2009 Annual Report to Shareholders

MVB FINANCIAL CORP.

MVB Financial Corp.
Selected Financial Data
Amounts in thousands,
except for share data

	At or for the Year Ended December 31										
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Summary of Operations											
Interest Income	$ 14,337	13,687	13,274	10,011	6,651	5,536	4,852	4,227	3,893	2,977	1,188
Interest Expense	5,533	5,949	6,377	4,360	2,326	1,570	1,702	1,852	2,195	1,820	643
Net Interest Income	8,804	7,738	6,897	5,651	4,325	3,966	3,150	2,375	1,698	1,157	545
Provisions for Loan Losses	785	595	584	445	160	269	223	225	166	138	104
Non-Interest Income	2,190	1,788	1,623	1,240	876	677	598	458	391	207	127
Non-Interest Expense	8,349	7,840	6,240	5,132	4,284	2,689	2,348	2,033	1,712	1,397	944
Applicable Income Tax Expenses (Benefit)	454	263	414	341	195	627	396	175	64	(50)	(118)
Net Income (Loss) from operations	1,406	828	1,282	973	562	1,058	781	400	147	(121)	(258)
Per Share Data											
Basic Net Income (Loss)/Share	$ 0.87	0.52	0.87	0.68	0.57	1.46	1.10	0.70	0.28	(0.23)	(0.57)
Fully Diluted Net Income/Share	0.85	0.51	0.85	0.67	0.49	1.41	1.07	0.68	0.27	(0.23)	(0.57)
Cash Dividends Declared	0.10	0.10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Book Value	16.64	16.11	15.60	14.82	13.52	11.80	11.04	10.37	8.75	8.48	9.14
Basic weighted-average shares outstanding	1,624	1,584	1,470	1,428	993	726	708	571	533	517	517
Diluted weighted-average shares outstanding	1,650	1,621	1,509	1,588	1,153	752	730	586	541	517	517
Average Balance Sheet Summary											
Loans, Gross	$ 219,356	189,070	158,495	124,794	87,145	70,252	55,301	42,153	30,560	20,429	5,591
Investment Securities	30,456	27,568	26,658	27,335	22,466	23,012	25,219	18,794	14,773	8,400	5,553
Total Assets	310,187	238,785	205,544	168,950	123,668	101,887	91,981	74,597	59,425	42,764	19,461
Deposits	232,023	169,946	147,454	122,733	95,349	81,414	71,657	58,294	44,924	31,646	12,336
Capital	26,746	25,695	22,259	20,015	12,957	8,342	7,575	5,379	4,761	4,500	4,058
End of Period Balance Sheet Summary											
Loans, Gross	$ 232,847	203,241	181,537	142,599	105,214	78,844	62,615	48,032	35,075	26,117	13,899
Investment Securities	43,886	26,591	27,843	28,739	28,534	20,791	25,073	22,335	18,121	10,093	8,139
Total Assets	352,762	258,706	230,098	191,284	151,334	106,206	94,936	80,977	65,325	50,358	34,087
Deposits	264,531	173,065	157,448	134,593	113,953	85,486	75,338	64,904	49,710	38,110	24,006
Capital	27,138	25,836	23,525	21,655	18,518	8,843	7,818	7,340	4,798	4,622	4,572
Selected Ratios											
Average Equity to Average Assets	8.62%	10.76%	10.83%	11.85%	10.48%	8.19%	8.24%	7.21%	8.01%	10.52%	20.85%
Return on Average Assets											
Net Income (Loss)	0.45%	0.35%	0.62%	0.58%	0.45%	1.04%	0.85%	0.54%	0.25%	-0.28%	-6.36%
Return on Average Equity											
Net Income (Loss)	5.26%	3.22%	5.76%	4.86%	4.34%	12.68%	10.31%	7.44%	3.09%	-2.69%	-1.33%
Leverage Ratio	8.55%	11.49%	11.53%	11.35%	11.82%	8.35%	8.21%	8.95%	7.14%	9.40%	24.20%
Risk-Based Capital Ratios											
Tier I Capital	12.32%	13.38%	13.60%	14.37%	15.66%	11.27%	11.98%	13.98%	12.31%	16.20%	27.00%
Total Capital	13.25%	14.26%	14.52%	15.21%	16.45%	12.40%	13.03%	14.96%	13.25%	17.00%	27.60%
Common Stock Price Per Share at Year End	$ 20.00	20.00	20.00	16.00	16.00	14.00	12.38 *	11.90 *	10.48 *	10.00 *	10.00 *

* adjusted for 5% stock dividends,
effective June 1, 2001 & August 15, 2004

MVB FINANCIAL CORP.
Banking Done Right!
301 Virginia Avenue • Fairmont, WV 26554

Dear Shareholders,

Thank you for your support and cooperation during my first year as your President and CEO. Without a doubt, 2008 and 2009 have been the most difficult years in banking since the Great Depression. Despite the surge in FDIC cost, despite the worldwide credit crisis, despite numerous bank closings, despite changing the bank's top leadership position for the first time in its inception and despite the worst recession in our country's history, MVB Bank was well prepared. **We were profitable when the banking industry, as a whole, essentially lost money.** We have very good loan quality and **maintained Bauer Financial Services highest five star rating as one of the safest, soundest banks in America today.**

Our 2009 net income was $1.4 million compared to $828,000 in 2008 or a 70% increase. 2009 earnings included extraordinary one-time expense items of a special assessment by the FDIC and a loss from the failure of Silverton Bank in which we owned stock. 2008 included an extraordinary loss on Federal Home Loan Mortgage Corporation preferred stock.

In 2009, we also:

1. **Had excellent deposit growth**. We introduced two new accounts the "Brokerage Buster Account" and "Most Valuable Checking." These initiatives bore fruit quickly as we increased our total deposits by nearly $92million or 53%. Quite frankly, if you do not have one of these accounts you are missing out on two of the best deposit products in banking today.
2. **Ranked in the top 20 largest banks in West Virginia based on deposit market share.** We have surpassed 10 competitors in the last 12 months.
3. **Increased our net new deposits 979% with 475 net new deposit accounts.**
4. **Grew loans**. While many of our competitors drastically reduced their lending activities, we increased our lending while maintaining our high credit quality standards. We also created innovative loan products such as the "Freedom Mortgage," which is designed to help clients get out of debt. Our loan growth was nearly $30million or 15% over 2008.
5. **Deployed our strong capital base**. We took advantage of the current interest rate environment by arbitraging our investments. This increased our earnings in a positive way by several hundred thousand dollars.
6. **Paid our second annual dividend**. Most banks either stopped paying dividends or reduced them significantly.
7. **Sustained the value of shares.** Our stock price held steady at $20 per share when nearly all banks saw stock prices decline.
8. **Decreased our loan charge-off percentage** from the previous year when most banks had a substantial increase.
9. **Instituted an enterprise-wide risk management system (ERM).** This initiative will engage all levels and areas of the bank in a formal approach to identify and mitigate risk.
10. **Enhanced our Asset Liability Management.** With the volatility in the markets the likes we have not seen in our careers, we have taken steps to improve our ALM modeling to enhance earnings and reduce risk.

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11. **Re-evaluated and improved our corporate governance.** Your Board of Directors wanted to ensure that we were well organized and operating efficiently to guide MVB in today's increased regulatory environment. We combined our Harrison and Marion Boards and introduced new committees. We also updated our current governance structure.
12. **Updated our strategic plan "Building Bank Value."** Our plan includes 18 pinpointed performance benchmarks for MVB to achieve ranging from asset growth targets to return on equity. The balanced plan brings strategies for growth, continued process improvement, development of our workforce and stronger attention on efficient and effective operations. During the year, we enhanced our execution of the strategic plan through regular oversight, including a process that establishes a personal performance plan for every team member that aligns with MVB's strategic direction.
13. **Continue to monitor regulatory fatigue.** This stems from the over-reaction to the difficult economic times. And, while well-intended, increased regulatory oversight can be a large burden to MVB due to greater expenses related to meeting compliance and increased requirements.
14. **<u>Did not</u> take TARP funds from the government.** Our board considered this but decided it was in the best interest of the bank and its shareholders not to accept these government funds.
15. **Introduced a performance compensation plan for all employees.** The intent is to reward our team's ability to produce profits in both good and bad economic times.

Peering ahead, the year 2010 is fraught with event risk and, hence uncertainty. If, however, a double dip recession should occur in the U.S. economy rather than growth, MVB is better prepared for such an eventuality than our peers; if the West Virginia and National unemployment rates continue to increase, rather than decrease, MVB is better prepared for such an eventuality; if foreclosure rates continue to rise, rather than fall, MVB is better prepared for such an eventuality. If interest rates increase sharply rather than remain flat or decline, MVB is better prepared for such an eventuality.

We are prepared because we are being proactive. For example, we will expand our Correspondent Mortgage Lending program to add to our non-interest earnings, grow our non-interest bearing deposits and deepen our relationships with other community banks. This opportunity has become available because of mortgage company failures. We feel we are better prepared to take advantage of such a positive eventuality than our peers. Once again, we are well prepared if other unforeseen opportunities arise.

Although we cannot predict what external, uncontrollable events might transpire during 2010, we can forecast with considerable certainty that our valorous, caring, good-hearted, nimble and resilient people will ensure that MVB ends 2010 just the way it ended 2009 – at the forefront of our industry. In this most challenging of times, where they have risen to every challenge, they are my heroes and heroines and have earned our highest gratitude for their outstanding efforts!

Most sincerely,

Larry F. Mazza

Larry F. Mazza
President and Chief Executive Officer

2009 ANNUAL REPORT
TRIBUTE TO JAMES R. MARTIN

For over three decades, Dick Martin has committed his life to all aspects of banking and being an extraordinary banker. During the past eleven years he has poured himself into MVB Bank with a singular vision of "Banking Done Right!" His proven results speak volumes of his influence on MVB's success. I, along with so many others, owe our gratitude for his stewardship, passion for banking and the warm friendship he bestows on us and, naturally to our clients.

As a banker and CPA, Dick loves the numbers and the numbers achieved during Dick's tenure as MVB's Chief Executive Officer are significant:

- He started a community bank with zero deposits, zero capital, and no employees from a single office location in Marion County, West Virginia. Today MVB has five statewide locations in Marion, Harrison, Berkeley and Jefferson Counties. And, MVB Is ranked in the top 30 banks in West Virginia in deposit size and employs 85 of the best bankers in the State.
- Raised over $25 million in capital.
- Recruited a sound and experienced Board of Directors.
- Achieved a 25% annual asset growth rate over 10 years.
- Paid the first cash dividend in the company's history.

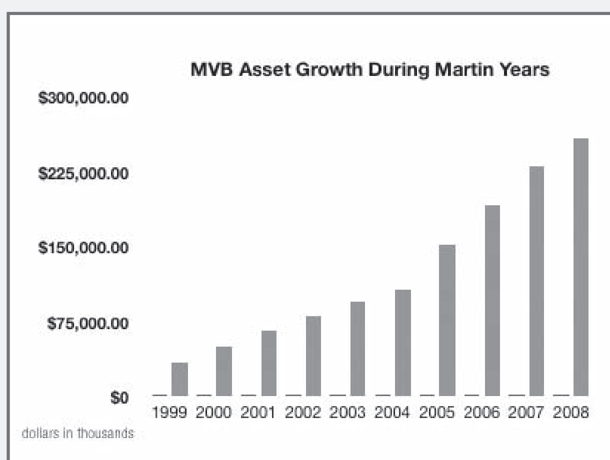
Under Dick's capable leadership, MVB steadily grew organically as a top start up bank in West Virginia. In 2006, Dick orchestrated a branch acquisition from multi-billion dollar Susquehanna Bank in Jefferson County, West Virginia to continue positive growth in one of the best markets in the country. At the time, such actions were unheard of for a small start up bank such as MVB.

Dick has brought many good policies and practices to MVB. His uncompromising attention to customer service and his keen oversight of financial matters, both internal and external, have built a strong foundation on which MVB stands today.

More important than the numbers is Dick's unwavering solid character. MVB's strength today amid the most challenging banking environment of our careers is a testament to Dick's conservative decision-making, which helped MVB largely avoid subprime mortgages that have crippled so many financial institutions.

Personally, I have known Dick as a friend and a professional colleague for 25 years, including being a direct report for five years. This tribute to Dick goes beyond my abiding respect and sincere appreciation of his many long years of service to our bank and industry. It is echoed by many other voices from within MVB and those outside, who know and have worked with Dick. Each can validate his rare leadership style and banking professionalism that has made a positive mark on MVB.

Dick retired as CEO at the end of 2008, as part of his eighteen-month transition plan that assures consistency of leadership. The good news is, Dick's counsel and leadership remains readily at hand, while he serves as chairman of the board of directors and a consultant. All of our constituencies … our clients, employees, communities and shareholders… have benefited from Dick's commitment and devotion to "Banking Done Right!"



Larry F. Mazza
President and CEO

We are a 5-Star Bank

For the 11th Consecutive quarter, MVB Bank has earned the BauerFinancial 5-Star rating, the highest rating attainable from America's top bank rating firm. BauerFinancial (www.bauerfinancial.com) has been reviewing and rating banks for over a quarter of a century, evaluating banks for strength and stability.

Thank you for trusting us to be your bank. We take our responsibility to your family and business seriously and uphold the highest standards in our operations, management and services. Our ability to earn the BauerFinancial 5-Star rating for the last 11 quarters is a testament to our commitment to doing the right thing for you, every day.

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
MVB Financial Corp.
Fairmont, West Virginia

We have audited the accompanying consolidated balance sheets of MVB Financial Corp. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated 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 audits to obtain reasonable assurance about whether the consolidated 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 the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MVB Financial Corp. and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of its operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2008, the Company adopted new authoritative accounting guidance related to endorsement split-dollar life insurance arrangements.

We were not engaged to examine management's assertion about the effectiveness of MVB Financial Corp.'s internal control over financial reporting as of December 31, 2009, which is included in Form 10-K and, accordingly, we do not express an opinion thereon.

S. R. Snodgrass, A. C.

Wheeling, West Virginia
February 26, 2010

S.R. Snodgrass, A.C. • 980 National Road • Wheeling, West Virginia 26003-6400 • Phone: (304) 233-5030 • Facsimile: (304) 233-3062

MVB Financial Corp.
Consolidated Balance Sheets
(Dollars in thousands, except number of shares)
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and due from banks	$ 2,321	$ 4,710
Interest bearing balances with banks	3,935	40
Certificates of deposit with other banks	49,442	7,000
Investment Securities:		
Securities held-to-maturity, at cost	6,594	8,796
Securities available-for-sale, at approximate fair value	37,292	17,795
Loans:	232,847	203,241
Less: Allowance for loan losses	(2,241)	(1,860)
Net Loans	230,606	201,381
Loans held for sale	1,764	1,115
Bank premises, furniture and equipment	7,757	8,060
Accrued interest receivable and other assets	13,051	9,809
TOTAL ASSETS	$ 352,762	$ 258,706
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 23,493	$ 22,495
Interest bearing	241,038	150,570
Total Deposits	264,531	173,065
Accrued interest, taxes, and other liabilities	2,130	1,835
Repurchase agreements	35,641	21,904
Federal Home Loan Bank borrowings and discount window borrowings	19,198	31,942
Long-term debt	4,124	4,124
Total Liabilities	325,624	232,870
STOCKHOLDERS' EQUITY		
Preferred stock, par value $1,000; 5,000 shares authorized, none issued		
Common stock, par value $1; 4,000,000 shares authorized; 1,629,971 and 1,603,622 shares issued respectively	1,629	1,604
Additional paid-in capital	20,457	20,175
Treasury Stock, 23,036 and 11,869 shares, respectively	(522)	(299)
Retained earnings	5,917	4,671
Accumulated other comprehensive loss	(343)	(315)
Total Stockholders' Equity	27,138	25,836
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 352,762	$ 258,706

See Notes to Consolidated Financial Statements

MVB Financial Corp.
Consolidated Statements of Income
(Dollars in thousands except Share and Per Share Data)
Years ended December 31, 2009 and 2008

	2009	2008
INTEREST INCOME		
Interest and fees on loans	$ 11,844	$ 11,902
Interest on deposits with other banks	699	34
Interest on investment securities - taxable	1,197	1,334
Interest on tax exempt loans and securities	597	417
Total interest income	14,337	13,687
INTEREST EXPENSE		
Interest on deposits	4,630	4,765
Interest on repurchase agreements	262	303
Interest on Federal Home Loan Bank borrowings	533	678
Interest on long-term debt	108	203
Total interest expense	5,533	5,949
NET INTEREST INCOME	8,804	7,738
Provision for loan losses	785	595
Net interest income after provision for loan losses	8,019	7,143
OTHER INCOME		
Service charges on deposit accounts	770	681
Income on bank owned life insurance	178	180
Visa debit card income	287	249
Income on loans held for sale	616	411
Other operating income	339	267
	2,190	1,788
OTHER EXPENSES		
Salaries and employee benefits	4,241	4,022
Occupancy expense	569	528
Equipment depreciation and maintenance	423	399
Data processing	531	547
Visa debit card expense	238	212
Advertising	309	235
Legal and accounting fees	174	113
Printing, stationery and supplies	98	110
FDIC insurance	444	108
Other taxes	177	162
Other operating expenses	959	704
Loss on investment impairment	186	700
	8,349	7,840
Income before income taxes	1,860	1,091
Income tax expense	454	263
Net Income	$ 1,406	$ 828
Basic net income per share	$0.87	$0.52
Diluted net income per share	$0.85	$0.51
Basic weighted average shares outstanding	1,624,146	1,584,295
Diluted weighted average shares outstanding	1,650,262	1,621,172

See Notes to Consolidated Financial Statements

MVB Financial Corp.
Consolidated Statements of Cash Flows
(Dollars in thousands)
Years ended December 31, 2009 and 2008

	2009	2008
OPERATING ACTIVITIES		
Net Income	$ 1,406	$ 828
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	785	595
Deferred income tax (benefit)	(39)	(24)
Depreciation	445	441
Stock based compensation	15	15
Loans originated for sale	(53,353)	(34,570)
Proceeds of loans sold	52,704	33,672
Proceeds from sale of other real estate owned	252	-
Loss on sale of other real estate owned	27	-
Amortization, net of accretion	117	16
Loss on investment impairment	186	700
(Increase) in interest receivable and other assets	(3,029)	(1,845)
Increase in accrued interest, taxes, and other liabilities	295	234
NET CASH PROVIDED BY OPERATING ACTIVITIES	(189)	62
INVESTING ACTIVITIES		
(Increase) in loans made to customers	(29,600)	(22,172)
Purchases of premises and equipment	(142)	(257)
Purchases of investment securities available-for-sale	(32,542)	(14,229)
Purchases of investment securities held-to-maturity	(4,899)	(7,000)
(Increase)/decrease in deposits with Federal Home Loan Bank, net	(3,895)	450
Purchases of certificates of deposit with other banks	(61,489)	(7,000)
Proceeds from maturity of certificates of deposit with other banks	19,047	-
Proceeds from sales, maturities and calls of securities available-for-sale	12,851	22,351
Proceeds from maturities and calls of securities held-to-maturity	7,101	-
Purchase of bank owned life insurance	(1,000)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(94,568)	(27,857)
FINANCING ACTIVITIES		
Net increase in deposits	91,466	15,617
Net increase in repurchase agreements	13,737	2,087
Proceeds from Federal Home Loan Bank borrowings	9,000	176,550
Principal payments on Federal Home Loan Bank borrowings	(21,744)	(168,191)
Purchase of treasury stock	(223)	(131)
Net proceeds of stock offering	-	1,735
Cash dividend	(160)	(159)
Common stock options exercised	292	71
NET CASH PROVIDED BY FINANCING ACTIVITIES	92,368	27,579
(Decrease) in cash and cash equivalents	(2,389)	(216)
Cash and cash equivalents at beginning of period	4,710	4,926
Cash and cash equivalents at end of period	$ 2,321	$ 4,710
Supplemental disclosure of cash flow information		
Cash payments for:		
Interest on deposits, repurchase agreements and FHLB borrowings	$ 5,488	$ 5,790
Income taxes	$ 607	$ 644

See Notes to Consolidated Financial Statements

MVB Financial Corp.
Consolidated Statements of Changes in Stockholders' Equity
Years ended December 31, 2009 and 2008
(Dollars in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(loss)	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2007	$ 1,508	$ 18,450	$ 4,140	$ (405)	$ (168)	$ 23,525
Comprehensive income:						
Cumulative effect of change in accounting for split-dollar life insurance arrangements			(138)			(138)
Net Income			828			828
Other comprehensive income(loss) Net fair value adjustment on securities available for sale, less reclassification adjustment for realized gains - net of tax effect of $235				352		352
Total Comprehensive Income						1,180
Minimum pension liability adjustment net of tax effect				(262)		(262)
Stock offering	89	1,646				1,735
Cash dividends paid ($0.10 per share)			(159)			(159)
Stock based compensation		15				15
Treasury stock, acquired at cost					(131)	(131)
Common stock options exercised	7	64				71
Balance, December 31, 2008	$ 1,604	$ 20,175	$ 4,671	$ (315)	$ (299)	$ 25,836
Comprehensive income:						
Net Income			1,406			1,406
Other comprehensive income(loss) Net fair value adjustment on securities available for sale, less reclassification adjustment for realized losses - net of tax effect of $(31)				(46)		(46)
Total Comprehensive Income						1,360
Minimum pension liability adjustment - net of tax effect				18		18
Cash dividends paid ($0.10 per share)			(160)			(160)
Stock based compensation		15				15
Treasury stock, acquired at cost					(223)	(223)
Common stock options execised	25	267				292
Balance, December 31, 2009	$ 1,629	$ 20,457	$ 5,917	$ (343)	$ (522)	$ 27,138

See Notes to Consolidated Financial Statements

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

MVB Financial Corp., "the Company", provides banking services to the domestic market with the primary market areas being the Marion, Harrison, Jefferson and Berkeley counties of West Virginia. To a large extent, the operations of the Company, such as loan portfolio management and deposit growth, are directly affected by the market area economies.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of MVB Financial Corp. Inc., and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates, such as the allowance for loan losses, are based upon known facts and circumstances. Estimates are revised by management in the period such facts and circumstances change. Actual results could differ from these estimates.

Investment Securities

Debt securities that management has the ability and intent to hold to maturity are classified as held-to-maturity and carried at cost, adjusted for amortization of premium and accretion of discounts computed by the interest method from purchase date to maturity. Other marketable securities are classified as available-for-sale and are carried at fair value. Unrealized gains and losses on securities available-for-sale, net of the deferred income tax effect, are recognized as direct increases or decreases in stockholders' equity. Cost of securities sold is recognized using the specific identification method.

Loans Held for Sale

Through Crescent Mortgage Company, Franklin American Mortgage and Freddie MAC, MVB Bank, Inc. has the ability to offer customers long-term fixed rate mortgage products without holding these instruments in the bank's loan portfolio. After thorough review of the process the Company has concluded that no material derivative instruments exist.

Loans and Allowance for Loan Losses

Loans are stated at the amount of unpaid principal reduced by an allowance for loan losses. Loans are considered delinquent when scheduled principal or interest payments are 31 days past due. Interest income on loans is recognized on an accrual basis. The allowance for loan losses is maintained at a level deemed adequate to absorb probable losses inherent in the loan portfolio. The Company consistently applies a quarterly loan review process to continually evaluate loans for changes in credit risk. This process serves as the primary means by which the Company evaluates the adequacy of the allowance for loan losses, and is based upon periodic review of the collectibility of loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are impaired. The general component covers non-classified loans and is based upon historical loss experience adjusted for qualitative factors.

A loan is considered impaired when, based upon current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and shortages generally are not classified as impaired. Generally the Company considers impaired loans to include loans classified as non-accrual loans and loans past due for longer than 90 days.

Loan Origination Fees and Costs

Accounting standards require that loan origination and commitment fees and direct loan origination costs be deferred and the net amount amortized as an adjustment of the related loan's yield.

Bank Premises, Furniture and Equipment

Bank premises, furniture and equipment are carried at cost less accumulated depreciation. The provision for depreciation is computed for financial reporting by the straight-line-method based on the estimated useful lives of assets, which range from 7 to 40 years on buildings and leasehold improvements and 3 to 10 years on furniture, fixtures and equipment.

Intangible Assets

The excess of the cost of an acquired company over the fair value of the net assets and identified intangibles acquired is recorded as goodwill. The net carrying amount of intangible assets was $941 and $956 at December 31, 2009 and 2008, respectively.

Other Investments

Federal Home Loan Bank (FHLB) stock is recorded at cost and considered to be restricted as the Company is required by the FHLB to hold this investment, and the only market for this stock is the issuing agency. FHLB stock totaled $1,911 and $1,479 at December 31, 2009 and 2008, respectively, and is included in other assets in the accompanying balance sheet. The Company also held $187 in Silverton Bank, N.A. stock at December 31, 2008, which during 2009 was written down to $0 due to the failure of Silveton Bank, N.A.

Income Taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes. The differences relate principally to accretion of discounts on investment securities, provision for loan losses, minimum pension liability, and differences between book and tax methods of depreciation.

Stock Based Compensation

The Company accounts for stock-based compensation in accordance with generally accepted accounting standards. Under these standards the Company is required to record compensation expense for all awards granted after the date of adoption and for any unvested options previously granted.

Foreclosed Assets Held for Resale

Foreclosed assets held for resale acquired in satisfaction of mortgage obligations and in foreclosure proceedings are recorded at the lower of cost or fair value less estimated selling costs at the time of foreclosure, with any valuation adjustments charged to the allowance for loan losses. Any unrealized gains or losses on sale are then recorded in other non-interest expense. At December 31, 2009 and 2008, the Company held other real estate of $1,171 and $818.

Net Income Per Common Share

Diluted net income per common share includes any dilutive effects of stock options, and is computed by dividing net income by the average number of common shares outstanding during the period, adjusted for the dilutive effect of options under The Company's 2003 Stock Incentive Plan.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities and minimum pension liability, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Endorsement Split-Dollar Life Insurance Arrangements

Accounting standards required that on January 1, 2008, the Company change its accounting policy and recognize a cumualtive-effect adjustment to retained earnings totaling $138 related to accounting for certain endorsement split-dollar life insurance arrangements.

Reclassifications

Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 financial statement presentation.

Subsequent Events

Management has reviewed events occurring through February 26, 2010, the date the financial statements were issued and no subsequent events transpired requiring accrual or disclosure.

NOTE 2. INVESTMENT SECURITIES

Amortized cost and approximate fair values of investment securities held-to-maturity at December 31, 2009, including gross unrealized gains and losses, are summarized as follows:
(Dollars in thousands)

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Fair Value
Municipal securities	5,594	16	(59)	5,551
U. S. Agency securities	1,000	59	-	1,059
	$ 6,594	$ 75	$ (59)	$ 6,610

Amortized cost and approximate fair values of investment securities held-to-maturity at December 31, 2008, including gross unrealized gains and losses, are summarized as follows:

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Fair Value
Municipal securities	807	7	(1)	813
U. S. Agency securities	7,989	131	-	8,120
	$ 8,796	$ 138	$ (1)	$ 8,933

Amortized cost and approximate fair values of investment securities available-for-sale at December 31, 2009 are summarized as follows:

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Fair Value
U. S. Agency securities	$ 16,122	$ 196	$ (18)	$ 16,300
Mortgage-backed securities	20,802	111	(45)	20,868
Other securities	124	-	-	124
	$ 37,048	$ 307	$ (63)	$ 37,292

Amortized cost and approximate fair values of investment securities available-for-sale at December 31, 2008 are summarized as follows:

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Fair Value
U. S. Agency securities	$ 15,025	$ 327	$ -	$ 15,352
Mortgage-backed securities	2,325	5	(11)	2,319
Other securities	124	-	-	124
	$ 17,474	$ 332	$ (11)	$ 17,795

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

	December 31, 2009			
	Held to Maturity		Available for sale	
	Amortized Cost	Approximate Fair Value	Amortized Cost	Approximate Fair Value
Within one year	$ -	$ -	$ 1,761	$ 1,796
After one year, but within five	275	282	10,752	10,763
After five years, but within ten	682	686	1,230	1,249
After ten Years	5,637	5,642	23,305	23,484
Total	$ 6,594	$ 6,610	$ 37,048	$ 37,292

Investment securities with a carrying value of $24,724 and $21,904 at December 31, 2009 and 2008, respectively, were pledged to secure public funds, repurchase agreements and potential borrowings at the Federal Reserve discount window.

The Company's investment portfolio includes securities that are in an unrealized loss position as of December 31, 2009, the details of which are included in the following table. Although these securities, if sold at December 31, 2009 would result in a pretax loss of $122, the Company has no intent to sell the applicable securities at such market values, and maintains the Company has the ability to hold these securities until all principal has been recovered. Declines in the market values of these securities can be traced to general market conditions which reflect the prospect for the economy as a whole. When determining other-than-temporary impairment on securities, the Company considers such factors as adverse conditions specifically related to a certain security or to specific conditions in an industry or geographic area, the time frame securities have been in an unrealized loss position, the Company's ability to hold the security for a period of time sufficient to allow for anticipated recovery in value, whether or not the security has been downgraded by a rating agency, and whether or not the financial condition of the security issuer has severely deteriorated. As of December 31, 2009, the Company considers all securities with unrealized loss positions to be temporarily impaired, and consequently, does not believe the Company will sustain any material realized losses as a result of the current temporary decline in market value.

The following table discloses investments in an unrealized loss position:

At December 31, 2009, total temporary impairment totaled $122.

Description and number of positions	Less than 12 months Fair Value	Less than 12 months Unrealized Loss	12 months or more Fair Value	12 months or more Unrealized Loss
U.S. Agencies (9)	$ 9,013	$ (18)	$ -	$ -
Mortgage-backed securities (13)	9,739	(45)	-	-
Municipal securities (15)	4,127	(59)	-	-
	$ 22,879	$ (122)	$ -	$ -

NOTE 3. LOANS

The components of loans in the balance sheet at December 31, were as follows:
(Dollars in thousands)

	2009	2008
Commercial and non-residential real estate	$ 152,426	$ 137,872
Residential real estate	67,507	52,303
Consumer and other	12,914	13,066
	$ 232,847	$ 203,241

Changes in the allowance for loan losses were as follows for the years ended December 31:
(Dollars in thousands)

	2009	2008
Balance at beginning of period	$ 1,860	$ 1,734
Losses charged to allowance	(453)	(483)
Recoveries credited to allowance	49	14
Provision for loan losses	785	595
Balance at end of period	$ 2,241	$ 1,860

Accounting standards require the Company to consider a loan impaired when, 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.

Impaired loan information for the years ended December 31:

	2009	2008
Impaired loans with an allocated allowance	$ 399	$ 876
Impaired loans without an allocated allowance	62	417
Total impaired loans	$ 461	$ 1,293
Allocated allowance on impaired loans	335	162
Average impaired loans	2,369	725
Income recognized on impaired loans	$ 95	$ 44

NOTE 4. BANK PREMISES, FURNITURE AND EQUIPMENT

Bank premises, furniture and equipment at December 31, were as follows:
(Dollars in thousands)

	2009	2008
Bank Premises	$ 7,516	$ 7,509
Equipment, furniture and fixtures	2,641	2,506
	10,157	10,015
Allowance for depreciation	(2,400)	(1,955)
	$ 7,757	$ 8,060

NOTE 5. DEPOSITS

Deposits at December 31, were as follows:
(Dollars in thousands)

	2009	2008
Demand deposits of individuals, partnerships, and corporations		
Interest bearing	$ 60,837	$ 17,317
Non-interest bearing	23,123	20,304
Time and savings deposits of individuals, partnerships and corporations	172,482	132,924
Deposits of states and political subdivisions	7,319	898
Official checks	770	1,622
Total Domestic Deposits	$ 264,531	$ 173,065
Time deposits of over $100 included above	$ 47,518	$ 36,725

Maturities of certificates of deposit at December 31, 2009 were as follows:

2010	$ 82,002
2011	12,802
2012	6,364
2013	7,361
2014	2,953
Total	$ 111,482

NOTE 6. BORROWED FUNDS

The Company is a party to repurchase agreements with certain customers. As of December 31, 2009 and 2008, the company held repurchase agreements of $35,641 and $21,904. Information related to repurchase agreements is summarized below:

(Dollars in thousands)	2009	2008
Balance at end of year	$ 35,641	$ 21,904
Average balance during the year	27,800	19,420
Maximum month-end balance	46,163	23,783
Weighted-average rate during the year	0.94%	1.56%
Rate at December 31	0.97%	0.69%

MVB Bank, Inc. (the Bank) is a member of the Federal Home Loan Bank ("FHLB") of Pittsburgh, Pennsylvania. The remaining maximum borrowing capacity with the FHLB at December 31, 2009 was approximately $70,384. At December 31, 2009 and 2008 the Bank had borrowed $19,198 and $30,942.

Borrowings from the FHLB as of December 31 were as follows:
(Dollars in thousands)

	2009	2008
Fixed interest rate note, originating April 1999, due April 2014, interest of 5.405% is payable monthly	$ 1,000	$ 1,000
Fixed interest rate note, originating January 2005, due January 2020, payable in monthly installments of $11, including interest of 5.140%	1,012	1,087
Fixed interest rate note, originating April 2002, due May 2017, payable in monthly installments of $4, including interest of 5.90%	662	676
Floating interest rate note, originating March 2003, due December 2011, interest payable monthly, including interest of 0.59%		18,545
Fixed interest rate note, originating July 2006, due July 2016, payable in monthly installments of $8, including interest of 4.50%	1,380	1,417
Fixed interest rate note, originating October 2006, due October 2021, payable in monthly installments of $6, including interest of 5.20%	1,109	1,127
Fixed interest rate note, originating April 2007, due April 2022, payable in monthly installments of $6, including interest of 5.18%	1,051	1,068
Amortizing fixed interest rate note, originating February 2007, due February 2022, payable in monthly installments of $5, including interest of 5.22%	929	944
Fixed interest rate note, originating May 2009, due May 2010, interest of 0.72% payable quarterly	5,000	-
Fixed interest rate note, originating November 2009, due May 2010, interest of 0.35% payable quarterly	4,000	-
Fixed interest rate note, originating December 2007, due December 2017, payable in monthly installments of $7, including interest of 5.25%	1,055	1,078
Fixed interest rate note, originating March 2008. due March 2013, interest of 2.37% payable quarterly	2,000	2,000
Fixed interest rate note, originating March 2008. due March 2009, interest of 2.26% payable quarterly	-	2,000
	$ 19,198	$ 30,942

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

The Trust Preferred Securities and the Debentures mature in 30 years and are redeemable by the Company after five years. Interest payments are due in March, June, September and December and are adjusted at the interest due dates at a rate of 1.62% over the three month LIBOR Rate. The Company reflects borrowed funds in the amount of $4.1 million as of December 31, 2009 and 2008 and interest expense of $109 and $203 for the years ended December 31, 2009 and 2008.

Borrowings from the FHLB are secured by stock in the FHLB of Pittsburgh, qualifying first mortgage loans, mortgage-backed securities and certain investment securities.

The bank had borrowed $1,000 at the Federal Reserve discount window for 90 days beginning December 2008, maturing March 2009 at a rate of 1.25%

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

Year	Amount
2010	$ 9,210
2011	221
2012	232
2013	2,244
2014	1,257
Thereafter	10,158
	$ 23,322

NOTE 7. COMMITMENTS AND CONTINGENT LIABILITIES

Financial Instruments with Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the statements of financial condition.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customers' credit worthiness on a case-by-case basis. The amount and type of collateral obtained, if deemed necessary by the Company upon extension of credit, varies and is based on management's credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Company's policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

Total contractual amounts of the commitments as of December 31 were as follows:
(Dollars in thousands)

	2009	2008
Available on lines of credit	$ 30,814	$ 44,165
Stand-by letters of credit	1,642	1,814
Other loan commitments	529	563
	$ 32,985	$ 46,542

Concentration of Credit Risk

The Company grants a majority of its commercial, financial, agricultural, real estate and installment loans to customers throughout the Marion, Harrison, Jefferson and Berkeley County areas of West Virginia and adjacent counties. Collateral for loans is primarily residential and commercial real estate, personal property, and business equipment. The Company evaluates the credit worthiness of each of its customers on a case-by-case basis, and the amount of collateral it obtains is based upon management's credit evaluation.

Litigation

The subsidiary bank is involved in various legal actions arising in the ordinary course of business. In the opinion of management and counsel, the outcome of these matters will not have a significant adverse effect on the consolidated financial statements.

NOTE 8. INCOME TAXES

Accounting standards require that the Company use an asset and liability approach that requires the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of other assets and liabilities.

The amount reflected as income taxes represents federal and state income taxes on financial statement income. Certain items of income and expense, primarily the provision for possible loan losses, allowance for losses on foreclosed assets held for resale, depreciation, and accretion of discounts on investment securities are reported in different accounting periods for income tax purposes.

The provisions for income taxes for the years ended December 31, were as follows:
(Dollars in thousands)

Current:	2009	2008
Federal	$ 392	$ 244
State	101	43
	$ 493	$ 287
Deferred expense(benefit)		
Federal	$ (32)	$ (20)
State	(7)	(4)
	(39)	(24)
Income Tax expense	$ 454	$ 263

Following is a reconciliation of income taxes at federal statutory rates to recorded income taxes for the year ended December 31:

	2009		2008	
	Amount	%	Amount	%
Tax at Federal tax rate	$ 632	34.0%	$ 371	34.0%
Tax effect of:				
State income tax	47	2.5%	27	2.5%
Tax exempt earnings	(226)	-12.2%	(136)	-12.5%
Other	1	0.0%	1	0.0%
	$ 454	24.3%	$ 263	24.0%

Deferred tax assets and liabilities are the result of timing differences in recognition of revenue and expense for income tax and financial statement purposes.

Deferred income tax liabilities and (assets) were comprised of the following at December 31:

	2009	2008
Depreciation	$ 318	$ 255
Unrealized loss on securities available-for-sale	$ 98	$ 128
Pension	45	26
Gross deferred tax liabilities	461	409
Allowance for loan losses	(765)	(643)
Minimum pension liability	(326)	(338)
Gross deferred tax (assets)	(1,091)	(981)
Net deferred tax (asset)	$ (630)	$ (572)

No deferred income tax valuation allowance is provided since it is more likely than not that realization of the deferred income tax asset will occur in future years.

NOTE 9. RELATED PARTY TRANSACTIONS

The Company has granted loans to officers and directors of the Company and to their associates. Related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk of collectibility. Set forth below is a summary of the related loan activity.

(Dollars in thousands)	Balance at Beginning of Year	Borrowings	Repayments	Balance at end of Year
December 31, 2009	$ 13,517	$ 2,468	$ (947)	$ 15,038
December 31, 2008	$ 6,213	$ 8,832	$ (1,528)	$ 13,517

The Company held related party deposits of $10,941 and $5,981 at December 31, 2009 and December 31, 2008, respectively.

The Company held related party repurchase agreements of $1,585 and $1,867 at December 31, 2009 and December 31, 2008, respectively.

NOTE 10. PENSION PLAN

The Company participates in a trusteed pension plan known as the Allegheny Group Retirement Plan covering virtually all full-time employees. Benefits are based on years of service and the employee's compensation. The Company's funding policy is to fund normal costs of the plan as accrued. Contributions are intended to provide not only for benefits attributed to service to date, but also for those benefits expected to be earned in the future. The Company participated in the pension plan beginning January 1, 1999. The Company has recognized estimated pension expense of $291 and $301 for the years ended December 31, 2009 and 2008.

Information pertaining to the activity in the Company's defined benefit plan, using the latest available actuarial valuations with a measurement date of December 31, 2009 and 2008 is as follows:

(Dollars in thousands)	2009	2008
Change in benefit obligation		
Benefit obligation at beginning of year	$ 1,812	$ 1,396
Service cost	259	271
Interest cost	112	100
Actuarial loss	221	70
Benefits paid	(15)	(25)
Benefit obligation at end of year	$ 2,389	$ 1,812
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 967	$ 1,058
Actual return on plan assets	284	(386)
Employer contribution	339	320
Benefits paid	(15)	(25)
Fair value of plan assets at end of year	$ 1,575	$ 967
Funded status	$ (814)	$ (845)
Unrecognized net actuarial loss	944	924
Unrecognized prior service cost	9	12
Prepaid pension cost recognized	$ 139	$ 91
Accumulated benefit obligation	$ 1,869	$ 1,471

At December 31, 2009 and 2008, the weighted average assumptions used to determine the benefit obligation are as follows:

	2009	2008
Discount rate	6.00%	6.25%
Rate of compensation increase	3.00%	3.00%

The components of net periodic pension cost are as follows:

Service cost	$	260	$	232
Interest cost		112		86
Expected return on plan assets		(116)		(87)
Amortization of prior service costs		2		2
Amortization of loss		33		25
Net periodic pension cost	$	291	$	258

At December 31, 2009 and 2008, the weighted average assumptions used to determine net periodic pension cost are as follows:

Discount rate	6.25%	6.25%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	3.00%	3.00%

The Company's pension plan asset allocations at December 31, 2009 and 2008, as well as target allocations for 2010 are as follows:

Asset Category	2010 Target	12/31/09	12/31/08
Equity securities	75%	63%	64%
Balanced fund	20%	32%	30%
Other	5%	5%	6%
Total	100%	100%	100%

The net transition obligation (asset), prior service cost (credit), and estimated net loss (gain) for the plan that are expected to be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are shown in the table below.

	2010		2009	
Expected amortization of transition obligation (asset)	$	-	$	-
Expected amortization of prior service cost (credit)		2		2
Expected amortization of net loss (gain)		44		33

Plan Assets
The pension plan's overall investment strategy is to achieve a mix of approximately 75 percent of investments for long-term growth and 25 percent for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are 75 percent equity securities, 20 percent corporate bonds and US Treasury securities, and 5 percent to all other types of investments. Equity securities primarily include investments in large-cap and mid-cap companies primarily located in the United States. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries. Other types of investments include investments in hedge funds and private equity funds that follow several different strategies.

The fair value of MVB's pension plan assets at December 31, 2009 by asset class are as follows:

The following table sets forth by level, within the fair value hierarchy, as defined in Note 18 - Fair Value Measurements, the Plan's assets at fair value as of December 31, 2009.

	31-Dec-09							
	Level I		Level II		Level III		Total	
Assets:								
Cash and cash equivalents	$	79	$	-	$	-	$	79
Investment in equity securities	$	992	$	-	$	-	$	992
Investment in debt	$	-	$	504	$	-	$	504
Total assets at fair value	$	1,071	$	504	$	-	$	1,575

Investment in government securities and short-term investments are valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Below we show the best estimate of the plan contribution for next fiscal year. We also show the benefits expected to be paid in each of the next

		Cash Flow
Contributions for the period of 01/01/10 through 12/31/10	$	56,640
Estimated future benefit payments reflecting expected future service		
1/1/2011 through 12/31/2011	$	61,825
1/1/2012 through 12/31/2012	$	109,320
1/1/2013 through 12/31/2013	$	129,026
1/1/2014 through 12/31/2014	$	137,766
1/1/2015 through 12/31/2019	$	963,086

NOTE 11. INTANGIBLE ASSETS

On October 7, 2005, the Company purchased a full service office in the Charles Town area of Jefferson County West Virginia. This office held assets of $1.8 million and total deposits of $17.1 million. As a result of this transaction, the Company recorded intangible assets. As of December 31, 2009 the Company has allocated $45 to core deposit intangibles, which are being amortized using the double-declining balance method over 10 years. The remaining $896 has been recorded as goodwill, and is evaluated for impairment on October 1st each year by the Company.

NOTE 12. STOCK OFFERING

During 2008 the Company closed a public stock offering of 200,000 shares of common stock by issuing 89,208 shares, in addition to 29,350 shares issued in 2007. This offering when completed totaled $2.3 million. The proceeds of this offering were used to support the growth of the bank and to increase the legal lending limit to one borrower. At December 31, 2007, outstanding shares totaled 1,508,081. During 2008, the Company issued 95,541 shares, concluding 2008 with outstanding shares of 1,603,622.

NOTE 13. STOCK OPTIONS

The MVB Financial Corp. Incentive Stock Plan provides for the issuance of stock options to selected employees. Under the provisions of the plan, the option price per share shall not be less than the fair market value of the common stock on the date of the grant. All options granted prior to 2004 vest in 4 years, and expire 10 years from the date of grant. For options granted in 2004 and 2005 the vesting period has been accelerated to fully vest at December 31, 2005. These options also expire 10 years from the date of the grant. Options granted in 2006 and 2007 vest in 5 years and expire 10 years from the date of the grant.

The following summarizes MVB's stock options as of December 31, and the changes for the year then ended:

	2009			2008		
	Number of Shares	Weighted-Average Exercise Price		Number of Shares	Weighted-Average Exercise Price	
Outstanding at beginning of year	161,007	$	15.05	167,330	$	14.91
Granted	-		-	-		-
Adjust for 5% stock dividend	-	$	-	-	$	-
Exercised	(26,349)		-	(6,323)		-
Forfeited/expired	-		-	-		-
Outstanding at end of year	134,658	$	15.83	161,007	$	15.05
Exercisable at end of year	124,658	$	15.81	147,507	$	15.00
Weighted-average fair value of options granted during the year		N/A			N/A	

The following summarizes information concerning MVB's stock options outstanding at December 31, 2009:

	Options Outstanding			Options Exercisable	
Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$9.98	3,859	1.00	$9.98	3,859	$9.98
$16.00	130,799	7.00	$16.00	120,799	$16.00

NOTE 14. REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications 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 the Bank to maintain minimum amounts and ratios of Total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets, as defined. As of December 31, 2009 and 2008, the Bank meets all capital adequacy requirements to which it is subject.

The most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below. Both the Company's and the Bank's actual capital amounts and ratios are presented in the table below.

	ACTUAL		MINIMUM TO BE WELL CAPITALIZED		MINIMUM FOR CAPITAL ADEQUACY PURPOSES	
(Dollars in thousands)	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
As of December 31, 2009						
Total Capital (to risk-weighted assets)						
Consolidated	$ 28,780	11.8%	N/A	N/A	$ 19,440	8.0%
Subsidiary Bank	$ 32,191	13.2%	$ 24,300	10.0%	$ 19,440	8.0%
Tier I Capital (to risk-weighted assets)						
Consolidated	$ 26,539	10.9%	N/A	N/A	$ 9,720	4.0%
Subsidiary Bank	$ 29,950	12.3%	$ 14,580	6.0%	$ 9,720	4.0%
Tier I Capital (to average assets)						
Consolidated	$ 26,539	7.6%	N/A	N/A	$ 14,020	4.0%
Subsidiary Bank	$ 29,950	8.6%	$ 17,508	5.0%	$ 14,007	4.0%
As of December 31, 2008						
Total Capital (to risk-weighted assets)						
Consolidated	$ 26,547	12.6%	N/A	N/A	$ 16,868	8.0%
Subsidiary Bank	$ 30,053	14.3%	$ 21,060	10.0%	$ 16,848	8.0%
Tier I Capital (to risk-weighted assets)						
Consolidated	$ 24,687	11.7%	N/A	N/A	$ 8,434	4.0%
Subsidiary Bank	$ 28,193	13.4%	$ 12,636	6.0%	$ 8,424	4.0%
Tier I Capital (to average assets)						
Consolidated	$ 24,687	10.1%	N/A	N/A	$ 9,825	4.0%
Subsidiary Bank	$ 28,193	11.5%	$ 12,268	5.0%	$ 9,815	4.0%

NOTE 15. REGULATORY RESTRICTION ON DIVIDEND

The approval of the regulatory agencies is required if the total of all dividends declared by the Bank in any calendar year exceeds the Bank's net profits, as defined, for that year combined with its retained net profits for the preceding two calendar years.

NOTE 16. LEASES

The Company leases land and building space for the operation of some banking offices. All such leases qualify as operating leases. Following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2009:

	(Dollars in thousands)
Years ended December 31:	
2010	$ 55
2011	55
2012	55
2013	55
2014	55
Thereafter	320
Total minimum payments required:	$ 595

Total lease expense for the years ended December 31, 2009 and 2008 was $54 and $54, respectively.

NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Short-term financial instruments: The carrying values of short-term financial instruments including cash and due from banks, interest bearing balances - FHLB, and certificates of deposit in other banks approximate the fair value of these instruments.

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

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

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

Repurchase agreements: The fair values of repurchase agreements approximate their estimated fair values.

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

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

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

	December 31, 2009	
	Carrying Value	Estimated Fair Value
	(Dollars in thousands)	
Financial assets:		
Cash and due from banks	$ 2,321	$ 2,321
Interest bearing balances with banks	53,377	53,484
Securities available-for-sale	37,292	37,292
Securities held-to-maturity	6,594	6,772
Loans	232,847	233,313
Accrued interest receivable	1,074	1,074
	$ 333,505	$ 334,256
Financial liabilities:		
Deposits	$ 264,531	$ 263,840
Repurchase agreements	35,641	35,712
Federal Home Loan Bank Borrowings	19,198	20,427
Accrued interest payable	531	531
Long-term debt	4,124	4,124
	$ 324,025	$ 324,634

	December 31, 2008	
	Carrying Value	Estimated Fair Value
Financial assets:		
Cash and due from banks	$ 4,710	$ 4,710
Interest bearing balances with banks	7,040	7,040
Securities available-for-sale	17,795	17,795
Securities held-to-maturity	8,796	8,629
Loans	203,241	205,273
Accrued interest receivable	1,123	1,123
	$ 242,705	$ 244,570
Financial liabilities:		
Deposits	$ 173,065	$ 166,142
Repurchase agreements	21,904	22,123
Federal Home Loan Bank Borrowings	31,942	32,261
Accrued interest payable	486	486
Accrued interest payable	4,124	4,124
Long-term debt	$ 231,521	$ 225,136

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

NOTE 18. FAIR VALUE MEASUREMENTS

Effective January 1, 2008 accounting standards required that the Company adopt fair value measurement for financial assets and financial liabilities. This enhanced guidance for using fair value to measure assets and liabilities applies whenever other standards require or permit assets or liabilities to be measured at fair value. This guidance does not expand the use of fair value in any new circumstances.

Accounting standards establish a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value. The three broad levels defined by these standards are as follows:

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

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

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

The following table presents the assets and liabilities reported on the consolidated statements of financial condition at their fair value as of December 31, 2009 by level within the fair value hierarchy. As required by accounting standards, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	December 31, 2009			
(In Thousands)	Level I	Level II	Level III	Total
Assets:				
Investment securities, available for sale		37,292		37,292

NOTE 19. CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY

The investment of the Company in its second tier subsidiaries is presented on the equity method of accounting. Information relative to the parent company's balance sheets at December 31, 2009 and 2008, and the related statements of income and cash flows for each of those years are presented below:

(Dollars in thousands, except share data)

Balance Sheets	December 31	
Assets	2009	2008
Cash	$ 399	$ 368
Investment in bank subsidiary, eliminated in consolidation	30,548	29,342
Other assets	319	257
Total assets	$ 31,266	$ 29,967
Liabilities and shareholders' equity		
Liabilities		
Other liabilities	$ 4	$ 7
Long-term debt	4,124	4,124
Total liabilities	4,128	4,131
Stockholders' equity		
Preferred stock, par value $1,000; 5,000 shares authorized, none issued	$ -	$ -
Common stock, par value $1; 4,000,000 shares authorized; 1,629,971 and 1,603,622 shares issued respectively	1,629	1,604
Additional paid in capital	20,457	20,175
Treasury stock	(522)	(299)
Retained earnings	5,917	4,671
Accumulated other comprehensive income	(343)	(315)
Total stockholders' equity	27,138	25,836
Total liabilities and stockholders' equity	$ 31,266	$ 29,967

(Dollars in thousands)

Statements of Income	2009	2008
Income - dividends from bank subsidiary	$ -	$ -
Expenses - operating	163	250
Income/(Loss) before income taxes and undistributed income	(163)	(250)
Income tax (benefit)	(62)	(60)
Income after tax	(101)	(190)
Equity in undistributed income of bank subsidiary	1,507	1,018
Net income	$ 1,406	$ 828

(Dollars in thousands)

Statements of Cash Flows	2009	2008
OPERATING ACTIVITIES		
Net income	$ 1,406	$ 828
Equity in undistributed income of bank subsidiary	(1,507)	(1,018)
(Increase) in other assets	(62)	(149)
(Decrease)/increase in other liabilities	(3)	(4)
Stock option expense	15	15
Unrealized (loss)/gain	(28)	90
Net cash (used in) operating activities	(179)	(238)
INVESTING ACTIVITIES		
Investment in subsidiary	301	(1,585)
Net cash provided by/(used in) investing activities	301	(1,585)
FINANCING ACTIVITIES		
Proceeds of stock offering	-	1,736
Proceeds from long-term borrowings	-	-
Common stock options exercised	292	70
Cash dividend	(160)	(159)
Purchase of treasury stock	(223)	(131)
Net cash (used in)/provided by financing activities	(91)	1,516
Increase/(decrease) in cash	31	(307)
Cash at beginning of period	368	675
Cash at end of period	$ 399	$ 368

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Summary of Stock Prices/ Transactions

July 15, 1998	Original issue	$10.00	per share
October 15, 1999	Secondary offering	11.00	per share
December 31, 1999	Last price before end of the year	11.00	per share
December 31, 2000	Last price before end of the year	11.00	per share
June 1, 2001	Stock dividend	5%	
December 31, 2001	Last price before end of the year	11.00	per share
November 1, 2002	Secondary offering	12.50	per share
December 31, 2002	Last price before end of the year	12.50	per share
December 31, 2003	Last price before end of the year	13.00	Per share
August 15, 2004	Stock dividend	5%	
December 31, 2004	Last price before end of the year	14.00	Per share
July 1, 2005	Secondary offering	16.00	Per share
December 31, 2005	Last price before end of the year	16.00	Per share
December 31, 2006	Last price before end of the year	16.00	Per share
July 1, 2007	Secondary offering	20.00	Per share
December 31, 2007	Last price before end of the year	20.00	Per share
December 15, 2008	Cash dividend	0.10	Per share
December 31, 2008	Last price before end of the year	20.00	Per share
December 15, 2009	Cash dividend	0.10	Per share
December 31, 2009	Last price before end of the year	20.00	Per share

The above information is provided as a guide to your cost basis in your MVB common stock. There have been very few transactions in the MVB common stock and usually we are aware of the sales price. However, there may be other transactions in MVB common stock at prices which are not known to MVB. We believe the above information will help in future years when such information is needed for tax purposes.

Please contact Lisa Wanstreet, Corporate Secretary, if you have any questions. She may be reached at (304) 367-8697.

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