# United States
# Securities and Exchange Commission
**Washington, D.C. 20549**

# FORM 10-Q

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

**For the quarterly period ended SEPTEMBER 30, 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 000-49699**

# Centra Financial Holdings, Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **West Virginia** | **55-0770610** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No) |

**990 Elmer Prince Drive**
**P. O. Box 656**
**Morgantown, West Virginia 26507-0656**
(Address of principal executive offices, zip code)

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

**Not Applicable**
(Former name, address, and fiscal year, if changed since last report)

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 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 o | Non-accelerated filer þ<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

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

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

As of November 6, 2008, the number of shares outstanding of the registrant's only class of common stock was 6,000,453.

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Part I. Financial Information
**Item 1. Financial Statements**

Centra Financial Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets
(Dollars in Thousands, Except Per Share Data)

| | September 30 2008 (Unaudited) | December 31 2007 (Note B) |
|---|---|---|
| **Assets** | | |
| Cash and due from banks | $ 19,893 | $ 15,507 |
| Interest-bearing deposits in other banks | 955 | 985 |
| Federal funds sold | — | 26,904 |
| **Total cash and cash equivalents** | 20,848 | 43,396 |
| Available-for-sale securities, at fair value (amortized cost of $121,644 at September 30, 2008 and $124,379 at December 31, 2007) | 123,063 | 125,904 |
| Loans, net of unearned income | 1,011,927 | 876,176 |
| Allowance for loan losses | (15,229) | (13,536) |
| **Net loans** | 996,698 | 862,640 |
| Premises and equipment, net | 21,228 | 18,720 |
| Loans held for sale | 3,017 | 1,865 |
| Goodwill and other intangible assets | 16,482 | 16,735 |
| Other assets | 23,076 | 15,927 |
| **Total assets** | $1,204,412 | $1,085,187 |
| **Liabilities** | | |
| Deposits | | |
| Non-interest bearing | $ 135,317 | $ 114,419 |
| Interest bearing | 902,757 | 829,515 |
| **Total deposits** | 1,038,074 | 943,934 |
| Short-term borrowings | 42,798 | 25,173 |
| Long-term debt | 20,000 | 20,000 |
| Other liabilities | 10,685 | 8,160 |
| **Total liabilities** | 1,111,557 | 997,267 |
| **Stockholders' equity** | | |
| Preferred stock, $1 par value, 1,000,000 shares authorized; none issued | — | — |
| Common stock, $1 par value, 50,000,000 authorized, 5,988,740 and 5,971,171 issued and outstanding on September 30, 2008 and December 31, 2007, respectively | 5,989 | 5,971 |
| Additional paid-in capital | 81,847 | 81,580 |
| Accumulated earnings | 4,168 | (547) |
| Accumulated other comprehensive income | 851 | 916 |
| **Total stockholders' equity** | 92,855 | 87,920 |
| **Total liabilities and stockholders' equity** | $1,204,412 | $1,085,187 |

Notes to consolidated financial statements are an integral part of these statements.

Centra Financial Holdings, Inc. and Subsidiaries

Consolidated Statements of Income
(Unaudited) (Dollars in Thousands Except Per Share Data)

| | Nine Months Ended September 30 | | Three Months Ended September 30 | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| **Interest income** | | | | |
| Loans, including fees | $ **47,692** | $ 44,092 | $ **16,069** | $ 15,563 |
| Loans held for sale | **135** | 128 | **41** | 45 |
| Securities available-for-sale | **4,102** | 4,527 | **1,215** | 1,595 |
| Interest-bearing bank balances | **22** | 164 | **3** | 62 |
| Federal funds sold | **313** | 1,363 | **49** | 608 |
| **Total interest income** | **52,264** | 50,274 | **17,377** | 17,873 |
| **Interest expense** | | | | |
| Deposits | **21,377** | 22,989 | **6,835** | 8,440 |
| Short-term borrowings | **704** | 704 | **317** | 282 |
| Long-term debt | **802** | 1,112 | **243** | 375 |
| **Total interest expense** | **22,883** | 24,805 | **7,395** | 9,097 |
| **Net interest income** | **29,381** | 25,469 | **9,982** | 8,776 |
| Provision for credit losses | **1,971** | 1,464 | **813** | 521 |
| **Net interest income after provision for credit losses** | **27,410** | 24,005 | **9,169** | 8,255 |
| **Other income** | | | | |
| Service charges on deposit accounts | **2,071** | 1,535 | **877** | 597 |
| Other service charges and fees | **1,818** | 1,355 | **614** | 485 |
| Secondary market income | **995** | 819 | **276** | 294 |
| Security gains | **212** | — | **17** | — |
| Other | **687** | 537 | **236** | 209 |
| **Total other income** | **5,783** | 4,246 | **2,020** | 1,585 |
| **Other expense** | | | | |
| Salary and employee benefits | **12,430** | 10,410 | **4,020** | 3,714 |
| Occupancy expense | **1,901** | 1,556 | **631** | 568 |
| Equipment expense | **1,596** | 1,372 | **560** | 485 |
| Advertising | **1,014** | 1,502 | **344** | 425 |
| Professional fees | **902** | 198 | **381** | 11 |
| Data processing | **1,620** | 1,346 | **587** | 478 |
| Other outside services | **667** | 631 | **251** | 183 |
| Other | **4,362** | 3,836 | **1,441** | 1,423 |
| **Total other expense** | **24,492** | 20,851 | **8,215** | 7,287 |
| Net income before income taxes | **8,701** | 7,400 | **2,974** | 2,553 |
| Income tax expense | **2,917** | 2,716 | **945** | 884 |
| **Net income** | $ **5,784** | $ 4,684 | $ **2,029** | $ 1,669 |
| Basic net income per share | $ **0.97** | $ 1.01 | $ **0.34** | $ 0.35 |
| Diluted net income per share | $ **0.89** | $ 0.92 | $ **0.31** | $ 0.32 |
| Basic weighted average shares outstanding | **5,980,725** | 4,656,537 | **5,988,740** | 4,702,214 |
| Diluted weighted average shares outstanding | **6,479,709** | 5,065,106 | **6,473,572** | 5,211,457 |

Notes to consolidated financial statements are an integral part of these statements.

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Centra Financial Holdings, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
For the Nine Months Ended September 30, 2008 and 2007
(Unaudited) (Dollars in thousands)

| | Common Stock | Additional Paid-in Capital | Accumulated Earnings | Accumulated Other Comprehensive (Loss) Income | Total |
|---|---|---|---|---|---|
| Balance, January 1, 2007 | $ 4,197 | $ 48,349 | $ 3,996 | $ 410 | $ 56,952 |
| Issuance of common stock | 463 | 8,438 | — | — | 8,901 |
| Comprehensive income: | | | | | |
| Net income | — | — | 4,684 | — | 4,684 |
| Other comprehensive loss: | | | | | |
| Unrealized gain on available-for-sale securities, net of income tax benefit of $(103) | | | | 155 | 155 |
| Total comprehensive income | | | | | 4,839 |
| Balance, September 30, 2007 | $ 4,660 | $ 56,787 | $ 8,680 | $ 565 | $ 70,692 |
| | | | | | |
| **Balance, January 1, 2008** | **$ 5,971** | **$ 81,580** | **$ (547)** | **$ 916** | **$ 87,920** |
| Issuance of common stock | **18** | **99** | — | — | **117** |
| Stock based compensation | — | **168** | — | — | **168** |
| Adoption of EITF 06-04 | — | — | **(171)** | — | **(171)** |
| Cash dividends declared, $0.15 per share | — | — | **(898)** | — | **(898)** |
| Comprehensive income: | | | | | |
| Net income | — | — | **5,784** | — | **5,784** |
| Other comprehensive loss: | | | | | |
| Change in net unrealized gain (loss) on available-for-sale securities, net of income tax benefit of $(128) | — | — | — | **(192)** | **(192)** |
| Reclassification adjustment for gains on securities included in net income, net of taxes of $85 | — | — | — | **127** | **127** |
| Total other comprehensive income | — | — | — | — | **(65)** |
| Total comprehensive income | | | | | **5,719** |
| Balance, September 30, 2008 | **$ 5,989** | **$ 81,847** | **$ 4,168** | **$ 851** | **$ 92,855** |

Notes to consolidated financial statements are an integral part of these statements.

Centra Financial Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(Unaudited) (Dollars in thousands)

| | Nine Months Ended September 30 | |
|---|---|---|
| | 2008 | 2007 |
| **Operating activities** | | |
| Net income | **$ 5,784** | $ 4,684 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Accretion of discounts on securities | **(534)** | (826) |
| Amortization of premiums on securities | **397** | 82 |
| Provision for credit losses | **1,971** | 1,464 |
| Amortization of purchase accounting adjustments | **1,047** | 1,478 |
| Stock option expense | **168** | — |
| Deferred income tax expense (benefit) | **1,514** | 916 |
| Gain on disposal of premises and equipment | **—** | (1) |
| Depreciation | **1,371** | 1,068 |
| Gain on sale of available-for-sale securities | **(212)** | — |
| Loans originated for sale | **(65,289)** | (57,534) |
| Proceeds of loans sold | **65,132** | 56,010 |
| Gain on sale of loans | **(995)** | (798) |
| Increase in other liabilities | **2,055** | 2,041 |
| (Increase) in other assets | **(3,177)** | (2,482) |
| **Net cash provided by operating activities** | **9,232** | 6,102 |
| **Investing activities** | | |
| Purchases of life insurance | **(5,745)** | (161) |
| Purchases of premises and equipment | **(3,883)** | (4,641) |
| Purchases of available-for-sale securities | **(52,995)** | (51,052) |
| Sales and maturities of available-for-sale securities | **56,078** | 47,551 |
| Net increase in loans made to customers | **(136,068)** | (129,149) |
| **Net cash used in investing activities** | **(142,613)** | (137,452) |
| **Financing activities** | | |
| Net increase in deposits | **93,691** | 125,007 |
| Net increase in securities sold under agreement to repurchase | **17,625** | 5,193 |
| Proceeds of stock offering | **117** | 8,901 |
| Payment of cash dividends | **(600)** | — |
| **Net cash provided by financing activities** | **110,833** | 139,101 |
| **(Decrease) increase in cash and cash equivalents** | **(22,548)** | 7,751 |
| Cash and cash equivalents — beginning of period | **43,396** | 59,472 |
| **Cash and cash equivalents — end of period** | **$ 20,848** | $ 67,223 |

Notes to consolidated financial statements are an integral part of these statements.

Centra Financial Holdings, Inc.

Notes to Consolidated Financial Statements

**Note A – Organization**

Centra Bank, Inc. (Centra Bank or the Company) is a full service commercial bank that was chartered on September 27, 1999 under the laws of the State of West Virginia and commenced operations on February 14, 2000. Centra Financial Holdings, Inc. (Centra) was formed on October 25, 1999, for the purpose of becoming a one-bank holding company to own all of the outstanding stock of Centra Bank.

**Note B – Basis of Presentation**

Centra's consolidated financial statements have been prepared in accordance with Centra's accounting and reporting policies, which are in conformity with U.S. generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Such policies require management to make estimates and develop assumptions that affect the amounts reported in the consolidated financial statements and related footnotes. Actual results could differ from management's estimates. Also, they do not include all the information and footnotes required by U.S. generally accepted accounting principles for annual year-end financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation, have been included and are of a normal, recurring nature. The balance sheet as of December 31, 2007, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles. Operating results for the nine and three months ended September 30, 2008, are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in Centra's December 31, 2007, Form 10-K filed with the Securities and Exchange Commission.

**Note C – Net Income Per Common Share**

Centra determines basic earnings per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by dividing net income by the weighted average number of shares outstanding increased by the number of shares that would be issued assuming the exercise of stock options. At September 30, 2008 and 2007, stock options to purchase 1,337,520 and 1,343,980 shares at an average price of $10.10 and $9.96, respectively, were outstanding. For the three months ended September 30, 2008 and 2007, the dilutive effect of stock options was 484,832 and 509,243 shares, respectively. For the nine months ended September 30, 2008 and 2007, the dilutive effect of stock options was 498,984 and 408,569, respectively.

**Note D – Fair Value Measurements**

Centra adopted Statement of Financial Accounting Standards (SFAS) No. 157 (SFAS 157), *Fair Value Measurements*, on January 1, 2008 which clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In February of 2008, the Financial Accounting Standards Board (FASB) issued Staff Position No. 157-2 (FSP 157-2), which delayed the effective date of SFAS 157 for certain nonfinancial assets and nonfinancial liabilities except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis. FSP 157-2 defers the effective date of SFAS 157 for such nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. Thus, Centra has only partially applied SFAS 157. Those items affected by FSP 157-2 include other real estate owned (OREO), goodwill and core deposit intangibles. 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 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.

SFAS 157 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Centra's market assumptions. 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.

*Available-for-sale securities:* Investment securities represent the second largest component of Centra's assets, accounting for approximately 10% of total assets at September 30, 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. Centra's portfolio consists of primarily US Agency and municipal securities. The following table presents the balances of financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2008:

| | | Fair Value Measurements at September 30, 2008 Using: | | |
|---|---|---|---|---|
| **Description** | **Balance as of September 30, 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 | | $ 762 | $122,301 | |

Available for sale securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities. Third party vendors compile prices from various sources and may apply such techniques as matrix pricing to determine the value of identical or similar securities (Level 2). Any securities available for sale not valued based upon the methods above are considered Level 3.

Certain financial assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

*Loans held for sale*: Loans held for sale are carried at the lower of cost or market value. These loans currently consist of conforming one-to-four family residential loans originated for sale on a servicing released basis in the secondary market. Fair value is based on the price secondary markets are currently offering for similar loans which is not materially different than cost due to the short duration between origination and sale (Level 2). As such, Centra records any fair value adjustments on a nonrecurring basis. Gains and losses on the sale of loans are recorded within secondary market income on the Consolidated Statements of Income. For the nine months ended September 30, 2008, no fair value adjustment was recorded related to loans held for sale.

*Allowance for credit losses*: Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. Such loans are valued at the lower of cost or market for purposes of determining the appropriate amount of impairment to be allocated to the Allowance for Credit Losses. Market value is measured based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory, accounts receivable and other forms of collateral as deemed necessary. The value of real estate collateral is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Company (Level 2). The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business' financial statements if not considered significant. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). Impaired loans allocated to the Allowance for Credit Losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for credit losses expense on the Consolidated Statements of Income. For the nine months ended September 30, 2008, no fair value adjustment was recorded that impacted the allowance for loan losses allocated to impaired loans.

*Other real estate owned:* Other real estate owned (OREO) is measured at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Income and expenses from operations and changes in valuation allowance are included in the net expenses from OREO. For the nine months ended September 30, 2008, no fair value adjustment was recorded that impacted OREO.

**Note E – Recent Accounting Pronouncements**

On March 19, 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.

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 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 will require 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.

On May 9, 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). SFAS 162 established a framework for selecting accounting principles to be used in preparing financial statements that are presented in conformity with US GAAP. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, the Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles, and is not expected to have an impact on Centra's Consolidated Financial Statements.

**Note F – Subsequent Event**

The Board of Directors of Centra Financial Holdings, Inc., parent company of Centra Bank, Inc., declared a 10% stock dividend for shareholders of record on December 19, 2008, our fifth in the last five years, and a cash dividend of $0.05 a share for shareholders of record on December 12, 2008. Both dividends will be payable on January 2, 2009.

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

The Private Securities Litigation Reform Act of 1995 indicates that the disclosure of forward-looking information is desirable for investors and encourages such disclosure by providing a safe harbor for forward-looking statements that involve risk and uncertainty. All statements other than statements of historical fact included in this Form 10-Q including statements in Management’s Discussion and Analysis of Financial Condition and Results of Operations are, or may be deemed to be, forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. When considering forward looking statements, you should keep in mind cautionary statements in this document and other SEC filings including the “Risk Factors” section of item 1A of our 2007 Annual Report on Form 10-K. In order to comply with the terms of the safe harbor, the corporation notes that a variety of factors, (e.g., changes in the national and local economies, changes in the interest rate environment, competition, etc.) could cause Centra’s actual results and experience to differ materially from the anticipated results or other expectations expressed in those forward-looking statements.

The following data should be read in conjunction with the unaudited consolidated financial statements and management’s discussion and analysis that follows.

At September 30, 2008 and 2007 or for the Nine and Three Months Ended September 30, 2008 and 2007:

| | Nine Months Ended September 30 | | Three Months Ended September 30 | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| Net income to: | | | | |
| Average assets | **.67%** | .65% | **.68%** | .65% |
| Average stockholders’ equity | **8.54** | 10.49 | **8.81** | 10.68 |
| Net interest margin | **3.74** | 3.83 | **3.65** | 3.69 |
| Average stockholders’ equity to average assets | **7.87** | 6.21 | **7.68** | 6.08 |
| Total loans to total deposits (end of period) | **97.48** | 88.42 | **97.48** | 88.42 |
| Allowance for loan losses to total loans (end of period) | **1.50** | 1.41 | **1.50** | 1.41 |
| Allowance for credit losses to total loans (end of period) | **1.66** | 1.58 | **1.66** | 1.58 |
| Efficiency ratio * | **68.07** | 68.30 | **66.91** | 68.55 |
| Capital ratios: | | | | |
| Tier 1 capital ratio | **9.95** | 9.39 | **9.95** | 9.39 |
| Risk-based capital ratio | **11.21** | 10.65 | **11.21** | 10.65 |
| Leverage ratio | **8.11** | 7.34 | **8.11** | 7.34 |
| Cash dividends as a percentage of net income | **15.52** | N/A | **14.79** | N/A |
| Per share data: | | | | |
| Book value per share (end of period) | **$15.50** | $13.79 | **$15.50** | $13.79 |
| Market value per share (end of period)** | **18.25** | 18.18 | **18.25** | 18.18 |
| Basic earnings per share | **0.97** | 1.01 | **0.34** | 0.35 |
| Diluted earnings per share | **0.89** | 0.92 | **0.31** | 0.32 |

* The efficiency ratio is defined as noninterest expense less amortization of intangibles divided by net interest income plus noninterest income.

** Market value per share is based on Centra’s knowledge of certain arms-length transactions in the stock as Centra’s common stock is not traded on any market. There may be other transactions involving either higher or lower prices of which Centra is unaware.

**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. Centra's wholly-owned banking subsidiary, Centra Bank, is the primary financial entity in this discussion. Unless otherwise noted, this discussion will be in reference to the bank.

Centra Bank was chartered by the State of West Virginia, began operations on February 14, 2000, and is subject to regulation, supervision, and examination by the Federal Deposit Insurance Corporation and the West Virginia Division of Banking. The bank is not a member of the Federal Reserve System. The bank is a member of the Federal Home Loan Bank of Pittsburgh.

The bank provides a full array of financial products and services to its customers, including traditional banking products such as deposit accounts, lending products, debit cards, automated teller machines, and safe deposit rental facilities.

This discussion and analysis should be read in conjunction with the prior year-end audited financial statements and footnotes thereto included in the Company's filing on Form 10-K and the ratios, statistics, and discussions contained elsewhere in this Form 10-Q.

**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. Application of certain accounting policies inherently requires a greater reliance on the use of estimates, assumptions and judgments and as such, the probability of actual results being materially different from reported estimates is increased. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The fair values and the information used to record valuation adjustments for certain assets and liabilities are based either on quoted market prices or are provided by other third-party sources, when available. When third-party information is not available, valuation adjustments are estimated in good faith by management primarily through the use of internal forecasting techniques.

The most significant accounting policies followed by the bank are presented in Note 1 to the audited consolidated financial statements included in Centra's 2007 Annual Report on Form 10-K. These policies, along with the disclosures presented in the other financial statement notes and in management's discussion and analysis of operations, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has identified the determination of the allowance for loan losses to be the accounting area that requires the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available.

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 reserve for credit 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. The loan portfolio also represents the largest asset in the consolidated balance sheet. Note 1 to the consolidated financial statements describes the methodology used to determine the allowance for credit losses and a discussion of the factors driving changes in the amount of the allowance for credit losses is included in the Allowance for Credit Losses section of Management's Discussion and Analysis in this quarterly report on Form 10-Q.

Centra considers accounting for income taxes to also be a critical accounting policy. Deferred income taxes are recorded based on 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 be recovered or settled. Further discussion of income taxes, including a reconciliation of the effective tax rate to the statutory rate, is included in Note 9 to the consolidated financial statements contained in the 2007 Form 10-K.

Any material effect on the financial statements related to these critical accounting areas is also discussed in this financial review.

**Results of Operations**

*Overview of the Statement of Income*

For the quarter ended September 30, 2008, Centra earned $2,029,000 compared to $1,669,000 in the third quarter of 2007. These earnings equated to a return on average assets of 0.68% and 0.65%, respectively, and a return on average equity of 8.81% and 10.68%, respectively. Core growth improved both net interest income and other income while increases in expenses were controlled resulting in an overall net income increase of 21.57%.

For the nine months ended September 30, 2008, Centra earned $5,784,000 compared to $4,684,000 for the first nine months of 2007. These earnings equated to a return on average assets of 0.67% and 0.65%, respectively, and a return on average equity of 8.54% and 10.49%, respectively. Core growth improved both net interest income and other income while increases in expenses were controlled resulting in an overall net income increase of 23.48%.

*Interest Income and Expense*

Net interest income is the amount by which interest income on earning assets exceeds interest expense on interest-bearing liabilities. Interest-earning assets include loans and investment securities while interest-bearing liabilities include interest-bearing deposits and short and long-term borrowed funds. Net interest income is the primary source of revenue for the bank. Net interest income is impacted by changes in market interest rates, as well as changes in the mix and volume of interest-earning assets and interest-bearing liabilities.

Net interest income increased to $10.0 million in the third quarter of 2008 from $8.8 million in the third quarter of 2007. Net interest income increased to $29.4 million in the first nine months of 2008 from $25.5 million in the first nine months of 2007. These similar increases were due to growth in interest earning assets despite a 9 basis point decrease in year-to-date net interest margin from the third quarter of 2007 to 2008. The decrease in net interest margin is the result of the challenging rate environment and fierce competition for deposits in our operating markets.

Centra's interest-earning assets and liabilities increased significantly during the third quarter and first nine months of 2008 compared to 2007. The most significant areas of change were net loans, which increased 25.67% or $199.7 million, to an average balance of $977.8 million for the quarter ended September 30, 2008, from $778.1 million for the quarter ended September 30, 2007. Interest-bearing liabilities grew by 15.25% or $127.1 million to an average of $960.4 million from $833.3 million for the respective periods. Net loans increased by 25.30% or $187.6 million to an average balance of $929.2 million for the nine months ended September 30, 2008, from $741.6 million for the nine months ended September 30, 2007, and interest-bearing liabilities which grew to an average of $992.4 million from $778.1 million for the respective periods. These trends reflect the continued growth of Centra across all categories.

Net interest margin is calculated by dividing net interest income by average interest-earning assets. This ratio serves as a performance measurement of the net interest revenue stream generated by the bank's balance sheet. The net interest margin for the quarters ended September 30, 2008 and 2007, was 3.65% and 3.69%, respectively. The net interest margin for the nine months ended September 30, 2008 and 2007, was 3.74% and 3.83%, respectively. Centra has experienced a net interest margin decline similar to many others in the industry as a result of a challenging interest rate environment. Net interest margin compression is consistent with management's expectations given the interest rate environment.

Management continuously monitors the effects of net interest margin on the performance of the bank. Loan growth, fluctuations in prime lending rates, and mix of the balance sheet will continue to impact net interest margin in future periods. As competition for deposits and quality loans continues, management anticipates continued pressure on the net interest margin.

**Average Balances and Interest Rates**
*(Unaudited)(Dollars in thousands)*

| | Three Months Ended September 30, 2008 | | | Three Months Ended September 30, 2007 | | |
|---|---|---|---|---|---|---|
| | Average Balance | Interest Income/ Expense | Yield/ Cost | Average Balance | Interest Income/ Expense | Yield/ Cost |
| **Assets** | | | | | | |
| Interest-bearing deposits in banks | $ 1,025 | $ 3 | 1.06% | $ 1,040 | $ 63 | 23.88% |
| Federal funds sold | 11,641 | 49 | 1.67 | 48,485 | 609 | 4.98 |
| Loans held for sale | 2,538 | 40 | 6.32 | 2,599 | 45 | 6.83 |
| Investments: | | | | | | |
| Taxable | 87,403 | 912 | 4.15 | 114,849 | 1,513 | 5.23 |
| Tax exempt | 34,910 | 462 | 5.27 | 8,187 | 121 | 5.87 |
| Loans: | | | | | | |
| Commercial | 701,370 | 11,451 | 6.50 | 519,723 | 10,730 | 8.19 |
| Tax exempt | 12,212 | 224 | 7.28 | 7,938 | 152 | 7.59 |
| Consumer | 88,749 | 1,569 | 7.04 | 82,264 | 1,607 | 7.75 |
| Real estate | 190,357 | 2,906 | 6.07 | 179,640 | 3,125 | 6.90 |
| Allowance for loan losses | (14,910) | — | — | (11,420) | — | — |
| **Net loans** | 977,778 | 16,150 | 6.57 | 778,145 | 15,614 | 7.96 |
| Total earning assets | 1,115,295 | 17,616 | 6.28 | 953,305 | 17,965 | 7.48 |
| Cash and due from banks | 17,192 | | | 17,166 | | |
| Other assets | 60,179 | | | 48,749 | | |
| **Total assets** | 1,192,666 | | | $1,019,220 | | |
| **Liabilities** | | | | | | |
| Deposits: | | | | | | |
| Non-interest bearing demand | $ 130,616 | $ — | — | $ 114,723 | $ — | — |
| NOW | 167,401 | 836 | 1.99 | 137,135 | 1,540 | 4.45 |
| Money market checking | 130,679 | 611 | 1.86 | 112,180 | 973 | 3.44 |
| Savings | 36,845 | 43 | 0.47 | 35,893 | 117 | 1.30 |
| IRAs | 45,652 | 456 | 3.98 | 43,152 | 496 | 4.56 |
| CDs | 493,011 | 4,889 | 3.94 | 459,434 | 5,314 | 4.59 |
| Short-term borrowings | 66,766 | 317 | 1.89 | 25,546 | 282 | 4.38 |
| Long-term borrowings | 20,000 | 243 | 4.83 | 20,000 | 375 | 7.45 |
| **Total interest-bearing liabilities** | 960,354 | 7,395 | 3.06 | 833,340 | 9,097 | 4.33 |
| Other liabilities | 10,056 | | | 9,171 | | |
| **Total liabilities** | 1,101,026 | | | 957,234 | | |
| **Stockholders' equity** | | | | | | |
| Common stock | 5,989 | | | 4,275 | | |
| Paid-in capital | 82,779 | | | 49,522 | | |
| Accumulated earnings | 2,282 | | | 7,926 | | |
| Unrealized gains (losses) | 590 | | | 263 | | |
| **Total stockholders' equity** | 91,640 | | | 61,986 | | |
| **Total liabilities and stockholders' equity** | 1,192,666 | | | $1,019,220 | | |
| Net interest spread | | | 3.22 | | | 3.15 |
| Impact of non-interest bearing funds on margin | | | 0.43 | | | 0.54 |
| Net interest income-margin | | $ 10,221 | 3.65% | | $ 8,868 | 3.69% |

**Average Balances and Interest Rates**
*(Unaudited)(Dollars in thousands)*

| | Nine Months Ended September 30, 2008 | | | Nine Months Ended September 30, 2007 | | |
|---|---|---|---|---|---|---|
| | Average Balance | Interest Income/ Expense | Yield/ Cost | Average Balance | Interest Income/ Expense | Yield/ Cost |
| **Assets** | | | | | | |
| Interest-bearing deposits in banks | **$ 1,142** | **$ 22** | **2.52%** | $ 1,145 | $ 165 | 19.22% |
| Federal funds sold | **16,339** | **313** | **2.56** | 34,909 | 1,363 | 5.22 |
| Loans held for sale | **3,372** | **135** | **5.34** | 2,774 | 128 | 6.16 |
| Investments: | | | | | | |
| Taxable | **88,851** | **3,210** | **7.23** | 110,101 | 4,340 | 5.26 |
| Tax exempt | **34,013** | **1,355** | **7.97** | 6,101 | 283 | 6.20 |
| Loans: | | | | | | |
| Commercial | **657,653** | **33,413** | **6.79** | 494,071 | 30,335 | 8.21 |
| Tax exempt | **11,286** | **637** | **7.54** | 5,705 | 356 | 8.34 |
| Consumer | **87,595** | **4,880** | **7.44** | 76,702 | 4,417 | 7.70 |
| Real estate | **187,025** | **8,991** | **6.42** | 176,060 | 9,110 | 6.90 |
| Allowance for loan losses | **(14,408)** | **—** | **—** | (10,950) | — | — |
| **Net loans** | **929,151** | **47,921** | **6.89** | 741,588 | 44,218 | 7.97 |
| Total earning assets | **1,072,868** | **52,956** | **6.59** | 896,618 | 50,497 | 7.53 |
| Cash and due from banks | **16,600** | | | 17,146 | | |
| Other assets | **60,658** | | | 47,193 | | |
| **Total assets** | **1,150,126** | | | $960,957 | | |
| **Liabilities** | | | | | | |
| Deposits: | | | | | | |
| Non-interest bearing demand | **$ 123,163** | **$ —** | **—** | $110,636 | $ — | — |
| NOW | **163,783** | **2,844** | **2.32** | 114,047 | 3,727 | 4.37 |
| Money market checking | **122,272** | **1,809** | **1.98** | 108,337 | 2,699 | 3.33 |
| Savings | **36,385** | **148** | **0.55** | 36,354 | 336 | 1.24 |
| IRAs | **45,936** | **1,431** | **4.16** | 40,686 | 1,375 | 4.52 |
| CDs | **486,568** | **15,145** | **4.16** | 441,467 | 14,852 | 4.50 |
| Short-term borrowings | **47,407** | **704** | **1.98** | 21,234 | 704 | 4.43 |
| Long-term borrowings | **20,000** | **802** | **5.36** | 20,000 | 1,112 | 7.44 |
| **Total interest-bearing liabilities** | **922,351** | **22,883** | **3.31** | 782,125 | 24,805 | 4.24 |
| Other liabilities | **14,113** | | | 8,491 | | |
| **Total liabilities** | **1,059,627** | | | 901,252 | | |
| **Stockholders' equity** | | | | | | |
| Common stock | **5,981** | | | 4,233 | | |
| Paid-in capital | **82,360** | | | 48,827 | | |
| Accumulated earnings | **1,161** | | | 6,378 | | |
| Unrealized gains (losses) | **997** | | | 267 | | |
| **Total stockholders' equity** | **90,499** | | | 59,705 | | |
| **Total liabilities and stockholders' equity** | **1,150,126** | | | $960,957 | | |
| Net interest spread | | | **3.28** | | | 3.29 |
| Impact of non-interest bearing funds on margin | | | **0.46** | | | 0.54 |
| Net interest income-margin | | **$ 30,073** | **3.74%** | | $ 25,692 | 3.83% |

**Allowance and Provision for Credit Losses**

Centra maintains an allowance for loan losses and an allowance for lending-related commitments. For financial reporting purposes, Centra reports its provision for credit losses as the sum of the provision for loan losses and the provision for losses on lending-related commitments. The allowance for loan losses was $15,229,000, $13,536,000, and $11,556,000 as of September 30, 2008, December 31, 2007, and September 30, 2007, respectively. The increase in the allowance for loan losses at September 30, 2008 compared to prior periods was due to a continued increase in the loan portfolio, the continued deterioration of the general economic climate and the continued increase in non-performing loans. The provision for credit losses for the quarters ended September 30, 2008 and 2007 was $813,000 and $521,000, respectively. The provision for credit losses for the nine months ended September 30, 2008 and 2007 was $1,971,000 and $1,464,000, respectively.

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 risk.

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 impaired credits, where applicable, and are based upon specific qualitative criteria, including the size of the loan and loan grades below a predetermined level. Activity in the allowance for loan losses follows:

| | Nine Months Ended September 30 | |
|---|---|---|
| (Dollars in thousands) | **2008** | **2007** |
| **Allowance for loan losses** | | |
| Balance, beginning of period | **$13,536** | $10,336 |
| Loan charge-offs | **(353)** | (150) |
| Loan recoveries | **144** | 192 |
| **Net recoveries (charge-offs)** | **(209)** | 42 |
| Provision for loan losses | **1,902** | 1,178 |
| **Balance, end of period** | **$15,229** | $11,556 |

Total non-performing assets and accruing loans past due 90 days are summarized as follows:

| *(Dollars in thousands)* | September 30 2008 | 2007 |
|---|---|---|
| Non-accrual loans: | | |
| Commercial | **$4,641** | $1,092 |
| Real Estate | **2,194** | 430 |
| Consumer | **402** | 60 |
| Total non-accrual loans | **7,237** | 1,582 |
| Renegotiated loans | **—** | — |
| Total non-performing loans | **7,237** | 1,582 |
| Other real estate, net | **303** | 235 |
| **Total non-performing assets** | **$7,540** | $1,817 |
| | | |
| Accruing loans past due 30 days or more | **$2,271** | $1,921 |
| Non-performing loans as a % of total loans | **0.72%** | 0.19% |
| Allowance for loan losses as a % of non-performing loans | **210%** | 730% |
| Allowance for loan losses as a % of total loans | **1.50%** | 1.41% |
| Allowance for credit losses as a % of total loans | **1.66%** | 1.58% |

Loans are placed on nonaccrual automatically when they become 90-days delinquent. Collection and foreclosure procedures have been initiated on these loans and minimal losses are anticipated. Commercial nonaccrual loans have increased from the prior period predominately due to two commercial relationships that were placed on nonaccrual status in 2008.

Despite these credit quality trends, the overall portfolio's quality remains strong as evidenced by non-performing loans accounting for only 0.72% of total loans as of September 30, 2008. The allowance for loan losses is 1.50% of total loans despite strong loan growth through 2008 and relatively low charge offs through September 30, 2008

Centra records an Allowance for Credit Losses related to unused off balance sheet commitments within the other liabilities portion of the balance sheet. Activity in this allowance account is as follows:

| *(Dollars in thousands)* | September 30 2008 | 2007 |
|---|---|---|
| Balance, beginning of period | **$1,507** | $1,167 |
| Provision | **69** | 286 |
| Balance, end of period | **$1,576** | $1,453 |

Arriving at an appropriate allowance involves a high degree of management judgment. In exercising this judgment, management considers numerous internal and external factors including, but not limited to, portfolio growth, national and local economic conditions, trends in the markets served, concentrations of credit in certain business segments, geographic diversity, historical loss experience of other institutions in these markets, and guidance from the bank's primary regulator. Management seeks to produce an allowance for loan losses that is appropriate in the circumstances and that complies with applicable accounting and regulatory standards.

**Non-Interest Income**

Fees related to real estate loans sold in the secondary market, service charges on deposit accounts, and electronic banking revenue generate the core of the bank's non-interest income. Non-interest income totaled $2,020,000 in the third quarter of 2008 compared to $1,585,000 in the third quarter of 2007. Non-interest income totaled $5,783,000 for the first nine months of 2008 compared to $4,246,000 for the first nine months of 2007. The overall increase in non-interest income is due to an increase in all other income line items which include volume related increases in service charges on deposit accounts, other service charges, secondary market income and securities gains of $1,537,000 and $435,000 for the nine months and quarter ended September 30, 2008, respectively.

Service charges on deposit accounts increased to $877,000 in the third quarter of 2008 from $597,000 in the third quarter of 2007. Service charges on deposit accounts increased to $2,071,000 in the first nine months of 2008 from $1,535,000 in the first nine months of 2007. These increases resulted from the overall growth of accounts in the deposit portfolio of the bank and fees related to that growth.

Other service charges and fees increased to $614,000 in the third quarter of 2008 from $485,000 in the third quarter of 2007. Other service charges and fees increased to $1,818,000 in the first nine months of 2008 from $1,355,000 in the first nine months of 2007. This increase resulted from the overall growth of accounts in the aforementioned deposit and loan portfolios of the bank and the loan fees related to that growth.

Centra originates long-term, fixed or adjustable rate first-lien conforming mortgage loans and sells them in the secondary market, servicing released. Centra's mortgage banking income includes the recognition of fees received from the borrower and the investor upon the sale of the loan. Centra recognized $276,000 from such fees in the third quarter of 2008 compared to $294,000 in the third quarter of 2007. For the nine months ended September 30, 2008, Centra recognized $995,000 from such fees in the first nine months of 2008 compared to $819,000 in the first nine months of 2007. These increases resulted from an increased level of mortgages being sold on the secondary market when compared to the respective volumes in 2007 due to Centra's expanded operating markets.

Centra recognized gains on available-for-sale securities called during 2008. The resulting securities gains were $17,000 for the quarter ending September 30, 2008 and $212,000 for the first nine months of the year. No securities were sold as of September 30, 2007.

Other income increased to $236,000 in the third quarter of 2008 from $209,000 in the third quarter of 2007. Other income increased to $687,000 in the first nine months of 2008 from $537,000 in the first nine months of 2007. The general improvements in other income were due to growth in title services income and brokerage and insurance fees.

**Non-Interest Expense**

For the third quarter of 2008, non-interest expense totaled $8,215,000 compared to $7,287,000 in the third quarter of 2007. Centra's efficiency ratio, a ratio that measures the efficiency of non-interest expenses, less amortization of intangibles, incurred in relationship to net interest income plus non-interest income, was 66.91% for the third quarter of 2008 compared to 68.55% for the third quarter of 2007. Centra's third-quarter 2008 efficiency ratio decreased due to overall increases in income while mitigating increases in non-interest expenses.

For the first nine months of 2008, non-interest expense totaled $24,492,000, compared to $20,851,000 in the first nine months of 2007. Centra's efficiency ratio was 68.07% for the first nine months of 2008 compared to 68.30% for the first nine months of 2007.

Salaries and benefits totaled $4,020,000 for the quarter ended September 30, 2008, compared to $3,714,000 for the quarter ended September 30, 2007. Salaries and benefits totaled $12,430,000 for the nine months ended September 30, 2008, compared to $10,410,000 for the nine months ended September 30, 2007. Salaries and benefits expense for the respective periods reflects Centra's continued growth and commitment to provide high quality customer service and continued de novo branch openings in our operating markets. Centra had 248 full-time equivalent personnel as of September 30, 2008.

For the quarters ended September 30, 2008 and 2007, occupancy expense totaled $631,000 and $568,000, respectively. Included in net occupancy expense for the respective quarters is lease expense, which totaled $296,000 and $293,000. For the nine months ended September 30, 2008 and 2007, occupancy expense totaled $1,901,000 and $1,556,000, respectively. Included in net occupancy expense for the respective periods is lease expense totaling $898,000 and $761,000. These increases are primarily due to the leasing of a facility to house a new operations center located in Morgantown, West Virginia along with Centra's expansion into the full space of our headquarters located at 990 Elmer Prince Drive in Morgantown, West Virginia and space leased for our branch in Hagerstown, Maryland.

Equipment expense totaled $560,000 in the third quarter of 2008 compared to $485,000 for the third quarter of 2007. Included in equipment expense is depreciation of furniture, fixtures and equipment of $356,000 for the quarter ended September 30, 2008 and $296,000 for the quarter ended September 30, 2007. Equipment expense totaled $1,596,000 in the first nine months of 2008 compared to $1,372,000 for the first nine months of 2007. Included in equipment expense is depreciation of furniture, fixtures, and equipment of $1,039,000 for the nine months ended September 30, 2008, and $844,000 for the nine months ended September 30, 2007. Equipment depreciation expense reflects Centra's continued de novo branch expansion and equipment related to the operations center.

Advertising costs totaled $344,000 in the third quarter of 2008 compared to $425,000 in the third quarter of 2007. Advertising costs totaled $1,014,000 in the first nine months of 2008 compared to $1,502,000 in the first nine months of 2007. These decreases represent management's discretion in adjusting the marketing efforts in our more mature markets while continuing the level of advertising in our newer expansion areas. The bank believes the current marketing approach will continue to result in market awareness of the Centra name and customer service philosophy while reducing marketing expenses.

Professional fees totaled $381,000 in the third quarter of 2008 compared to $11,000 in the third quarter of 2007. For the nine months of 2008, professional fees totaled $902,000 compared to $198,000 in the first nine months of 2007. The increase in professional fees for both the quarter and nine months ended are the result of expenses previously accrued in connection with certain compliance projects that were not incurred in 2007 compared to a normalized level in 2008. The remaining increases are due to increased legal, accounting and consulting fees paid relating to the operation of the bank.

Data processing costs totaled $587,000 in the third quarter of 2008 compared to $478,000 in the third quarter of 2007. Data processing costs totaled $1,620,000 in the first nine months of 2008 compared to $1,346,000 in the first nine months of 2007. Data processing costs have increased in direct correlation to the increase in the number of deposit and loan accounts of the bank along with telecommunication charges associated with new branch locations and the operations center.

Other operating expense totaled $1,441,000 in the third quarter of 2008 compared to $1,423,000 in the third quarter of 2007. Other operating expense totaled $4,362,000 in the first nine months of 2008 compared to $3,836,000 in the first nine months of 2007. Other operating expense was lower in 2007 as a result of a credit received from the FDIC, which offset a majority of the cost recognized during that time period. Other categories of other operating expense remained relatively consistent with the prior period.

**Income Tax Expense**

The effective tax rate for the third quarter of 2008 was 31.78% compared to 36.40% for the third quarter of 2007. The effective tax rate for the first nine months of 2008 was 33.52% compared to 37.80% for the first nine months of 2007. The decrease was primarily due to Centra's increased investment in tax exempt securities.

Centra incurred income tax of $945,000 in the third quarter of 2008 compared to $884,000 for the third quarter of 2007. Centra incurred income tax expense of $2,917,000 in the first nine months of 2008 compared to $2,716,000 for the first nine months of 2007.

**Return on Average Assets and Average Equity**

Returns on average assets (ROA) and average equity (ROE) were 0.68% and 8.81% for the third quarter of 2008 compared to 0.65% and 10.68% for the third quarter of 2007. ROA and ROE were 0.67% and 8.54% for the first nine months of 2008 compared to 0.65% and 10.49% for the first nine months of 2007. ROA was in line with prior periods. However, ROE decreased due to a $31 million increase in average equity primarily due to Centra completing a $24 million stock offering in the fourth quarter of 2007.

The bank is considered "well-capitalized" under regulatory and industry standards of risk-based capital.

## Financial Condition

### Overview of the Statement of Condition

Total assets at September 30, 2008, were $1.2 billion or an increase of $119.2 million since December 31, 2007. This is primarily attributable to the bank's continued expansion within the communities it serves and its continued emphasis on offering competitive products to its customers combined with quality customer service. Asset growth has occurred primarily due to increases in loans and was funded primarily by increases in interest bearing deposits. The bank utilizes investment securities and federal funds sold to invest funds pending anticipated loan demand.

Deposits totaled $1.0 billion at September 30, 2008, or an increase of $94.1 million since December 31, 2007. Short-term borrowings totaled $42.8 million at September 30, 2008, and have increased $17.6 million since December 31, 2007.

Stockholders' equity has increased approximately $4.9 million from December 31, 2007 to $92.9 million as of September 30, 2008, due primarily to the net income of $5.8 million.

### Cash and Cash Equivalents

Cash and cash equivalents totaled $20.8 million as of September 30, 2008, compared to $43.4 million as of December 31, 2007, or a decrease of $22.6 million. This decrease is primarily due to increased loan demand that utilized funds that previously resided in federal funds sold.

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

### Investment Securities

Investment securities totaled $123.1 million as of September 30, 2008, and $125.9 million as of December 31, 2007. Government sponsored agency securities comprise the majority of the portfolio. This is a decrease of $2.8 million from year-end and reflects security maturities and calls in 2008 and the reinvestment of those proceeds in the loan portfolio. During the nine months ended September 30, 2008, $56.1 million securities were matured, called or sold offset by purchases of $53.0 million in new securities. Most of these purchases were in tax exempt bonds in order to maximize tax savings which help contribute to a higher yield versus other similar alternatives.

All of the bank's investment securities are classified as available-for-sale. Management believes the available-for-sale classification provides flexibility for the bank in terms of growing the bank as well as interest rate risk management. At September 30, 2008, the amortized cost of the bank's investment securities totaled $121.7 million, resulting in unrealized appreciation in the investment portfolio of $1.4 million and a corresponding increase in the bank's equity of $851,000, net of deferred income taxes. Management believes that individual security declines in fair value are attributable to changes in market interest rates and not the credit quality of the issuers. Centra has demonstrated the ability and intent to hold these securities until such time as the value recovers or the securities mature. However, Centra acknowledges that any impaired securities may be sold in future periods in response to significant, unanticipated changes in asset/liability management decisions, unanticipated future market movements or business plan changes.

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

**Loans**

The bank's lending is primarily focused in the north central and eastern panhandle regions of West Virginia, Southwestern Pennsylvania and Hagerstown, Maryland. Areas of focus consist primarily of commercial lending, retail lending, which includes single-family residential mortgages, and consumer lending. The following table details total loans outstanding as of:

| (Dollars in thousands) | September 30 2008 | December 31 2007 |
|---|---|---|
| Commercial | **$ 167,687** | $ 143,675 |
| Real estate, commercial | **561,396** | 460,644 |
| Real estate, mortgage | **193,370** | 185,800 |
| Consumer | **89,474** | 86,057 |
| **Total loans** | **$ 1,011,927** | $ 876,176 |

Commercial real estate loans constitute the largest component of the lending portfolio. This is the result of a concerted effort to attract quality commercial loans while maintaining appropriate underwriting standards.

**Loan Concentration**

With the significant commercial loan balances, the bank has concentrations of its loan portfolio in the building and general contracting, real estate leasing, clothing and clothing accessories, and the travel accommodation industries. These concentrations, while within the same industry segments, are not concentrated with a single borrower or market. This dissemination of borrowers somewhat mitigates the concentrations previously noted. Management continually monitors these concentrations.

**Funding Sources**

Centra considers a number of alternatives, including but not limited to deposits, brokered deposits, short-term borrowings, and long-term borrowings when evaluating funding sources. Traditional deposits continue to be the most significant source of funds for the bank, reaching $1,038.1 million at September 30, 2008.

Non-interest bearing deposits remain a core funding source for Centra. At September 30, 2008, non-interest bearing deposits totaled $135.3 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.

Interest-bearing deposits totaled $902.8 million at September 30, 2008 compared to $829.5 million at December 31, 2007. Average interest-bearing liabilities totaled $960.4 million during the third quarter of 2008 compared to $833.3 million for the third quarter of 2007. Average interest-bearing liabilities totaled $922.4 million during the first nine months of 2008 compared to $782.1 million for the first nine months of 2007. Average non-interest bearing demand deposits totaled $130.6 million for the third quarter of 2008 compared to $114.7 million for the third quarter of 2007. Average non-interest bearing demand deposits totaled $123.2 million for the first nine months of 2008 compared to $110.6 million for the first nine months of 2007. Management will continue to emphasize deposit gathering in 2008 by offering outstanding customer service and competitively priced products.

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. At September 30, 2008, short-term borrowings totaled $42.8 million compared to $25.2 million at December 31, 2007. Included in the short-term borrowings, Centra had $12.7 million in federal funds purchased as of September 30, 2008. Centra did not hold any federal funds purchased at December 31, 2007.

Centra formed two statutory business trusts for the purpose of issuing trust preferred capital securities with the proceeds invested in junior subordinated debt securities of Centra. In June 2006 and September 2004, Centra completed the private placement of two $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 1.65% and 2.29%, respectively, over the three-month LIBOR rate, reset quarterly. Interest payments are due quarterly.

**Capital/Stockholders' Equity**

At September 30, 2008, accumulated other comprehensive gain totaled $851,000 compared to an accumulated other comprehensive income of $916,000 at December 31, 2007. Because all 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.

The primary source of funds for dividends to be paid by Centra Financial Holdings, Inc. is dividends received from its subsidiary bank, Centra Bank. Dividends paid by the subsidiary bank are subject to restrictions by banking regulations. The most restrictive provision requires regulatory approval if dividends declared in any year exceed that year's retained net profits, as defined, plus the retained net profits, as defined, of the two preceding years. At September 30, 2008, Centra Bank has $19.1 million available for dividends.

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 of Centra's 2007 Form 10-K. At September 30, 2008, Centra and its banking subsidiary's risk-based capital ratios exceeded the minimum standards for a "well-capitalized" financial institution.

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

**Commitments**

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.

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 had standby letters of credit of $31.5 million and $28.8 million at September 30, 2008 and December 31, 2007, respectively. Centra's exposure to credit loss in the event of nonperformance 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. The total amount of loan commitments outstanding at September 30, 2008 and December 31, 2007, was $200.3 million and $182.1 million, respectively. At September 30, 2008 and December 31, 2007, Centra has recorded $1.6 and $1.5 million, respectively, as an allowance against losses related to these commitments and has classified that allowance in other liabilities in the Consolidated Balance Sheets.

Centra originates long-term, fixed rate, or adjustable rate mortgage loans and sells them on the secondary market, servicing released. At September 30, 2008 and December 31, 2007, Centra had $2.3 million and $2.0 million, 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.

## Item 3. Quantitative and Qualitative Disclosure of Market Risk

### Market Risk Management

The most significant market risk resulting from Centra Bank'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 that 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 sheet related to the management of interest rate risk. The ALCO strives to keep Centra Bank focused on the future, anticipating and exploring alternatives, rather than simply reacting to change after the fact.

To this end, 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 that 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. 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.

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. ALCO has determined that the earnings at risk of the bank shall not change more than 7.5% from base case for each 1% shift in interest rates. Centra is in compliance with this policy as of September 30, 2008, in all rate change scenarios.

The following table is provided to show the earnings at risk and value at risk positions of Centra as of September 30, 2008:

*(Dollars in Thousands)*

| Immediate Interest Rate Change (in Basis Points) | Estimated Increase (Decrease) in Net Interest Income | |
|---|---|---|
| 300 | $(2,040) | (5.11)% |
| 200 | $(1,133) | (2.84)% |
| 100 | $ (567) | (1.42)% |
| -100 | $ 148 | 0.37% |

**Effects of Inflation on Financial Statements**

Substantially all of the bank's assets relate to banking and are monetary in nature. Therefore, they are not impacted by inflation to the same degree as companies in capital-intensive industries in a replacement cost environment. During a period of rising prices, a net monetary asset position results in loss in purchasing power and conversely a net monetary liability position results in an increase in purchasing power. In the banking industry, typically monetary assets exceed monetary liabilities. The current monetary policy targeting low levels of inflation has resulted in relatively stable price levels. Therefore, inflation has had little impact on Centra's net assets.

**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 4. Controls and Procedures**

As of the end of the period covered by this Quarterly Report on Form 10-Q, the company, under the supervision and with the participation of management, including the chief executive officer and chief financial officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-14. Based upon that evaluation, the chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the company which is required to be included in our periodic SEC filings. There has been no change in the company's internal control over financial reporting during the quarter ended September 30, 2008, that has materially affected, or is reasonably likely to materially affect the company's internal control over financial reporting.

**Part II. Other Information**

In accordance with the instructions to Part II, the other specified items in this part have been omitted because they are not applicable or the information has been previously reported.

**Item 1. Legal Proceedings**

None.

**Item 1A. Risk Factors**

Centra had no material changes from the risk factors identified in the December 31, 2007, filing on Form 10-K.

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

Centra does not currently have a stock repurchase program.

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

(a) The following exhibits are filed herewith.

| | |
|---|---|
| Exhibit 31.1 | Certificate of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 31.2 | Certificate of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32.1 | Certificate of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32.2 | Certificate of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

SIGNATURES

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

November 6, 2008

CENTRA FINANCIAL HOLDINGS, INC.

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

By: /s/ Kevin D. Lemley
Kevin D. Lemley
Chief Financial Officer

**Exhibit 31.1**

## CERTIFICATIONS

I, Douglas J. Leech, certify that:

1. I have reviewed this Form 10-Q of Centra Financial Holdings, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of Centra as of, and for, the periods presented in this quarterly report;

4. Centra's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15e and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for Centra and have:

   i. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Centra, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   ii. designed such internal control over financial reporting or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for internal purposes in accordance with generally accepted accounting principles;

   iii. evaluated the effectiveness of Centra's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   iv. disclosed in this report any change in Centra's internal control over financial reporting that occurred during Centra's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect Centra's internal control over financial reporting.

5. Centra's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the auditors and the audit committee of Centra's board of directors: all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Centra's ability to record, process, summarize and report financial information and have identified for the registrant's auditors any material weaknesses in internal controls; and any fraud, whether or not material, that involves management or other employees who have a significant role in Centra's internal controls over financial reporting.

/s/ Douglas J. Leech

Douglas J. Leech
Chief Executive Officer

November 6, 2008

EX-31.2 3 l34317aexv31w2.htm EX-31.2

**Exhibit 31.2**

**CERTIFICATIONS**

I, Kevin D. Lemley, certify that:

1. I have reviewed this Form 10-Q of Centra Financial Holdings, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of Centra as of, and for, the periods presented in this quarterly report;

4. Centra's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15e and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for Centra and have:

   i. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Centra, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   ii. designed such internal control over financial reporting or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for internal purposes in accordance with generally accepted accounting principles;

   iii. evaluated the effectiveness of Centra's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   iv. disclosed in this report any change in Centra's internal control over financial reporting that occurred during Centra's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect Centra's internal control over financial reporting.

5. Centra's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the auditors and the audit committee of Centra's board of directors: all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Centra's ability to record, process, summarize and report financial information and have identified for the registrant's auditors any material weaknesses in internal controls; and any fraud, whether or not material, that involves management or other employees who have a significant role in Centra's internal controls over financial reporting.

/s/ Kevin D. Lemley

Kevin D. Lemley Chief Financial Officer

November 6, 2008

**Exhibit 32.1**

**Certification Pursuant to**
**18 U. S. C. Section 1350**
**As Adopted Pursuant to**
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Centra Financial Holdings, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas J. Leech, Chief Executive Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Douglas J. Leech
Douglas J. Leech
Chief Executive Officer

November 6, 2008

**Exhibit 32.2**

**Certification Pursuant to**
**18 U. S. C. Section 1350**
**As Adopted Pursuant to**
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Centra Financial Holdings, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin D. Lemley, Chief Financial Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Kevin D. Lemley

Kevin D. Lemley
Chief Financial Officer

November 6, 2008