489

Deposits from related parties approximated $22.9 million at December 31, 2008, and $21.4 million at December 31, 2007.

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Notes to the Consolidated Financial Statements — (Continued)

7. Short-Term Borrowings

Short-term borrowings primarily consist of corporate deposits held in overnight repurchase agreements. The securities underlying the repurchase agreements are under the control of Centra. Additional details regarding short-term borrowings are summarized as follows:

(Dollars in Thousands)	2008	2007	2006
Ending balance	$ 75,285	$ 25,173	$ 25,366
Average balance	49,969	22,879	24,003
Highest month-end balance	79,618	30,559	40,509
Interest expense	817	960	1,103
Weighted-average interest rate:			
End of year	0.72%	3.55%	4.48%
During the year	1.64%	4.20%	4.57%

Centra has a maximum borrowing capacity of $415 million from the Federal Home Loan Bank on a short-term basis. In addition, Centra has short-term borrowing capacity of $1 million from Wachovia Bank, N.A. through an unsecured line of credit. Centra also has $25 million available from Silverton Bank via a reverse repurchase agreement.

8. Long-Term Debt

Centra formed two statutory business trusts for the purpose of issuing trust preferred capital securities (“Capital Securities”) with the proceeds invested in junior subordinated debt securities (“Debentures”) of Centra. The Debentures, which are subordinate and junior in right of payment to all present and future senior indebtedness and certain other financial obligations of Centra, are the sole assets of the trust and Centra’s payment under the Debentures is the sole source of revenue for the trusts. Since the trusts are variable interest entities and Centra is not deemed to be the primary beneficiary, the trusts are not included in Centra’s consolidated financial statements. As a result, the Debentures are included in long-term debt. The Capital Securities are not included in stockholders’ equity in the Consolidated Balance Sheets. Centra fully and unconditionally guarantees the trust’s obligations under the Capital Securities.

In June 2006 and December 2004, Centra completed the private placement of $10,000,000 Floating Rate, Trust Preferred Securities through its Centra Financial Statutory Trust II and Centra Financial Statutory Trust I subsidiaries. The 2006 and 2004 securities are at an interest cost of 2.29% and 1.65%, respectively, over the three-month LIBOR rate, reset quarterly. Interest payments are due quarterly.

Centra has the right to defer payment of interest on the subordinated debt at any time, or from time to time, for periods not exceeding five years. The securities mature in 30 years from the date of issuance. If interest payments on the subordinated debt are deferred, the dividends on the Capital Securities are also deferred. Interest on the subordinated debt is cumulative.

The Trust Preferred Securities currently qualify as Tier 2 capital of Centra for regulatory purposes.

At December 31, the Debentures and their related weighted-average interest rates were as follows:

	2008		2007	
(Dollars in Thousands)	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Centra Financial Statutory Trust I	$ 10,000	5.61%	$ 10,000	7.80%
Centra Financial Statutory Trust II	$ 10,000	5.36%	$ 10,000	7.08%

Interest paid on long-term borrowings approximated $1,094,000 in 2008 and $1,488,000 in 2007.

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9. Income Taxes

The effective income tax rate in the Consolidated Statement of Income is less than the statutory corporate tax rate due to the following:

	2008	2007	2006
Statutory corporate tax rate	34.0%	34.0%	34.0%
Differences in rate resulting from:			
State income taxes	5.5	4.0	3.2
Tax exempt interest	(5.2)	(2.6)	(1.6)
Other	(1.2)	(0.1)	2.1
Effective income tax rate	33.1%	35.3%	37.7%

Significant components of the provision for income taxes are as follows:

(Dollars in Thousands)	2008	2007	2006
Federal:			
Current	$ 3,787	$ 3,558	$ 3,160
Deferred	(1,357)	(916)	(605)
State	819	262	374
Income tax expense	$ 3,249	$ 2,904	$ 2,929

The following is a summary of deferred tax assets as of December 31:

(Dollars in Thousands)	2008	2007
Deferred tax assets:		
Allowance for loan losses	$ 6,943	$ 5,675
Net operating loss carry-forward	739	1,177
Supplemental retirement plan	821	337
Deferred net loan origination fees	504	322
Stock option compensation	451	362
Other	115	162
Deferred tax assets	9,573	8,035
Deferred tax liabilities:		
Premises and equipment	594	466
Unrealized gain on available-for-sale securities	724	610
Accretion on available-for-sale securities	217	386
Purchase accounting intangibles	1,967	2,110
Deferred tax liabilities	3,502	3,572
Net deferred tax assets	$ 6,071	$ 4,463

Centra has federal tax net operating loss carry-forwards for regular tax purposes of $2.2 million which will expire in 2026.

In connection with the adoption of FIN 48, Centra has elected to continue its existing accounting of classifying interest and penalties on income tax uncertainties in income tax expense. Centra is currently open

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Notes to the Consolidated Financial Statements — (Continued)

to audit under the statute of limitations by the Internal Revenue Service for the years ended December 31, 2005 through 2007.

10. Financial Instruments With Off-Balance Sheet Risk

In the normal course of business, Centra 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 Centra has in these financial instruments.

(dollars in thousands)	2008	2007
Commitments to grant loans	$ 145,497	$ 140,238
Unfunded commitments under lines of credit	46,757	41,890
Standby letters of credit	31,056	28,836

Loan commitments are made to accommodate the financial needs of Centra's customers. Standby letters of credit commit Centra to make payments on behalf of customers when certain specified future events occur. Centra's exposure to credit loss in the event of non-performance by the counter party to the financial instrument for loan commitments and standby letters of credit is represented by the contractual amount of those instruments. Centra 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. At December 31, 2008 and 2007, Centra has recorded $1,477,000 and $1,507,000, respectively, as a reserve against potential losses related to these commitments and has classified that reserve in other liabilities in the financial statements.

Centra originates long-term, fixed-rate, or adjustable mortgage loans and sells them on the secondary market, servicing released. At December 31, 2008 and 2007, Centra had $1,961,000 and $1,865,000, respectively, of commitments to borrowers to originate loans to be sold on the secondary market. The fair value of the derivatives related to these commitments is not material to the consolidated financial statements.

11. Other Expenses

The following items of other expense exceed one percent of total revenue for the period indicated:

(Dollars in Thousands)	2008	2007	2006
Outside services	$ 901	$ 885	$625
Taxes not on income	1,173	1,021	539

12. Regulatory Matters

The primary source of funds for the dividends paid by Centra is dividends received from its banking subsidiary. The payment of dividends by banking subsidiaries is subject to various banking regulations. The most restrictive provision requires regulatory approval if dividends declared in any calendar year exceed the total net profits, as defined, of that year plus the retained net profits, as defined, of the preceding two years. At January 1, 2009, Centra has $20,179,000 available for dividends.

Centra and its banking subsidiary are subject to various regulatory capital requirements administered by the banking regulatory agencies. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Centra and its banking subsidiary must meet specific capital guidelines that involve

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Notes to the Consolidated Financial Statements — (Continued)

quantitative measures of each entity's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Centra and its banking subsidiary's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require Centra and its banking subsidiary to maintain minimum amounts and ratios of total and Tier I Capital (as defined in the regulations) to Risk-Weighted Assets (as defined), and of Tier I Capital (as defined) to average assets (as defined). Centra and its banking subsidiary met all capital adequacy requirements at December 31, 2008.

As of December 31, 2008 and 2007, the most recent notifications from the banking regulatory agencies categorized Centra and its banking subsidiary as "Well-Capitalized" under the regulatory framework for prompt corrective action. To be categorized as "Well-Capitalized," Centra and its banking subsidiary must maintain minimum total Risk-Based, Tier I Risk-Based, and Tier I Leverage ratios as set forth in the table below. There are no conditions or events since these notifications that management believes have changed Centra's or its banking subsidiary's category.

Centra's actual capital amounts and ratios are presented in the following table.

	Actual		Adequately Capitalized		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars in Thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2008						
Total capital(1)						
Consolidated	$ 109,857	11.4%	$ 77,364	8.0%	96,705	10.0%
Bank	106,824	11.1	77,269	8.0	96,586	10.0%
Tier 1(2)						
Consolidated	97,695	10.1	38,691	4.0	58,037	6.0
Bank	94,682	9.8	38,606	4.0	57,909	6.0
Tier 1(3)						
Consolidated	97,695	8.2	47,890	4.0	59,862	5.0
Bank	94,682	7.9	47,880	4.0	59,850	5.0
As of December 31, 2007						
Total capital(1)						
Consolidated	$ 100,606	12.2%	$ 65,756	8.0%	N/A	N/A
Bank	99,137	12.1	65,708	8.0	$ 82,135	10.0%
Tier 1(2)						
Consolidated	90,270	11.0	32,885	4.0	N/A	N/A
Bank	88,805	10.8	32,860	4.0	49,290	6.0
Tier 1(3)						
Consolidated	90,270	8.7	41,456	4.0	N/A	N/A
Bank	88,805	8.3	42,592	4.0	53,240	5.0

(1) Ratio represents total risk-based capital to net risk-weighted assets.

(2) Ratio represents Tier 1 capital to net risk-weighted assets.

(3) Ratio represents Tier 1 capital to average assets.

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13. Federal Reserve Requirements

The subsidiary bank is required to maintain average reserve balances with the Federal Reserve Bank. The reserve requirement is calculated as a percentage of total deposit liabilities and averaged $1,462,000 for the year ended December 31, 2008.

14. Employee Benefit Plans

The Centra 401(k) Plan (the Plan) is a deferred compensation plan under section 401(k) of the Internal Revenue Code. All employees who attain age twenty-one and complete six months of service are eligible to participate in the Plan. Participants may contribute from 1% to 15% of pre-tax earnings to their respective accounts. These contributions may be invested in various investment alternatives selected by the employee. Centra matched 100% of the first 4% of compensation deferred by the employee during 2008, 2007 and 2006. Centra's total expense associated with the Plan approximated $329,000 in 2008, $317,000 in 2007 and $209,000 in 2006.

Centra has supplemental retirement agreements with key executive officers. The cost is being accrued over the period of active service from the date of the agreements. The liability for such agreements approximated $2,052,000 and $843,000 at December 31, 2008 and 2007, respectively, and is included in other liabilities in the Consolidated Balance Sheets. To assist in funding the cost of these agreements, Centra is the owner and beneficiary of a life insurance policy on the participating key executive officers. In 2008, Centra purchased an additional life insurance policy of approximately $5,509,000. During the years ended December 31, 2008, 2007 and 2006, the increase in cash surrender value on the policies were of $362,000, $218,000, and $165,000, respectively. The cost of the supplemental retirement plan was more than the cash surrender value by $676,000 in 2008. In 2007 and 2006, the increase in the cash surrender value on the policies exceeded the cost of the supplemental retirement plan by $21,000 and $36,000, respectively.

15. Stock Compensation Plans

Compensation cost relating to share-based payment transactions is recognized in the financial statements based on the fair value of the equity or liability instruments issued. Centra's Share Option plan (the Plan), which is stockholder-approved, permits the granting of stock options to its employees for up to 1,815,000 shares of common stock. Centra believes that such awards better align the interests of its employees with those of its shareholders. Option awards are granted with an exercise price equal to the market price of Centra's stock at the date of grant; the awards generally vest based on four years of continuous service and have 10-year contractual terms.

On January 1, 2006, Centra adopted Statement 123R using the modified prospective transition method, whereby compensation cost recognized beginning in the first quarter of 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on grant date fair value estimated in accordance with the original provisions of Statement 123 and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of Statement 123R. As a result of adopting Statement 123R, Centra began recognizing compensation expense for unvested stock option awards over the period in which the related employee service is rendered, which generally will be the vesting period. Accordingly, compensation expense of $223,000 and $743,000 was recognized for the years ended December 31, 2008 and 2007, respectively.

The fair value of each option award is estimated on the date of grant using a Black-Scholes option valuation model.

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A summary of option activity under the Plan as of December 31, 2008, and the changes during the year ended is presented below:

Outstanding Shares	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term — Years	Aggregate Intrinsic Value
Outstanding at beginning of period	1,471,318	$ 9.14		
Granted	—	—		
Exercised	216,967	7.14		
Forfeited	0	—		
Outstanding at end of period	1,254,351	9.52	4.67	8,790,391
Exercisable at end of period	1,095,241	9.05	4.23	8,189,484

Centra did not grant any options in 2008. The weighted average estimated fair value of options granted was $2.78 and $4.47 in 2007 and 2006, respectively. The total intrinsic value of stock options exercised was $2,232,000 in 2008 and $334,000 in 2007. There were no stock options exercised during 2006.

Centra used the Black-Scholes option pricing model to calculate the estimated fair value of the options granted in 2007. The weighted-average assumptions used were a risk-free interest rate of 4.46% and a weighted average expected life of options of 7 years. No volatility or expected dividends were used to estimate the fair value due to Centra's stock not being publicly traded and Centra having no history of dividend payments.

As noted above, Centra did not grant any options in 2008.

The Black-Scholes option valuation model was originally developed for use in estimating the fair value of traded options, which have different characteristics than options granted by Centra, such as no vesting or transfer restrictions. The model requires the input of highly subjective assumptions, which can materially affect the fair value estimate. The expected life assumption was based solely on historical data. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term approximating the expected life of the options

16. Goodwill and Intangible Assets

The carrying amount of goodwill approximated $12 million at December 31, 2008. Centra completed its annual assessment of the carrying value of goodwill during 2007 and concluded that its carrying value was not impaired.

The following table summarizes core deposit intangibles as of December 31, 2008 and 2007, which are subject to amortization:

(Dollars in Thousands)	2008	2007
Gross carrying amount	$ 6,024	$ 6,024
Accumulate amortization	(1,851)	(1,111)
Net core deposit intangible	$ 4,173	$ 4,913

During 2008 and 2007, Centra recognized pre-tax amortization expense of $740,000 associated with its core deposit intangible assets. The estimated amortization expense for core deposit intangible assets is $740 per year for the next five years.

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

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17. Parent Company Only Financial Information

Condensed Balance Sheet

(Dollars in Thousands)	December 31 2008	December 31 2007
Assets:		
Cash and cash equivalents	$ 2,158	$ 718
Available-for-sale securities, at estimated fair value (amortized cost of $616 in 2007 and 2006)	643	744
Investment in second tier bank holding companies	112,229	106,646
Total assets	$ 115,030	$ 108,108
Liabilities:		
Long-term debt	$ 20,000	$ 20,000
Other liabilities	(212)	188
Total liabilities	19,788	20,188
Stockholders' equity:		
Preferred stock, $1 par value, 1,000,000 authorized, none issued	$ —	$ —
Common stock, $1 par value, 50,000,000 authorized, 6,804,084 and 5,971,171 issued and outstanding on December 31, 2008 and 2007 respectively	6,804	5,971
Additional paid-in capital	93,887	81,580
Accumulated earnings	(6,535)	(547)
Accumulated other comprehensive income	1,086	916
Total stockholders' equity	95,242	87,920
Total liabilities and stockholders' equity	$ 115,030	$ 108,108

Consolidated Statement of Income

(Dollars in Thousands)	Year Ended December 31 2008	2007	2006
Income — dividends from bank subsidiary	$ 1,750	$ —	$ 1,848
— interest and dividends	30	24	17
Expense — interest expense	1,094	1,494	1,157
— Other Exepense	8	—	—
Income (loss) before federal income tax and equity in undistributed earnings of subsidiaries	678	(1,470)	708
Applicable income tax benefit	(503)	(593)	(660)
Equity in undistributed income of subsidiaries	5,389	6,204	3,464
Net income	$ 6,570	$ 5,327	$ 4,832

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

Statement of Cash Flows

	Year Ended December 31		
(Dollars in Thousands)	2008	2007	2006
Operating activities:			
Net income	$ 6,570	$ 5,327	$ 4,832
Adjustments to reconcile net income to net cash provided by operating activities:			
(Decrease) Increase in accrued expenses	(400)	154	(444)
Stock Option Expense	223	743	161
Equity in undistributed income of subsidiaries	(5,389)	(6,204)	(3,464)
Net cash provided by operations	1,004	20	1,085
Investing activities:			
Net cash paid for acquisition	—	—	(16,700)
Net proceeds from (purchases) sales of available-for-sale securities	(89)	(3)	24
Net cash used in investing activities	(89)	(3)	(16,676)
Financing activities:			
Proceeds of long-term debt issuance	—	—	10,000
Proceeds of stock offering	—	24,240	17,840
Proceeds from stock options exercised	1,688	—	—
Cash dividend paid	(898)	—	—
Payments for fractional shares	(8)	(8)	(4)
Investment in subsidiaries	(257)	(24,671)	(11,140)
Net cash provided by (used in) financing activities	525	(439)	16,696
Net change in cash	1,440	(422)	1,105
Cash and cash equivalents at beginning of year	718	1,140	35
Cash and cash equivalents at end of year	$ 2,158	$ 718	$ 1,140

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

18. Summarized Quarterly Information (Unaudited)

A summary of selected quarterly financial information for 2008 and 2007 follows:

(Dollars in Thousands, Except Per Share Data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008:				
Interest income	$ 17,825	$ 17,062	$ 17,377	$ 17,091
Interest expense	8,169	7,319	7,395	6,516
Net interest income	9,656	9,743	9,982	10,575
Provision for credit losses	638	520	813	3,186
Other income	1,803	1,960	2,020	2,000
Other expenses	8,027	8,250	8,215	8,271
Income tax expense	981	991	945	332
Net income	1,813	1,942	2,029	786
Basic earnings per share	$ 0.28	$ 0.30	$ 0.30	$ 0.12
Diluted earnings per share	$ 0.25	$ 0.27	$ 0.27	$ 0.11
Basic weighted average shares outstanding	6,569,032	6,579,650	6,587,614	6,652,747
Diluted weighted average shares outstanding	7,126,172	7,135,838	7,120,928	7,118,402
2007:				
Interest income	$ 15,815	$ 16,586	$ 17,873	$ 18,296
Interest expense	7,640	8,068	9,097	9,196
Net interest income	8,175	8,518	8,776	9,100
Provision for credit losses	500	443	521	2,034
Other income	1,119	1,542	1,585	1,835
Other expenses	6,513	7,051	7,287	8,070
Income tax expense	898	934	884	188
Net income	1,383	1,632	1,669	643
Basic earnings per share	$ 0.27	$ 0.32	$ 0.32	$ 0.10
Diluted earnings per share	$ 0.25	$ 0.30	$ 0.29	$ 0.10
Basic weighted average shares outstanding	5,080,376	5,112,748	5,172,435	6,161,330
Diluted weighted average shares outstanding	5,460,475	5,520,765	5,732,603	6,715,591

19. Subsequent Events

On January 16, 2009, Centra entered into a Letter Agreement (the "Purchase Agreement") with the United States Department of the Treasury ("Treasury"), pursuant to which Centra issued and sold (i) 15,000 shares of Centra's Fixed Rate Cumulative Perpetual Preferred Stock — Series A (the "Series A Preferred Stock") and (ii) a warrant (the "Warrant") to purchase 750.75075 shares of Centra's Fixed Rate Cumulative Perpetual Preferred Stock — Series B, par value $1.00 per share and liquidation value $1,000 per share (the "Series B Preferred Stock"), for an aggregate purchase price of $15,000,000 in cash. The Warrant was immediately exercised, and Centra issued 751 shares of Series B Preferred Stock.

CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements — (Continued)

The Series A Preferred Stock will qualify as Tier 1 capital and will pay cumulative dividends at a rate of 5% per annum for the first five years, and 9% per annum thereafter. The Series A Preferred Stock may be redeemed by Centra after three years. Prior to the end of three years, the Series A Preferred Stock may be redeemed by the Centra only with proceeds from the sale of qualifying equity securities of Centra a "Qualified Equity Offering".

The Warrant had a 10-year term and is immediately exercisable upon its issuance, with an exercise price, equal to $1.00 per share of the Common Stock. The Series B Preferred Stock pays cumulative dividends at the rate of 9% per annum.

The Series A Preferred Stock, the Warrant and the Series B Preferred Stock were issued in a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. Upon the request of Treasury at any time, Centra has agreed to promptly enter into a deposit arrangement pursuant to which the Series A Preferred Stock may be deposited and depositary shares ("Depositary Shares"), representing fractional shares of Series A Preferred Stock, may be issued. Centra has agreed to register the Series A Preferred Stock, the Warrant, the shares of Series B Preferred Stock underlying the Warrant (the "Warrant Shares") and Depositary Shares, if any, as soon as practicable after the date of the issuance of the Series A Preferred Stock, the Warrant and the Warrant Shares. Neither the Series A Preferred Stock nor the Warrant Shares will be subject to any contractual restrictions on transfer.

Centra's consolidated capital ratios are increased with the issuance of the preferred stock. If the preferred stock had been outstanding as of December 31, 2008, the total Risk-Based Capital ratio would have been 12.91%. The Tier 1 Risked-Based ratio would have been 11.65% and the Tier 1 Leverage ratio would have been 9.41%. These ratios were calculated on a proforma basis.

20. Subsequent Events

On February 27, 2009, the FDIC proposed an emergency assessment to be charged to all financial institutions of 0.20% of insured deposits as of June 30, 2009, payable on September 30, 2009. In March of 2009, the FDIC proposed to reduced the amount of the assessment to 0.10% of insured deposits as of June 30, 2009.

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REPORT ON MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Centra Bank is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements included in this annual report. The consolidated financial statements of Centra Bank have been prepared in accordance with U.S. generally accepted accounting principles and, necessarily include some amounts that are based on the best estimates and judgments of management. The management of Centra Bank is responsible for establishing and maintaining adequate internal control over financial reporting that is designed to produce reliable financial statements in conformity with U.S. generally accepted accounting principles. The system of internal control over financial reporting is evaluated for effectiveness by management and tested for reliability through a program of internal audits with actions taken to correct potential deficiencies as they are identified. Because of inherent limitations in any internal control system, no matter how well designed, misstatements due to error or fraud may occur and not be detected, including the possibility of the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of Centra's internal control over financial reporting as of December 31, 2008 based upon the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on our assessment, management believes that, as of December 31, 2008, Centra's system of internal control over financial reporting is effective based on those criteria.

/s/ DOUGLAS J. LEECH

Douglas J. Leech
Chief Executive Officer

/s/ KEVIN D. LEMLEY

Kevin D. Lemley
Chief Financial Officer

March 13, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders Centra Financial Holdings, Inc.

We have audited Centra Financial Holdings, Inc.'s (Centra) internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Centra's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report on Management's Assessment of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on Centra's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Centra Financial Holdings, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Centra Financial Holdings, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008 and our report dated March 13, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

Cleveland, Ohio
March 13, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders Centra Financial Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Centra Financial Holdings, Inc. and subsidiaries (Centra) as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of Centra's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Centra Financial Holdings, Inc. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Centra Financial Holdings Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 13, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

Cleveland, Ohio
March 13, 2009

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors and Executive Officers of Centra include those persons identified under "Election of Directors" on pages 4 through 6 of Centra's definitive Proxy Statement relating to Centra's Annual Meeting of Shareholders for 2009, which section is expressly incorporated by reference. Other Executive Officers are Douglas J. Leech (54), Chairman, President Centra Financial Holdings, Inc., President Centra Bank, Inc. former president Huntington National Bank, West Virginia, Henry M. Kayes, Jr. (41), President — Martinsburg Region, former Senior Vice President and Martinsburg City Executive with Branch Banking and Trust ("BB&T"); Kevin D. Lemley (54), Senior Vice President, Treasurer and Chief Financial Officer, former Senior Vice President and Manager of Statewide Lending and Chief Financial Officer for Huntington National Bank, West Virginia; E. Richard Hilleary (60), Senior Vice President — Commercial Lending, former Vice President of Commercial Lending with Huntington National Bank, West Virginia; Karla J. Strosnider (46) Senior Vice President — Operations, former Assistant Vice President, Operations, One Valley Bank — Charleston; Timothy P. Saab (52), Senior Vice President and Secretary, former Vice President Private Financial Group for Huntington National Bank, West Virginia; and John T. Fahey (47) Vice President and Marketing Director, former Marketing Director Huntington National Bank, West Virginia.

All of the above noted officers with the exception of Mr. Kayes all assumed their current positions upon formation of Centra Bank and its opening on February 14, 2000. Mr. Kayes assumed his current position on January 8, 2001. In addition, for the discussion of the audit committee financial experts of Centra and other information required by this Item 10, see "Management and Directors" beginning on page 4 of Centra's definitive proxy statement relating to Centra's Annual Meeting of Shareholders for 2009, which section is expressly incorporated by reference.

Centra has adopted a code of ethics attached as Exhibit 14 that applies to our Chief Executive Officer, Chief Financial Officer, and other executive officers and shall be deemed to be incorporated by reference. Centra will provide to any persons without charge, upon request, a copy of the Code of Ethics if such person makes a request to Timothy P. Saab at 990 Elmer Prince Drive, Morgantown, WV 26505.

ITEM 11. EXECUTIVE COMPENSATION

See "Executive Compensation and Other Information" contained in Centra's definitive Proxy Statement relating to Centra's Annual Meeting of Stockholders for 2009, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See "Ownership of Securities by Directors and Executive Officers" contained in Centra's definitive Proxy Statement relating to Centra's Annual Meeting of Shareholders for 2008 which section is expressly incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See "Certain Transactions with Directors and Officers and Their Respective Associates" contained in Centra's definitive Proxy Statement relating to Centra's Annual Meeting of Shareholders for 2009 which section is expressly incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See "Ratification of Independent Registered Public Accounting Firm" contained in Centra's definitive Proxy Statement relating to Centra's Annual Meeting of Shareholders for 2009, which section is expressly incorporated by reference.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements:

The following consolidated financial statements of Centra Financial Holdings Inc. and subsidiaries are included in Item 8:

(a) (2) Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(a) (3) Exhibits

Exhibits filed with this Annual Report on Form 10-K are attached hereto. For a list of such exhibits, see "Exhibit Index" beginning at page 79. The Exhibit Index specifically identifies each management contract or compensatory plan required to be filed as an exhibit to this Form 10-K.

(b) Exhibits

Exhibits filed with Annual Report on Form 10-K are attached hereto. For a list of such exhibits, see "Exhibit Index" beginning at page 79.

(c) Financial Statement Schedules

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CENTRA FINANCIAL HOLDINGS, INC.

By: /s/ DOUGLAS J. LEECH
Douglas J. Leech,
President and Chief Executive Officer

Date: March 13, 2009

By: /s/ KEVIN D. LEMLEY
Kevin D. Lemley,
SVP-CFO Principal Financial and Accounting Officer

Date: March 13, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ DOUGLAS J. LEECH Douglas J. Leech	President and Chief Executive Officer and Director	March 13, 2009
/s/ JAMES W. DAILEY II James W. Dailey II	Director	March 13, 2009
/s/ ARTHUR GABRIEL Arthur Gabriel	Director	March 13, 2009
/s/ ROBERT A. MCMILLAN Robert A. Mcmillan	Director	March 13, 2009
/s/ MARK R. NESSELROAD Mark R. Nesselroad	Director	March 13, 2009
/s/ PARRY G. PETROPLUS Parry G. Petroplus	Director	March 13, 2009
/s/ MILAN PUSKAR Milan Puskar	Director	March 13, 2009

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Signatures	Title	Date
/s/ PAUL T. SWANSON Paul T. Swanson	Director	March 13, 2009
/s/ BERNARD G. WESTFALL Bernard G. Westfall	Director	March 13, 2009
/s/ C. CHRISTOPHER CLUSS C. Christopher Cluss	Director	March 13, 2009

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CENTRA FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES ANNUAL REPORT ON FORM 10-K for Fiscal Year Ended December 31, 2008.

EXHIBIT INDEX

Exhibit Number	Description	Exhibit Location
3.1	Articles of Incorporation	Filed herewith
3.2	Bylaws	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
4.1	Shareholder Protection Rights Agreement	Form S-4 Registration Statement, Registration No. 333-36186, filed December 23, 1999, and incorporated by reference herein.
10.1	Centra Financial Holdings, Inc. 1999 Stock Incentive Plan dated as of April 27, 2000	Form 10-KSB for the year ended December 31, 2000, and incorporated by reference herein.
10.2	Lease agreement with Platinum Plaza, Inc.	Form S-4 Registration Statement, Registration No. 333-36186, filed December 23, 1999, and incorporated by reference herein.
10.3	Lease agreement with Frank and Teresa Fargo for premises occupied by the Williamsport Pike office	Form 10-KSB for the year ended December 31, 2001, and incorporated by reference herein.
10.4	Lease agreement with Columbus, LLC for premises occupied by the 450 Foxcroft Avenue office	Form 10-KSB for the year ended December 31, 2001, and incorporated by reference herein.
10.5	Lease agreement with Van Wyk Enterprises, Inc. for premises occupied by the 300 Foxcroft Avenue office	Form 10-KSB for the year ended December 31, 2001, and incorporated by reference herein.
10.6	Lease agreement with Union Properties for unimproved real estate at the corner of West Virginia Route 857 and Venture Drive	Form 10-KSB for the year ended December 31, 2002, and incorporated by reference herein.
10.07	Indenture with Centra Financial Holdings, Inc. as Issuer and Wilmington Trust Company as Trustee	Form 10-K for the year ended December 31, 2004, and incorporated by reference herein.
10.08	Floating Rate Junior Subordinated Deferrable Interest Debenture	Form 10-K for the year ended December 31, 2004, and incorporated by reference herein.
10.09	Guarantee Agreement by and between Centra Financial Holdings, Inc. and Wilmington Trust Company	Form 10-K for the year ended December 31, 2004, and incorporated by reference herein.
10.10	Deferred compensation plan for directors	Form 10-K for the year ended December 31, 2005, and incorporated by reference herein.
10.11	Stock Purchase Agreement with shareholders of Smithfield State Bank	Form 8-K filed March 16, 2006, and incorporated by reference herein.
10.12	Indenture with Centra Financial Holdings, Inc. as Issuer and Bear Stearns as Trustee	Form 10-Q for the quarter ended June 30, 2006, and incorporated by reference herein.
10.13	Floating Rate Junior Subordinated Deferrable Interest Debenture	Form 10-Q for the quarter ended June 30, 2006, and incorporated by reference herein.
10.14	Guarantee Agreement by and between Centra Financial Holdings, Inc. and Bear Stearns	Form 10-Q for the quarter ended June 30, 2006, and incorporated by reference herein.
10.15	Executive Supplemental Retirement Plan for Douglas J. Leech dated April 20, 2000	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
10.15a	Life Insurance Method Split Dollar Plan Agreement	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
10.15b	Rabbi Trust for the Executive Supplemental Retirement Plan Agreement and the Endorsement Method Split Dollar Plan Agreement.	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.

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Exhibit Number	Description	Exhibit Location
10.16	Executive Salary Continuation Plan for Kevin D. Lemley dated January 24, 2001	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
10.17	Executive Salary Continuation Plan for Henry M. Kayes, Jr. dated September 6, 2005	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
10.18	Executive Salary Continuation Plan for Kevin D. Lemley dated September 7, 2005	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
10.19	Executive Salary Continuation Plan for E. Richard Hilleary dated September 7, 2005	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
10.20	Executive Salary Continuation Plan for Karla J. Strosnider dated September 7, 2005	Form 10-K for the year ended December 31, 2006, and incorporated by reference herein.
10.21	Employment and Change-of-Control Agreement with Kevin D. Lemley	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.22	Employment and Change-of-Control Agreement with Timothy P. Saab	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.23	Employment and Change-of-Control Agreement with E. Richard Hilleary	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.24	Employment and Change-of-Control Agreement with Henry M. Kayes, Jr.	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.25	Employment and Change-of-Control Agreement with Karla J. Strosnider	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.26	Employment and Change-of-Control Agreement with John T. Fahey	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.27	Employment Agreement of Douglas J. Leech dated January 17, 2008	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.28	Executive Supplemental Retirement Plan for Douglas J. Leech dated February 23, 2008	Form 10-K for the year ended December 31, 2007, and incorporated by reference herein.
10.29	Amendment and Restated Employee and Change-of-Control Agreement with S. Todd Eckels	Form 8-K filed October 16, 2008, and incorporated by reference herein.
10.30	Amendment to Executive Salary Continuation Agreement for John T. Fahey dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.31	Amendment to Executive Salary Continuation Agreement for E. Richard Hilleary dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.32	Amendment to Executive Salary Continuation Agreement for Henry M. Kayes, Jr. dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.33	Amendment to Executive Salary Continuation Agreement for Timothy P. Saab dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.34	Amendment to Executive Salary Continuation Agreement for Kevin D. Lemley dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.35	Amendment to Executive Salary Continuation Agreement for Karla J. Strosnider dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.36	Amendment to Executive Salary Continuation Agreement for Kevin D. Lemley dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.

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Exhibit Number	Description	Exhibit Location
10.37	Amendment to Executive Salary Continuation Agreement for Timothy P. Saab dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.38	Amendment to Executive Salary Continuation Agreement for Douglas J. Leech, Jr. dated December 24,2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.39	Supplemental Executive Retirement Agreement for John T. Fahey dated December 24, 2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.40	Supplemental Executive Retirement Agreement for Kevin D. Lemley dated December 24, 2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.41	Supplemental Executive Retirement Agreement for Timothy P. Saab dated December 24, 2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.42	Supplemental Executive Retirement Agreement for Karla J. Strosnider dated December 24, 2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.43	Supplemental Executive Retirement Agreement for E. Richard Hilleary dated December 24, 2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
10.44	Supplemental Executive Retirement Agreement for Henry M. Kayes, Jr. dated December 24, 2008	Form 8-K filed December 31, 2008, and incorporated by reference herein.
12	Statement Re: Computation of Ratios	Filed herewith.
14	Code of Ethics	Form 10-K for the year ended December 31, 2004, and incorporated by reference herein.
21	Subsidiaries of Registrant	Filed herewith.
23	Consent of Independent Registered Public Accounting Firm	Filed herewith.
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002	Filed herewith.
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002	Filed herewith.
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002	Filed herewith.
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002	Filed herewith.
99.1	Proxy Statement for the 2008 Annual Meeting	To be filed.
99.2	Report of Ernst & Young LLP, Independent Registered Public Accounting Firm	Found on Page 49 herein.