

MVB FINANCIAL CORP
Form 10-K
March 26, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

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

Commission file Number 34603-9

MVB Financial Corp.

(Name of issuer in its charter)

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West Virginia
(State or other jurisdiction of
incorporation or organization)

20-0034461
(I.R.S. Employer
Identification No.)

301 Virginia Avenue, Fairmont, WV
(Address of principal executive offices)

26554
(Zip Code)

Issuer's telephone number (304) 363-4800

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$1.00 Par

(Title of Class)

Preferred Stock \$1,000.00 Par

(Title of Class)

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Check whether the issuer (1) filed all reports required to be filed under Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

State issuer's revenues for its most recent fiscal year \$ 14,897,000

Based upon the average selling price of sales known to the Registrant of the common shares of the Registrant through March 24, 2008, the aggregate market value of the common shares of the Registrant held by non affiliates during that time was \$21,852,240. For this purpose certain executive officers and directors are considered affiliates.

As of March 24, 2008, the Registrant had 1,560,771 shares of common stock outstanding with a par value of \$1.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of MVB's definitive Proxy Statement relating to the Annual Meeting to be held May 20, 2008 are incorporated by reference into Part III of this Annual Report on Form 10-KSB.

Transitional Small Business Disclosure Format (Check one): Yes ; No

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

MVB Financial Corp., or MVB, was formed on January 1, 2004 as a bank holding company. MVB Bank, Inc., or the Bank, was formed on October 30, 1997 and chartered under the laws of the state of West Virginia. The Bank commenced operations on January 4, 1999. During the fourth quarter of 2004, MVB formed two second-tier holding companies MVB Marion, Inc. and MVB Harrison, Inc. to manage the banking operations of MVB, the sole bank subsidiary, in those markets. In August of 2005, MVB opened a full service office in neighboring Harrison County. During October of 2005 MVB purchased a branch office in Jefferson County, situated in West Virginia's eastern panhandle. In 2006 MVB formed another second-tier holding company, MVB East, Inc. to manage the banking operations of MVB in the Jefferson and Berkeley county markets.

MVB operates five offices, two of which are located in Marion County, the main office located at 301 Virginia Avenue in Fairmont and a branch office at 2500 Fairmont Avenue inside the Shop N Save Supermarket in White Hall, WV. The remaining offices are located at 1000 Johnson Avenue in Bridgeport, Harrison County, 88 Somerset Boulevard in Charles Town, Jefferson County and 651 Foxcroft Avenue in Martinsburg, Berkeley County. At December 31, 2007, MVB had total assets of \$230.1 million, total loans of \$181.5 million, total deposits of \$157.4 million and total stockholders' equity of \$23.5 million.

MVB's business activities are currently confined to a single segment which is community banking. As a community banking entity, MVB offers its customers a full range of products through various delivery channels. Such products and services include checking accounts, NOW accounts, money market and savings accounts, time certificates of deposit, commercial, installment, commercial real estate and residential real estate mortgage loans, debit cards, and safe deposit rental facilities. MVB also offers travelers checks and official checks. Services are provided through our walk-in offices, automated teller machines (ATMs), drive-in facilities, and internet and telephone banking. Additionally, MVB offers non-deposit investment products through an association with a broker-dealer.

At December 31, 2007, MVB had 66 full-time and 11 part-time employees. MVB's principal office is located at 301 Virginia Avenue, Fairmont, West Virginia 26554, and its telephone number is (304) 363-4800. MVB's Internet web site is www.mvbbanking.com.

Since the opening date of January 4, 1999, MVB has experienced significant growth in assets, loans, and deposits due to overwhelming community and customer support in the Marion and Harrison county markets, and expansion into West Virginia's eastern panhandle.

During 2007, MVB continued to focus on growth in the Harrison and Jefferson County areas along with the addition of the Berkeley County market, as the primary method for reaching performance goals. MVB continuously reviews key performance indicators to measure our success.

Recent Additions

During the third quarter of 2007, MVB opened a full service banking facility in the Martinsburg area of Berkeley County West Virginia.

Market Area

MVB's primary market areas are the Marion, Harrison, Jefferson and Berkeley Counties of West Virginia, which includes a total of 64 banking facilities. Its extended market is in the adjacent counties.

United States Census Bureau data indicates that the Fairmont and Marion County, West Virginia populations have had somewhat different trends from 1980 to 2000. The population of Fairmont has fluctuated from 23,863 in 1980; 20,210 in 1990 and 19,097 in 2000, or a net decline of 4,766 or 20.0%. Marion County increased its population from 1980 to 1990, 55,789 to 57,249, and decreased to 56,598 in 2000. These changes resulted

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in a net increase of 1.45%. The Marion County population includes that of Fairmont. The result is that over the last 20 years, there has not been any significant change in population. Harrison County's population has decreased from 69,371 in 1990 to 68,652 in 2000, while Bridgeport's population has increased from 7,306 in 2000 to an estimated 7,598 in 2006, indicating that while population change in Harrison County has been relatively flat, the Bridgeport area is growing. The population in Jefferson County has been on the rise in recent years, increasing from 42,190 in 2000 to 49,206 in 2005. During this period, Charles Town has seen an increase in population of 16.6%. Berkeley County's population has grown from 75,905 in 2000 to an estimated 101,763 in 2007, making it the second-most populous county in West Virginia.

Unemployment in Marion County has improved compared to that of the State of West Virginia from November 1995 through December 2007. As of December 2007, the overall state rate was 4.4% compared to 3.7% for Marion County. During this same period of time, the Marion County Unemployment Rate has decreased from 8.9% to 3.7%, while the West Virginia rate declined from 7.5% to 4.4%. At December 31, 2007, Harrison, Jefferson and Berkeley counties showed unemployment rates of 4.1%, 3.0% and 4.2%, respectively. Jefferson County's unemployment rate is much better than the state average, Marion County's rate is better than the state average, and Harrison and Berkeley County's rates are about that of the state average. The future direction of unemployment will probably be driven by what occurs economically on a national level.

MVB originates various types of loans, including commercial and commercial real estate loans, residential real estate loans, home equity lines of credit, real estate construction loans, and consumer loans (loans to individuals). In general, MVB retains most of its originated loans (exclusive of certain long-term, fixed rate residential mortgages that are sold servicing released). However, loans originated in excess of MVB's legal lending limit are participated to other banking institutions and the servicing of those loans is retained by MVB. MVB has no loans to foreign entities. MVB's lending market area is primarily concentrated in the Marion, Harrison and Jefferson Counties of West Virginia.

Commercial Loans

At December 31, 2007, MVB had outstanding approximately \$128.5 million in commercial loans, including commercial, commercial real estate, financial and agricultural loans. These loans represented approximately 70.8% of the total aggregate loan portfolio as of that date.

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

MVB evaluates all new commercial loans, and on an annual basis mortgage loans in excess of \$300,000, as well as customers that have total outstanding loans that aggregate more than \$500,000. If deterioration in credit worthiness has occurred, MVB takes effective and prompt action designed to assure repayment of the loan. Upon detection of the reduced ability of a borrower to meet original cash flow obligations, the loan is considered a classified loan and reviewed for possible downgrading or placement on non-accrual status.

Consumer Loans

At December 31, 2007, MVB had outstanding consumer loans in an aggregate amount of approximately \$11.0 million or approximately 6% of the aggregate total loan portfolio.

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

Real Estate Loans

At December 31, 2007, MVB had approximately \$42.0 million of residential real estate loans, home equity lines of credit, and construction mortgages outstanding, representing 23.2% of total loans outstanding.

Lending Practices. MVB generally requires that the residential real estate loan amount be no more than 80% of the purchase price or the appraised value of the real estate securing the loan, unless the borrower obtains private mortgage insurance for the percentage exceeding 80%. Occasionally, MVB may lend up to 100% of the appraised value of the real estate. The risk conditions of these loans are considered during underwriting for the purposes of establishing an interest rate compatible with the risks inherent in mortgage lending and based on the equity of the home. Loans made in this lending category are generally one to five year adjustable rate, fully amortizing to maturity mortgages. MVB also originates fixed rate real estate loans and generally sells these loans in the secondary market, servicing released. All real estate loans are secured by first mortgages with evidence of title in favor of MVB in the form of an attorney's opinion of the title or a title insurance policy. MVB also requires proof of hazard insurance with MVB named as the mortgagee and as the loss payee. Generally, full appraisals are obtained from licensed appraisers for all loans secured by real estate.

Home Equity Loans. Home equity lines of credit are generally made as second mortgages by MVB. The maximum amount of a home equity line of credit is generally limited to 80% of the appraised value of the property less the balance of the first mortgage. MVB will lend up to 100% of the appraised value of the property at higher interest rates which are considered compatible with the additional risk assumed in these types of loans. The home equity lines of credit are written with 10 year terms, but are subject to review upon request for renewal.

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

Competition

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

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MVB primarily focuses on the Marion, Harrison, Jefferson and Berkeley County markets for its products and services. Management believes MVB has developed a niche and a level of expertise in serving this area.

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

Supervision and Regulation

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

Bank Holding Company Regulation. MVB is a bank holding company under the Bank Holding Company Act of 1956, which restricts the activities of MVB and any acquisition by MVB of voting stock or assets of any bank, savings association or other company. MVB is also subject to the reporting requirements of, and examination and regulation by, the Federal Reserve Board. MVB's subsidiary bank, MVB Bank, Inc., is subject to restrictions imposed by the Federal Reserve Act on transactions with affiliates, including any loans or extensions of credit to MVB or its subsidiaries, investments in the stock or other securities thereof and the taking of such stock or securities as collateral for loans to any borrower; the issuance of guarantees, acceptances or letters of credit on behalf of MVB and its subsidiaries; purchases or sales of securities or other assets; and the payment of money or furnishing of services to MVB and other subsidiaries. MVB is prohibited from acquiring direct or indirect control of more than 5% of any class of voting stock or substantially all of the assets of any bank holding company without the prior approval of the Federal Reserve Board. MVB and its subsidiaries are prohibited from engaging in certain tying arrangements in connection with extensions of credit and/or the provision of other property or services to a customer by MVB or its subsidiaries.

On July 30, 2002, the Senate and the House of Representatives of the United States (Congress) enacted the Sarbanes-Oxley Act of 2002, a law that addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. The New York Stock Exchange proposed corporate governance rules that were enacted by the Securities and Exchange Commission. The changes are intended to allow stockholders to more easily and efficiently monitor the performance of companies and directors and should not significantly impact MVB.

Effective August 29, 2002, as directed by Section 302(a) of Sarbanes-Oxley, MVB's chief executive officer and chief financial officer are each required to certify that MVB's Quarterly and Annual Reports do not contain any untrue statement of a material fact. The rules have several requirements, including having these officers certify that: they are responsible for establishing, maintaining and regularly evaluating the effectiveness of MVB's internal controls; they have made certain disclosures to MVB's auditors and the audit committee of the Board of Directors about MVB's internal controls; and they have included information in MVB's Quarterly and Annual Reports about their evaluation and whether there have been significant changes in MVB's internal controls or in other factors that could significantly affect internal controls subsequent to the evaluation.

The Gramm-Leach-Bliley Act (also known as the Financial Services Modernization Act of 1999) permits bank holding companies to become financial holding companies. This allows them to affiliate with securities firms and insurance companies and to engage in other activities that are financial in nature. A bank holding company may become a financial holding company if each of its subsidiary banks is well capitalized, is well managed and has at least a satisfactory rating under the Community Reinvestment Act. No regulatory approval will be required for a financial holding company to acquire a company, other than a bank or savings association, engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board.

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The Financial Services Modernization Act defines "financial in nature" to include: securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking activities; and activities that the Federal Reserve Board has determined to be closely related to banking. A bank also may engage, subject to limitations on investment, in activities that are financial in nature, other than insurance underwriting, insurance company portfolio investment, real estate development and real estate investment, through a financial subsidiary of the bank, if the bank is well capitalized, well managed and has at least a satisfactory Community Reinvestment Act rating.

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

International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (USA Patriot Act)

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

Federal Deposit Insurance Corporation

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

Federal Home Loan Bank

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

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Capital Requirements

Federal Reserve Board. The Federal Reserve Board has adopted risk-based capital guidelines for bank holding companies. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning assets and off-balance sheet items to broad risk categories. For further discussion regarding the Bank's risk-based capital requirements, see Note 14 of the Notes to the Financial Statements included in Item 7 of this Form 10-KSB.

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

Limits on Dividends

MVB's ability to obtain funds for the payment of dividends and for other cash requirements largely depends on the amount of dividends the Bank declares. However, the Federal Reserve Board expects MVB to serve as a source of strength to the Bank. The Federal Reserve Board may require MVB to retain capital for further investment in the Bank, rather than pay dividends to its shareholders. MVB Bank, Inc. may not pay dividends to MVB if, after paying those dividends, the Bank would fail to meet the required minimum levels under the risk-based capital guidelines and the minimum leverage ratio requirements. The Bank must have the approval from the West Virginia Department of Banking if a dividend in any year would cause the total dividends for that year to exceed the sum of the current year's net earnings as defined and the retained earnings for the preceding two years as defined, less required transfers to surplus. These provisions could limit MVB's ability to pay dividends on its outstanding common shares.

Federal and State Consumer Laws

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

Monetary Policy and Economic Conditions

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

The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of financial institutions in the past and are expected to continue to have significant effects in the future. In view of the changing conditions in the economy and the money markets and the activities of monetary and fiscal authorities, MVB cannot predict future changes in interest rates, credit availability or deposit levels.

Effect of Environmental Regulation

MVB's primary exposure to environmental risk is through its lending activities. In cases when management believes environmental risk potentially exists, MVB mitigates its environmental risk exposures by requiring environmental site assessments at the time of loan origination to confirm collateral quality as to commercial real estate parcels.

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posing higher than normal potential for environmental impact, as determined by reference to present and past uses of the subject property and adjacent sites. Environmental assessments are typically required prior to any foreclosure activity involving non-residential real estate collateral.

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

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

ITEM 2. DESCRIPTION OF PROPERTY

MVB Bank, Inc. owns its main office located at 301 Virginia Avenue in Fairmont, along with its offices at 1000 Johnson Avenue in Bridgeport, 88 Somerset Boulevard in Charles Town and 651 Foxcroft Avenue in Martinsburg. The Bank leases its office at 2500 Fairmont Avenue inside the Shop N Save supermarket in White Hall, in addition to the land at the Bridgeport location.

Additional information concerning the property and equipment owned or leased by MVB and its subsidiaries is incorporated herein by reference from Note 4, Bank Premises and Equipment and Note 16, Leases of the Notes to the Financial Statements included in Item 7 of this Form 10-KSB.

ITEM 3. LEGAL PROCEEDINGS

There are no pending legal proceedings to which MVB or its subsidiaries are a party or to which any of their property is subject.

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

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

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

The table presented below sets forth the estimated market value for the indicated periods based upon sales known to management with respect to MVB's common shares. The information set forth in the table is based on MVB's knowledge of certain arms-length transactions in the stock. In addition, dividends are subject to the restrictions described in Note 15 to the financial statements.

Quarterly Market and Dividend Information:

	2007		2006	
	Estimated Market Value Per Share	Dividend	Estimated Market Value Per Share	Dividend
Fourth Quarter	\$ 20.00	\$ 0.00	\$ 16.00	\$ 0.00
Third Quarter	20.00	0.00	16.00	0.00
Second Quarter	20.00	0.00	16.00	0.00
First Quarter	16.00	0.00	16.00	0.00

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MVB had 1,021 stockholders of record at December 31, 2007.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-looking Statements:

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

Many factors could cause MVB's actual results to differ materially from the results contemplated by the forward-looking statements. Some factors, which could negatively affect the results, include:

General economic conditions, either nationally or within MVB's market, could be less favorable than expected;

Changes in market interest rates could affect interest margins and profitability;

Competitive pressures could be greater than anticipated;

Legal or accounting changes could affect MVB's results; and

Adverse changes could occur in the securities and investments markets.

In Management's Discussion and Analysis we review and explain the general financial condition and the results of operations for MVB Financial Corp. and its subsidiaries. We have designed this discussion to assist you in understanding the significant changes in MVB's financial condition and results of operations. We have used accounting principles generally accepted in the United States to prepare the accompanying consolidated financial statements. We engaged S.R. Snodgrass, A.C. to audit the consolidated financial statements and their independent audit report is included in Item 7 herein.

Introduction

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

Application of Critical Accounting Policies

MVB's consolidated financial statements are prepared in accordance with U. S. generally accepted accounting principles and follow general practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions, and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement

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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.

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

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

Recent Accounting Pronouncements and Developments

Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS No. 109, *Accounting for Income Taxes* and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 will be effective for the Company's fiscal years beginning after December 15, 2006. The adoption of FIN 48 did not materially impact the Company's financial position, income or cash flows.

Fair Value Measurements

In September 2006, the FASB issued SFAS N. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities. The standard also responds to investors' request for expanded information about the extent to which a company measures assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The adoption of this standard is not expected to have a material effect on the Company's financial position.

Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans

In September 2006, the FASB issued SFAS no. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, and amendment of FASB Statements No. 87, 88, 106, and 132(R) (SFAS 158). SFAS 158 requires the Company to (a) recognize in its statement of financial position the overfunded or underfunded status of a defined benefit postretirement plan measured as the difference between the fair value of plan assets and the benefit obligation, (b) recognize as a component of other comprehensive income, net of tax, the actuarial gains and losses and the prior service costs and credits that arise during the period, (c) measure defined benefit plan assets and defined benefit plan

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obligations as of the date of the Company's statement of financial position, and (d) disclose additional information about certain effects on net periodic benefit costs in the upcoming fiscal year that arise from the delayed recognition of the actuarial gains and losses and the prior service costs and credits. An employer with publicly traded equity securities is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. The adoption of FASB 158 did not have a material effect on the financial statements.

The Fair Value Option for Financial Assets and Financial Liabilities

The objective of the FAS No. 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in earnings caused by measuring related assets and liabilities differently without having to apply the complex provisions of hedge accounting. FAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007 provided the entity also elects to apply the provisions of FAS No. 157, Fair Value Measurements. The Company is currently evaluating the impact the adoption of the standard will have on the Company's results of operations.

Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Agreements

In September 2006, the FASB reached consensus on the guidance provided by Emerging Issues Task Force Issue 06-4 (EITF 06-4), Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements. The guidance is applicable to endorsement split-dollar life insurance arrangements, whereby the employer owns and controls the insurance policy, that are associated with a postretirement benefit. EITF 06-4 requires that for a split-dollar life insurance arrangement within the scope of the Issue, an employer should recognize a liability for future benefits in accordance with FAS No. 106 (if, in substance, a postretirement benefit plan exists) or Accounting Principles Board Opinion No. 12 (if the arrangement is, in substance, an individual deferred compensation contract) based on the substantive agreement with the employee. EITF 06-4 is effective for fiscal years beginning after December 15, 2007. The adoption of this EITF is not expected to have a material effect on the Company's results of operations.

Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements

In March 2007, the FASB ratified Emerging Issues Task Force Issue No. 06-10 (EITF 06-10), Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements. EITF 06-10 provides guidance for determining a liability for the postretirement benefit obligation as well as recognition and measurement of the associated asset on the basis of the terms of the collateral assignment agreement. EITF 06-10 is effective for fiscal years beginning after December 15, 2007. The adoption of the EITF is not expected to have a material effect on the Company's results of operations.

Several other new accounting standards became effective during the periods presented or will be effective subsequent to December 31, 2007. None of these new standards had or is expected to have a significant impact on the Company's consolidated financial statements.

Summary Financial Results

MVB earned \$1.3 million in 2007 compared to \$973,000 in 2006. The earnings equated to a 2007 return on average assets of .62% and a return on average equity of 5.78%, compared to prior year results of .58% and 4.86%, respectively. Basic earnings per share was \$.87 in 2007 compared to \$.68 in 2006. Diluted earnings per share was \$.85 in 2007 compared to \$.67 in 2006. The most significant factor in the increase in 2007 profitability was the performance of two offices added in 2005. Salaries expense increased by \$588,000,

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mostly relating to staffing of the additional office, as well as increases for existing staff and the addition of mortgage lending staff. Advertising expense increased by \$154,000 mostly relating to the Berkeley and Harrison County areas. Data processing expense increased by \$76,000, the result of an increased volume of transactions and the increased offering of additional services such as online banking and bill payment. Interest income increased by \$3.3 million to \$13.3 million and interest expense increased by \$2.1 million to \$6.4 million, resulting in an increase in net interest income of \$1.2 million, mainly relating to the improved performance of the new offices. Other income increased by \$383,000, \$131,000 of which related to income on loans held for sale and \$56,000 in additional service charges on deposit accounts. In addition other income increased by 136,000, the largest item of which was \$48,000 from title insurance income. The 2007 results support MVB's belief that it has added further value to the franchise by establishing a presence in what we believe are two of the better markets in West Virginia. As these locations have time to develop further in 2008, results of operations should continue to reap the rewards of the outlay of expenditures in 2005.

While operating in a challenging interest rate environment, the Bank achieved a 7.15% yield on earning assets in 2007 compared to 6.59% in 2006. Despite extensive competition, total loans increased to \$181.5 million at December 31, 2007, from \$142.6 million at December 31, 2006. The Bank's ability to originate quality loans is supported by a minimal delinquency rate.

Deposits increased to \$157.4 million at December 31, 2007, from \$134.6 million at December 31, 2006, due in large part to MVB's expansion into the Harrison and Jefferson County markets. MVB offers an uncomplicated product design accompanied by a simple fee structure that is attractive to customers. The overall cost of funds for the bank was 3.94% in 2007 compared to 3.32% in 2006. This cost of funds, combined with the earning asset yield, resulted in a net interest margin of 3.71% in 2007 compared to 3.72% in 2006.

The Bank maintained a high-quality, short-term investment portfolio during 2007 to provide liquidity in the balance sheet, to fund loan growth, for repurchase agreements and to provide security for state and municipal deposits.

Interest Income and Expense

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

Net interest margin is calculated by dividing net interest income by average interest-earning assets and serves as a measurement of the net revenue stream generated by MVB's balance sheet. As noted above, the net interest margin was 3.71% in 2007 compared to 3.72% in 2006. The net interest margin continues to face considerable pressure due to competitive pricing of loans and deposits in MVB's markets. During 2007, the Federal Reserve decreased interest rates three times for a total decrease of 1.00% which had little impact on MVB's interest margin, as they occurred in the late third and fourth quarter of the year. Management's estimate of the impact of future changes in market interest rates is shown in the section captioned Interest Rate Risk.

Management continues to analyze methods to deploy MVB's assets into an earning asset mix which will result in a stronger net interest margin. Loan growth continues to be strong and management anticipates that loan activity will remain strong in the near term future.

During 2007, net interest income increased by \$1.2 million or 22.0% to \$6.9 million in 2007 from \$5.7 million in 2006. This increase is largely due to the growth in average earning assets, primarily \$33.3 million in loans. Average total earning assets were

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\$185.9 million in 2007 compared to \$151.8 million in 2006. Average total loans grew to \$158.5 million in 2007 from \$124.8 million in 2006. Primarily as a result of this growth, total interest income increased by \$3.3 million, or 32.6%, to \$13.3 million in 2007 from \$10.0 million in 2006. Average interest-bearing liabilities, mainly deposits, likewise increased in 2007 by \$30.5 million. Average interest-bearing deposits grew to \$108.9 million in 2007 from \$86.4 million in 2006. Total interest expense increased by \$2.0 million or 46.3%, to \$6.4 million in 2007 from \$4.4 million in 2006. This increase in interest expense was the result of a 62 basis point increase in interest cost from 2006 to 2007, along with an increase in average interest-bearing liabilities of \$30.5 million.

The growth in the volume of earning assets during 2007 resulted in the yield on earning assets improving to 7.15% in 2007 from 6.59% in 2006. The loan portfolio yield increased by 49 basis points, due mainly to the volume of adjustable rate loans repricing as interest rates increased throughout 2006, while MVB's investment portfolio yield increased by 33 basis points and interest-bearing deposits in banks yield increased by 76 basis points.

The cost of interest-bearing liabilities increased to 3.94% in 2007 from 3.32% in 2006. This increase is primarily the result of the higher interest rates paid on money market accounts, certificates of deposit, individual retirement accounts and repurchase agreements.

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

Average Balances and Analysis of Net Interest Income:

(Dollars in thousands)	Average Balance	2007 Interest Income/ Expense	Yield/ Cost	Average Balance	2006 Interest Income/ Expense	Yield/ Cost
Interest-bearing deposits in banks	\$ 1,981	\$ 102	5.15%	\$ 683	\$ 30	4.39%
Federal funds sold						
Investment securities	26,658	1,237	4.64	27,335	1,179	4.31
Loans						
Commercial	89,597	7,337	8.19	60,195	4,698	7.80
Tax exempt	6,374	304	4.77	6,536	302	4.62
Real estate	48,406	3,234	6.68	42,262	2,642	6.25
Consumer	14,118	1,060	7.51	15,801	1,160	7.34
Allowance for loan losses	(1,430)			(1,001)		
Net loans	157,065	11,935	7.60	123,793	8,802	7.11
Total earning assets	185,704	13,274	7.15	151,811	10,011	6.59
Cash and due from banks	4,589			4,297		
Other assets	15,251			12,842		
Total assets	\$ 205,544			\$ 168,950		
Liabilities						
Deposits:						
Non-interest bearing demand	\$ 20,211	\$		\$ 16,797	\$	
NOW	13,583	104	0.77	11,452	64	0.56
Money market checking	28,896	831	2.88	25,405	606	2.39
Savings	5,952	35	0.59	6,151	36	0.59
IRAs	6,559	293	4.47	5,875	238	4.05
CDs	74,104	3,595	4.85	54,269	2,259	4.16
Repurchase agreements and federal funds						
Sold	18,360	726	3.95	19,581	698	3.56
Federal Home Loan Bank borrowings	11,309	568	5.02	8,673	459	5.28
Long-term debt	3,141	225	7.16			
Total interest-bearing liabilities	161,904	6,377	3.94	131,406	4,360	3.32
Other liabilities	1,170			732		
Total liabilities	183,285			148,935		
Stockholders' equity						
Common stock	1,431			1,360		
Paid-in capital	17,701			16,314		
Retained earnings	3,479			2,791		
Accumulated other comprehensive income	(352)			(450)		
Total stockholders' equity	22,259			20,015		

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Total liabilities and stockholders' equity	\$ 205,544			\$ 168,950	
Net interest spread		3.21		3.27	
Impact of non-interest bearing funds on margin		0.50		0.45	
Net interest income-margin	\$ 6,897	3.71%		\$ 5,651	3.72%

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

(Dollars in thousands)	Volume(1)	2007 vs. 2006	
		Increase (Decrease)	
		Due to change in:	Net
		Rate(1)	
Interest earning assets:			
Loan portfolio:			
Commercial	\$ 2,295	\$ 344	\$ 2,639
Tax exempt	(7)	10	3
Real Estate	384	208	592
Consumer	(124)	23	(101)
Net loans	\$ 2,548	\$ 585	\$ 3,133
Investment securities (1)	(29)	87	58
Interest-bearing deposits in banks	57	15	72
Total interest-earning assets	\$ 2,576	\$ 687	\$ 3,263
Interest-bearing liabilities:			
NOW	\$ 12	\$ 28	\$ 40
Money market checking	83	142	225
Savings	(1)		(1)
IRAs	28	27	55
CDs	826	511	1,337
Repurchase agreements	(44)	71	27
FHLB borrowings	140	(30)	110
Long-term debt		225	225
Total interest-bearing liabilities	\$ 1,044	\$ 974	\$ 2,018
Net interest income	\$ 1,532	\$ (287)	\$ 1,245

(Dollars in thousands)	Volume(1)	2006 vs. 2005	
		Increase (Decrease)	
		Due to change in:	Net
		Rate(1)	
Interest earning assets:			
Loan portfolio:			
Commercial	\$ 1,477	\$ 437	\$ 1,914
Tax exempt	77	2	79
Real Estate	881	140	1,021
Consumer	217	(70)	147
Net loans	\$ 2,652	\$ 509	\$ 3,161
Investment securities (1)	210	123	333
Interest-bearing deposits in banks	(196)	66	(130)
Total interest-earning assets	\$ 2,666	\$ 698	\$ 3,364

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Interest-bearing liabilities:			
NOW	\$ 11	\$ 5	\$ 16
Money market checking	9	201	210
Savings			
IRAs	46	25	71
CDs	665	355	1,020
Repurchase agreements	305	145	450
FHLB borrowings	250	17	267
Total interest-bearing liabilities	\$ 1,286	\$ 748	\$ 2,034
Net interest income	\$ 1,380	\$ (50)	\$ 1,330

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

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Provision for Loan Losses

MVB's provision for loan losses for 2007 and 2006 were approximately \$584,000 and \$445,000, respectively. This increase principally relates to the increase in loans outstanding.

Determining the appropriate level of the Allowance for Loan Losses (ALL) requires considerable 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 and guidance from the Bank's primary regulators. Management seeks to maintain an ALL that is appropriate in the circumstances and that complies with applicable accounting and regulatory standards. Further discussion can be found later in this discussion under Allowance for Loan Losses.

Non-Interest Income

Fees related to deposit accounts and cash management accounts and income on loans held for sale represent the significant portion of the Bank's primary non-interest income. The total of non-interest income for 2007 was \$1.6 million versus \$1.2 million in 2006.

The most significant increase in non-interest income from 2007 to 2006 was \$136,000 in other income. This increase is primarily the result of the following: 48,000 in title insurance income, 30,000 from a trust preferred transaction, 22,000 in investment commissions and 17,000 in credit card income. Other areas of significant increase in non-interest income were income on loans held for sale, which increased by \$131,000 to \$377,000, service charges on deposit accounts which increased by \$56,000 to \$647,000 and visa debit card income which increased by \$42,000 to \$212,000.

Loss on sale of securities during 2007 totaled \$0 versus \$4,000 in 2006. The Bank does not routinely sell securities from the portfolio, however, during 2006, some very small mortgage-backed securities were sold and replaced with higher yielding agencies which were used for repurchase agreements.

The Bank is constantly searching for new non-interest income opportunities that enhance income and provide customer benefits.

Non-Interest Expense

Non-interest Expense was \$6.2 million in 2007 versus \$5.1 in 2006. Approximately 56% and 56% of non-interest expense for 2007 and 2006, respectively, related to personnel costs. Personnel is the lifeblood of every service organization, which is why personnel cost is such a significant part of the expenditure mix. This increase in personnel cost from \$2.9 million to \$3.5 million represents staffing for the Berkeley office as well as salary adjustments for existing staff, and additional staff in the mortgage loan area.

Data processing comprised approximately 9.5% and 10.1% of total non-interest expense during 2007 and 2006, respectively, growing from \$517,000 in 2006 to \$593,000 in 2007. This increase is the result of increasing account and transaction volumes from one year to the next and the continued focus on internet banking and bill payment services.

In 2007 other expense increased by 24.3% to \$660,000. This was largely the result of increased FDIC insurance costs of \$63,000, along with increased travel, training and postage expense totaling \$39,000.

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2006 compared to 2005

Net interest income increased by \$1.3 million when comparing 2006 with 2005 results. This increase is largely due to growth in average earning assets, primarily loans, of \$37.6 million in 2006. Average interest-bearing liabilities, mainly deposits, increased by \$32.8 million in 2006. This increase was due to an increase in average interest-bearing deposits of \$19.5 million.

Non-interest income is comprised of fees related to deposit accounts and cash management accounts. Non-interest income was \$1.2 million in 2006 compared to \$876,000 in 2005. This increase was due primarily to increased focus on secondary market loans, along with continued increases in service charges on deposit accounts and Visa debit card income.

Non-interest expense reached \$5.1 million in 2006 compared to \$4.3 million in 2005. This increase is representative of the continued growth in the Harrison and Jefferson county markets.

Income Taxes

MVB incurred income tax expense of \$414,000 in 2007 and \$341,000 in 2006.

The effective tax rate was 24% in 2007 and 26% 2006. This decrease was due to the fact that MVB had tax credits relating to tax exempt interest on loans from 2004, 2005 and 2006.

Return on Assets

MVB's return on average assets was .62% in 2007, .58% in 2006 and .45% in 2005. The increased return in 2007 is a direct result of the improving performance of the Harrison and Jefferson offices as they continue to grow and mature.

Return on Equity

MVB's return on average stockholders' equity (ROE) was 5.78% in 2007, compared to 4.86% in 2006 and 4.34% in 2005. The increased return in 2007 is a direct result of the improving performance of the Harrison and Jefferson offices as they continue to grow.

Overview of the Statement of Condition

The MVB balance sheet changed significantly from 2006 to 2007. Loans increased by \$38.9 million to \$181.5 million at December 31, 2007. This increase was largely due to growth in Jefferson and Berkeley Counties, where \$20.7 million in new loans were added to the portfolio, along with Harrison County where loans increased by \$13.4 million. Bank premises, furniture and equipment increased by \$1.7 million as MVB has constructed a new facility in Berkeley County, West Virginia. Additionally, loans held for sale decreased by \$1.1 million and other assets increased by \$1.7 million, \$500,000 of which was additional bank owned life insurance, \$393,000 accrued interest receivable and \$330,000 of which was FHLB stock. Deposits increased by \$22.9 million, \$14.0 million relating to Harrison County and \$8.0 million relating to the eastern panhandle, comprised of Jefferson and Berkeley Counties. FHLB borrowings increased by \$9.8 million, much of which was used to fund loan growth. Long-term debt increased by \$4.1 million as MVB completed a trust preferred offering in the first quarter of 2007. Finally, stockholders equity increased by \$1.9 million, \$587,000 of which represents the beginning of a \$4.0 million public offering began in 2007 and \$1.3 million in 2007 earnings. These areas of growth are in large part the direct result of growth in the Harrison, Jefferson and Berkeley county markets, in addition to the continued success of MVB in the Marion County market.

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Cash and Cash Equivalents

MVB's cash and cash equivalents totaled \$4.9 million at December 31, 2007, compared to \$6.4 million at December 31, 2006, a decrease of \$1.5 million. This represents a decrease in the cash letter on the final day of the year.

Management believes the current balance of cash and cash equivalents adequately serves MVB's liquidity and performance needs. Total cash and cash equivalents fluctuate on a daily basis due to transactions in process and other liquidity demands. Management believes the liquidity needs of MVB 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 MVB to meet cash obligations as they come due.

Investment Securities

Investment securities totaled \$27.8 million at December 31, 2007, compared to \$28.7 million at December 31, 2006.

MVB's investment securities are primarily classified as available-for-sale. Management believes the available-for-sale classification provides flexibility for MVB in terms of managing the portfolio for liquidity, yield enhancement and interest rate risk management opportunities. At December 31, 2007, the amortized cost of MVB's investment securities totaled \$28.1 million, resulting in unrealized depreciation in the investment portfolio of \$266,000.

Management monitors the earnings performance and liquidity of the investment portfolio on a regular basis through Investment/Asset and Liability Committee (IALC) meetings. The IALC also monitors net interest income and manages interest rate risk for MVB. Through active balance sheet management and analysis of the investment securities portfolio, MVB 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

MVB's lending is primarily focused in Marion, Harrison, Berkeley and Jefferson County, West Virginia with a secondary focus on the adjacent counties in West Virginia. The portfolio consists principally of commercial lending, retail lending, which includes single-family residential mortgages and consumer lending. Loans totaled \$181.5 million as of December 31, 2007, compared to \$142.6 million at December 31, 2006.

During 2007, MVB experienced loan growth of \$38.9 million, \$13.4 million in Harrison County and \$20.7 million in Jefferson and Berkeley counties combined. The most significant portion of the growth came in the commercial and non-residential real estate area. Commercial and non-residential real estate loans grew approximately \$45.4 million.

At December 31, 2007, commercial loans represented the largest portion of the portfolio approximating 70.8% of the total loan portfolio. Commercial loans totaled \$128.5 million at December 31, 2007, compared to \$83.1 million at December 31, 2006. Management will continue to focus on the enhancement and growth of the commercial loan portfolio while maintaining appropriate underwriting standards and risk/price balance. Management expects commercial loan demand to continue to be strong in 2008.

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Residential real estate loans to MVB's retail customers (including home equity lines of credit) account for the second largest portion of the loan portfolio, comprising 23.1% of MVB's total loan portfolio. Residential real estate loans totaled \$42.0 million at December 31, 2007, compared to \$48.1 million at December 31, 2006. Included in residential real estate loans are home equity credit lines totaling \$12.4 million at December 31, 2007, compared to \$10.7 million at December 31, 2006. Management believes the home equity loans are competitive products with an acceptable return on investment after risk considerations. Residential real estate lending continues to represent a primary focus of MVB's lending due to the lower risk factors associated with this type of loan and the opportunity to provide service to those in the Marion, Harrison and Jefferson County markets. Residential real estate portfolio loans were down due to MVB's increased focus on secondary market lending, to better serve customers by offering attractive long-term rates.

Consumer lending continues to be a part of MVB's core lending. At December 31, 2007, consumer loan balances totaled \$11.0 million compared to \$11.4 million at December 31, 2006. The majority of MVB's consumer loans are in the direct lending area. Management is pleased with the performance and quality of the consumer loan portfolio, which can be attributed to the many years of experience of its consumer lenders. This is another important product necessary to serve MVB's market areas.

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

Loan maturities at December 31, 2007:

(Dollars in Thousands)

	One Year or Less	Thru Five Years	Due After Five Years	Total
Commercial and nonresidential real estate	\$ 77,121	\$ 47,558	\$ 3,856	\$ 128,535
Residential real estate	5,884	26,059	10,087	42,030
Consumer and other	3,511	7,351	110	10,972
Total	\$ 86,516	\$ 80,968	\$ 14,053	\$ 181,537

The preceding data has been compiled based upon the earlier of either contractual maturity or next repricing date

Loan Portfolio Analysis:

(Dollars in Thousands)	2007	2006
Year-end balances:		
Commercial, financial and agricultural	128,535	83,124
Real estate	42,030	48,065
Consumer	10,972	11,410
Total	181,537	142,599

Loan Concentration

At December 31, 2007, commercial loans comprised the largest component of the loan portfolio. There are very few commercial loans that are not secured by real estate. Such non-real estate secured loans generally are lines of credit secured by accounts receivable. While the loan concentration is in commercial loans, the commercial portfolio is comprised of loans to many different borrowers, in numerous different industries but primarily located in our market areas.

Allowance for Loan Losses

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

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The result of the evaluation of the adequacy at each period presented herein indicated that the allowance for loan losses was considered adequate to absorb losses inherent in the loan portfolio.

At December 31, 2007 and 2006 MVB had impaired loans totaling \$470,000 and \$5,000 respectively. Included in these totals were non-accrual loans totaling \$469,000 and \$5,000 respectively. A portion of the Allowance for Loan Losses was allocated to cover any loss in these loans. Loans past due more than 30 days were \$2,152,000 and \$2,276,000, respectively at December 31, 2007 and 2006.

	December 31	
	2007	2006
Loans past due more than 30 days to gross loans	1.18%	1.59%
Loans past due more than 90 days to gross loans	.18%	.03%

MVB incurred net charge-offs of \$57,000 in 2007 and \$112,000 in 2006. MVB's provision for loan losses was \$584,000 in 2007 and \$445,000 in 2006. Net charge-offs represented .04% and .09% in 2007 and 2006, respectively, compared to average outstanding loans for the indicated period.

	2007	2006
Balance, January 1	\$ 1,206	\$ 873
Provision	584	445
Charge-offs	68	119
Recoveries	(11)	(7)
Net charge-offs	57	112
Balance, December 31	\$ 1,733	\$ 1,206

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

(Dollars in Thousands)	2007	2006
Allocation of allowance for loan losses at December 31:		
Commercial	\$ 1,167	\$ 482
Real estate	303	362
Consumer	263	362
Total	\$ 1,733	\$ 1,206
Percent of loans to total loans at December 31:		
Commercial	71%	58%
Real estate	23	34
Consumer	6	8
Total	100%	100%

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

Non-performing assets and past due loans:

(Dollars in Thousands)	2007	2006
Non-accrual loans		
Commercial	\$	\$
Real estate	364	
Consumer	105	5
Total non-accrual loans	469	5
Renegotiated loans		
Total non-performing loans	470	5
Other real estate, net		
Total non-performing assets	\$ 470	\$ 5

Accruing loans past due 90 days or more

Non-performing loans as a % of total loans	.26%	.00%
Allowance for loan losses as a % of non-performing loans	369%	24,120%

Funding Sources

MVB considers a number of alternatives, including but not limited to deposits, short-term borrowings, and long-term borrowings when evaluating funding sources. Traditional deposits continue to be the most significant source of funds for MVB, totaling \$157.4 million, or 78.4% of MVB's funding sources at December 31, 2007. This same information at December 31, 2006 reflected \$134.6 million in deposits representing 79.8% of such funding sources. Cash management accounts, which are available to large corporate customers represented 9.9% and 12.0% of MVB's funding sources at December 31, 2007 and 2006, respectively. Borrowings from the Federal Home Loan Bank of Pittsburgh for specific purposes represented the remainder of such funding sources.

Management continues to emphasize the development of additional non-interest-bearing deposits as a core funding source for MVB. At December 31, 2007, non-interest-bearing balances totaled \$19.1 million compared to \$19.8 million at December 31, 2006 or 12.1% and 14.7% of total deposits respectively.

Interest-bearing deposits totaled \$138.3 million at December 31, 2007, compared to \$114.8 million at December 31, 2006. On a percentage basis, Certificates of Deposits compose the largest component of MVB's deposits. Average interest-bearing liabilities totaled \$161.9 million during 2007 compared to \$131.4 million during 2006. Average non-interest bearing liabilities totaled \$21.4 million during 2007 compared to \$17.5 million during 2006. Management will continue to emphasize deposit gathering in 2008 by offering outstanding customer service and competitively priced products.

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Maturities of Certificates of Deposit \$100,000 or more:

(Dollars in Thousands)	2007
Under 3 months	\$ 4,060
Over 3-6 months	23,005
Over 6 to 12 months	4,584
Over 12 months	2,931
Total	\$ 34,580

There are no other time deposits of \$100,000 or more.

Federal Home Loan Bank borrowings and repurchase agreements:

(Dollars in Thousands)	2007	2006
Ending balance	\$ 43,400	\$ 33,999
Average balance	29,669	28,254
Highest month-end balance	44,064	35,946
Interest expense	1,294	1,157
Weighted average interest rate:		
End of Year	4.09%	4.36%
During the Year	4.36%	4.09%

Along with traditional deposits, MVB has access to both overnight repurchase agreements and Federal Home Loan Bank borrowings to fund its operations and investments. MVB's repurchase agreements totaled \$19.8 million at December 31, 2007, compared to \$20.2 million in 2006. Federal Home Loan Bank borrowings totaled \$23.6 million at December 31, 2007, compared to \$13.8 million at year-end 2006.

Capital/Stockholders' Equity

During the year ended December 31, 2007, stockholders' equity increased approximately \$1.9 million to \$23.5 million. This increase consists of \$587,000 raised through the beginning of a public stock offering begun in 2007 and MVB's net income for the year of \$1.3 million. MVB paid no dividends during 2007 or 2006.

At December 31, 2007, accumulated other comprehensive income (loss) totaled (\$405,000), an increase in the loss of \$32,000 from December 31, 2006. This principally represents net unrealized loss on available-for-sale securities, net of income taxes, and the adjustment to apply FASB statement No. 158, net of income taxes, at December 31, 2007. Because the vast majority of all the investment securities in MVB's portfolio are classified as available-for-sale, both the investment and equity sections of MVB's balance sheet are more sensitive to the changing market values of investments than those institutions that classify more of their investment portfolio as held to maturity. Interest rate fluctuations between year-end 2007 and 2006 resulted in the change in market value of the portfolio.

MVB 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 either 0% (lowest risk assets), 20%, 50%, or 100% (highest risk assets) is assigned to each asset on the balance sheet. Detailed information concerning MVB's risk-based capital ratios can be found in Note 14 of the Notes to the Audited Financial Statements. At December 31, 2007, MVB's risk-based capital ratios were above the minimum standards for a well-capitalized institution. MVB's risk-based capital ratio of 14.5% at December 31, 2007, is above the well-capitalized standard of 10%. MVB's Tier 1 capital ratio of 13.6% also exceeded the

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well-capitalized minimum of 6%. The leverage ratio at December 31, 2007, was 11.5% and was also above the well-capitalized standard of 5%. Management believes MVB's capital continues to provide a strong base for profitable growth.

Liquidity and Interest Rate Sensitivity

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

Interest Rate Risk

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

To this end, the IALC 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 IALC 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 IALC 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 IALC is better able to evaluate the possible risks associated with alternative strategies.

The simulation process starts with a base case simulation which represents projections of current balance sheet growth trends. Base case simulation results are prepared under a flat interest rate forecast and what is perceived to be the most likely alternative interest rate forecast. Comparisons showing the earnings variance from the flat rate forecast illustrate the risks associated with the current balance sheet strategy. If necessary, additional balance sheet strategies are developed and simulations prepared. The results from model simulations are reviewed for indications of whether current interest rate risk strategies are accomplishing their goal and, if not, what alternative strategies should be considered. The policy calls for periodic review by the IALC of assumptions used in the modeling.

The IALC 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 have been established. The IALC has determined that the earnings at risk of the Bank shall not change more than 10 % from the base case for a 1% shift in interest rates, nor more than 15 % from the base case for a 2% shift in interest rates. MVB is in compliance with this policy as of December 31, 2007.

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The following table is provided to show the earnings at risk of MVB as of December 31, 2007.

(Dollars in Thousands)

Immediate Interest Rate Change (one year time frame) (in Basis Points)	Estimated Increase (Decrease) in Net Interest Income December 31, 2007	
	Amount	Percent
+200	\$ 8,945	3.5%
+100	8,800	1.8%
Base rate	8,641	
-100	8,470	-0.7%
-200*	\$ 8,163	-5.5%

Liquidity

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

The main source of liquidity for MVB comes through deposit growth. Liquidity is also provided from cash generated from investment maturities, principal payments from loans, and income from loans and investment securities. During the year ended December 31, 2007, cash provided by financing activities totaled \$37.0 million, while outflows from investing activity totaled \$41.1 million. When appropriate, MVB has the ability to take advantage of external sources of funds such as advances from the Federal Home Loan Bank (FHLB) and national market certificate of deposit issuance programs. These external sources often provide attractive interest rates and flexible maturity dates that enable MVB to match funding with contractual maturity dates of assets. Securities in the investment portfolio are primarily classified as available-for-sale and can be utilized as an additional source of liquidity.

Off-Balance Sheet Commitments

MVB has entered into certain agreements that represent off-balance sheet arrangements that could have a significant impact on MVB's financial statements and could have a significant impact in future periods. Specifically, MVB has entered into agreements to extend credit or provide conditional payments pursuant to standby and commercial letters of credit. Further discussion of these agreements, including the amounts outstanding at December 31, 2007, is included in Note 7 to the financial statements.

The following table details the amounts and expected maturities of significant commitments as of December 31, 2007.

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(Dollars in thousands)	One Year Or Less	One To Three Years	Three To Five Years	Over Five Years	Total
Commitments to extend credit:					
Commercial	\$ 13,421	\$ 4,371	\$ 3,852	\$ 3,481	\$ 25,125
Residential real estate	1,611			52	1,663
Revolving home equity lines	80	326	1,269	13,065	14,740
Standby letters of credit	121	748	131		1,000
Other commitments	589				589

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

Fourth Quarter

MVB's fourth quarter net income was \$328,000 in 2007 compared to \$325,000 in the fourth quarter of 2006. This equated to basic earnings per share, on a quarterly basis, of \$.22 in 2007 and \$.23 in 2006. Diluted earnings per share for the fourth quarter of 2007 and 2006 was \$.22 and \$.22, respectively. Net interest income increased in each quarter during 2007 and was \$1.87 million in the fourth quarter of 2007 compared to \$1.54 million in 2006. Non-interest income was \$455,000 in the fourth quarter of 2007 compared to \$357,000 in 2006. Non-interest expense increased to \$1.65 million for the fourth quarter of 2007 from \$1.30 million in 2006.

Future Outlook

The Bank's net income in 2007 exceeded the levels prior to the opening of a new office in Harrison County and the purchase of an existing office in Jefferson County during 2005. These results support management's belief that the new markets will make more opportunities available to MVB in the future years. Due to continued customer acceptance of our customer service commitment, MVB has become a strong competitor in the Marion, Harrison, Jefferson and Berkeley County markets. MVB will strive to continue penetrating its markets with an emphasis on customer service with the highest quality products and technology.

Future plans for the Bank involve the Bank taking advantage of both technology and personal customer contact. The Bank continues to expand delivery channels to better serve both retail and business banking customers. In addition to top of the line technology, the Bank is committed to providing individual and personal banking services. MVB will continue to search for quality banking locations as well as exploring alternative delivery systems.

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MVB Financial Corp.

Consolidated Balance Sheets

(Dollars in thousands, except number of shares)

December 31, 2007 and 2006

	2007	2006
ASSETS		
Cash and due from banks	\$ 4,926	\$ 6,417
Interest bearing balances with banks	490	53
Investment Securities:		
Securities held-to-maturity, at cost	1,814	2,326
Securities available-for-sale, at approximate market value	26,029	26,413
Loans:	181,537	142,599
Less: Allowance for loan losses	(1,733)	(1,206)
Net Loans	179,804	141,393
Loans held for sale	217	1,293
Bank premises, furniture and equipment	8,244	6,493
Accrued interest receivable and other assets	8,574	6,896
TOTAL ASSETS	\$ 230,098	\$ 191,284
LIABILITIES AND STOCKHOLDERS EQUITY		
Deposits:		
Non-interest bearing	\$ 19,129	\$ 19,758
Interest bearing	138,319	114,835
Total Deposits	157,448	134,593
Accrued interest, taxes, and other liabilities	1,601	1,037
Repurchase agreements	19,817	20,209
Federal Home Loan Bank borrowings	23,583	13,790
Long-term debt	4,124	
Total Liabilities	206,573	169,629
STOCKHOLDERS EQUITY		
Preferred stock, par value \$1,000; 5,000 shares authorized, none issued		
Common stock, par value \$1; 4,000,000 shares authorized; 1,508,081 and 1,467,849 shares issued respectively	1,508	1,468
Additional paid-in capital	18,450	17,720
Treasury Stock, 8,919 and 1,234 shares, respectively	(168)	(18)
Retained earnings	4,140	2,858
Accumulated other comprehensive loss	(405)	(373)
Total Stockholders Equity	23,525	21,655
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 230,098	\$ 191,284

See Notes to Consolidated Financial Statements

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MVB Financial Corp.

Consolidated Statements of Income

(Dollars in thousands except Share and Per Share Data)

Years ended December 31, 2007 and 2006

	2007	2006
INTEREST INCOME		
Interest and fees on loans	\$ 11,631	\$ 8,500
Interest on deposits with other banks	102	30
Interest on investment securities taxable	1,207	1,151
Interest on tax exempt loans and securities	334	330
Total interest income	13,274	10,011
INTEREST EXPENSE		
Interest on deposits	4,859	3,203
Interest on repurchase agreements	725	698
Interest on Federal Home Loan Bank borrowings	568	459
Interest on long-term debt	225	
Total interest expense	6,377	4,360
NET INTEREST INCOME		
Provision for loan losses	584	445
Net interest income after provision for loan losses	6,313	5,206
OTHER INCOME		
Service charges on deposit accounts	647	591
Income on bank owned life insurance	167	149
Visa debit card income	212	170
Income on loans held for sale	377	246
Other operating income	220	84
	1,623	1,240
OTHER EXPENSES		
Salaries and employee benefits	3,485	2,897
Occupancy expense	406	379
Equipment depreciation and maintenance	351	310
Data processing	593	517
Visa debit card expense	152	116
Advertising	266	112
Legal and accounting fees	85	88
Printing, stationery and supplies	115	85
Other taxes	127	97
Other operating expenses	660	531
	6,240	5,132
Income before income taxes	1,696	1,314

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Income tax expense		414	341
Net Income	\$	1,282	\$ 973
Basic net income per share	\$	0.87	\$ 0.68
Diluted net income per share	\$	0.85	\$ 0.67
Basic weighted average shares outstanding		1,470,167	1,427,985
Diluted weighted average shares outstanding		1,509,404	1,442,910

See Notes to Consolidated Financial Statements

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MVB Financial Corp.

Consolidated Statements of Cash Flows

(Dollars in thousands)

Years ended December 31, 2007 and 2006

	2007	2006
OPERATING ACTIVITIES		
Net Income	\$ 1,282	\$ 973
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	584	445
Deferred income tax (benefit)/expense	(117)	(61)
Depreciation	364	310
Stock based compensation	13	
Loans originated for sale	(27,887)	(14,924)
Proceeds of loans sold	28,963	13,631
Amortization, net of accretion	23	31
(Increase) in interest receivable and other assets	(1,205)	(984)
Increase in accrued interest, taxes, and other liabilities	564	483
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	2,584	(96)
INVESTING ACTIVITIES		
(Increase) in loans made to customers	(38,995)	(37,497)
Purchases of premises and equipment	(2,115)	(1,177)
Purchases of investment securities available-for-sale	(6,625)	(8,386)
Purchases of investment securities held-to-maturity	(1,000)	
(Increase)/decrease in deposits with Federal Home Loan Bank, net	(437)	2,670
Purchases of certificates of deposit with other banks		(594)
Proceeds from maturity of certificates of deposit with other banks		1,485
Proceeds from sales, maturities and calls of securities available-for-sale	7,110	8,251
Proceeds from maturities and calls of securities held-to-maturity	1,500	209
Purchase of bank owned life insurance	(500)	
NET CASH (USED IN) INVESTING ACTIVITIES	(41,062)	(35,039)
FINANCING ACTIVITIES		
Net increase in deposits	22,855	20,640
Net (decrease)/increase in repurchase agreements	(392)	4,900
Proceeds from Federal Home Loan Bank borrowings	100,455	10,880
Principal payments on Federal Home Loan Bank borrowings	(90,662)	(92)
Proceeds from long-term borrowings	4,124	
Purchase of treasury stock	(150)	(8)
Net proceeds of stock offering	586	2,102
Common stock options exercised	171	
NET CASH PROVIDED BY FINANCING ACTIVITIES	36,987	38,422
(Decrease)/increase in cash and cash equivalents	(1,491)	3,287
Cash and cash equivalents at beginning of period	6,417	3,130

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Cash and cash equivalents at end of period	\$ 4,926	\$ 6,417
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Supplemental disclosure of cash flow information

Cash payments for:

Interest on deposits, repurchase agreements and FHLB borrowings	\$ 6,034	\$ 4,249
Income taxes	\$ 500	\$ 340

See Notes to Consolidated Financial Statements

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MVB Financial Corp.

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2007 and 2006

(Dollars in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(loss)	Treasury Stock	Total Stockholders Equity
Balance, December 31, 2005	\$ 1,336	\$ 15,750	\$ 1,885	\$ (443)	\$ (10)	\$ 18,518
Comprehensive income:						
Net Income			973			973
Other comprehensive income(loss)						
Net fair value adjustment on securities available for sale, less reclassification adjustment for realized gains - net of tax effect of \$123				185		185
Total Comprehensive Income						1,158
Adjustment to initially apply FASB Statement No. 158, net of tax				(115)		(115)
Stock offering	132	1,970				2,102
Treasury stock, acquired at cost					(8)	(8)
Balance, December 31, 2006	\$ 1,468	\$ 17,720	\$ 2,858	\$ (373)	\$ (18)	\$ 21,655
Comprehensive income:						
Net Income			1,282			1,282
Other comprehensive income(loss)						
Net fair value adjustment on securities available for sale, less reclassification adjustment for realized gains - net of tax effect of \$45				67		67
Total Comprehensive Income						1,349
Minimum pension liability adjustment - net of tax effect				(99)		(99)
Stock offering	29	557				586
Stock based compensation		13				13
Treasury stock, acquired at cost					(150)	(150)
Common stock options excised	11	160				171
Balance, December 31, 2007	\$ 1,508	\$ 18,450	\$ 4,140	\$ (405)	\$ (168)	\$ 23,525

See Notes to Consolidated Financial Statements

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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 Taylor, Bean and Whitaker, 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 contract with Taylor, Bean and Whitaker, 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

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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.

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Loan Origination Fees and Costs

Loan origination fees and costs are accounted for according to Statement of Financial Accounting Standards No. 91, which requires 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 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 \$975 at December 31, 2007.

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 \$1,181 and \$851 at December 31, 2007 and 2006, respectively, and is included in other assets in the accompanying balance sheet. The Company also holds \$187 in Silverton Bank, N.A. stock at December 31, 2007.

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

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123R, Share-Based Payment, (SFAS No. 123R) which was issued by the Financial Accounting Standards Board (FASB) in December 2004. SFAS No. 123R revises SFAS 123 Accounting for Stock Based Compensation, and supersedes APB No. 25, Accounting for Stock Issued to Employees, (APB No. 25) and its related interpretations. Under SFAS No. 123R, 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, 2007 and 2006, the Company held other real estate of \$55 and \$0.

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

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separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Reclassifications

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 financial statement presentation.

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NOTE 2. INVESTMENT SECURITIES

Amortized cost and approximate market values of investment securities held-to-maturity at December 31, 2007, including gross unrealized gains and losses, are summarized as follows:

(Dollars in thousands)

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Market Value
Mortgage-backed securities	\$	\$	\$	\$
Municipal securities	816	5	(2)	819
U. S. Agency securities	998			998
	\$ 1,814	\$ 5	\$ (2)	\$ 1,817

Amortized cost and approximate market values of investment securities held-to-maturity at December 31, 2006, including gross unrealized gains and losses, are summarized as follows:

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Market Value
Mortgage-backed securities	\$	\$	\$	\$
Municipal securities	826	2	(5)	823
U. S. Agency securities	1,500		(7)	1,493
	\$ 2,326	\$ 2	\$ (12)	\$ 2,316

Amortized cost and approximate market values of investment securities available-for-sale at December 31, 2007 are summarized as follows:

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Market Value
U. S. Agency securities	\$ 21,793	\$ 93	\$ (32)	\$ 21,854
Mortgage-backed securities	3,678		(56)	3,622
Corporate securities	700		(271)	429
Other securities	124			124
	\$ 26,295	\$ 93	\$ (359)	\$ 26,029

Amortized cost and approximate market values of investment securities available-for-sale at December 31, 2006 are summarized as follows:

	Amortized Cost	Unrealized Gain	Unrealized Loss	Approximate Market Value
U. S. Agency securities	\$ 20,869	\$ 34	\$ (145)	\$ 20,758
Mortgage-backed securities	4,667		(159)	4,508

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Corporate securities	1,255	2	(110)	1,147
	\$ 26,791	\$ 36	\$ (414)	\$ 26,413

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

	December 31, 2007			
	Held to Maturity		Available for Sale	
	Amortized Cost	Approximate Market Value	Amortized Cost	Approximate Market Value
Within one year	\$	\$	\$ 6,120	\$ 6,098
After one year, but within five	282	284	10,847	10,856
After five years, but within ten	1,430	1,429	7,684	7,719
After ten Years	102	104	1,644	1,356
Total	\$ 1,814	\$ 1,817	\$ 26,295	\$ 26,029

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Investment securities with a carrying value of \$20,512 and \$20,904 at December 31, 2007 and 2006, respectively, were pledged to secure public funds and repurchase agreements.

The Company's investment portfolio includes securities that are in an unrealized loss position as of December 31, 2007, the details of which are included in the following table. Although these securities, if sold at December 31, 2007 would result in a pretax loss of \$361, 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, 2007, 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, 2007, total temporary impairment totaled \$361.

Description and number of positions	Less than 12 months		12 months or more	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Agencies (22)	\$ 8,984	\$ (13)	\$ 3,231	\$ (19)
Mortgage-backed securities (27)			3,622	(56)
Corporate securities (2)			430	(271)
Municipal securities (1)			228	(2)
	\$ 8,984	\$ (13)	\$ 7,511	\$ (348)

NOTE 3. LOANS

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

(Dollars in thousands)

	2007	2006
Commercial and non-residential real estate	\$ 128,535	\$ 83,124
Residential real estate	42,030	48,065
Consumer and other	10,972	11,410
	\$ 181,537	\$ 142,599

Changes in the allowance for loan losses were as follows for the years ended December 31:

(Dollars in thousands)

	2007	2006
Balance at beginning of period	\$ 1,206	\$ 873
Losses charged to allowance	(68)	(119)

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Recoveries credited to allowance	11	7
Provision for loan losses	584	445
Balance at end of period	\$ 1,733	\$ 1,206

Impaired loans are accounted for in accordance with Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of Loans, as amended by Statement of Financial Accounting Standards No. 118. The Company considers a loan impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement.

As of December 31, 2007 and 2006, the Company had impaired loans totaling \$470 and \$5, respectively, with an allocated reserve for such loans sufficient to cover possible losses. Included in these totals were non-accrual loans totaling \$469 and \$5, respectively.

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NOTE 4. BANK PREMISES, FURNITURE AND EQUIPMENT

Bank premises, furniture and equipment at December 31, were as follows:

(Dollars in thousands)

	2007	2006
Bank Premises	\$ 7,368	\$ 5,853
Equipment, furniture and fixtures	2,391	1,791
	9,759	7,644
Allowance for depreciation	(1,515)	(1,151)
	\$ 8,244	\$ 6,493

NOTE 5. DEPOSITS

Deposits at December 31, were as follows:

(Dollars in thousands)

	2007	2006
Demand deposits of individuals, partnerships, and corporations		
Interest bearing	\$ 13,640	\$ 12,667
Non-interest bearing	18,557	18,783
Time and savings deposits of individuals, partnerships and corporations	120,683	97,624
Deposits of states and political subdivisions	3,996	4,544
Official checks	572	975
Total Domestic Deposits	\$ 157,448	\$ 134,593
Time deposits of over \$100 included above	\$ 34,580	\$ 28,666

Maturities of certificates of deposit at December 31, 2007 were as follows:

2008	\$ 59,899
2009	9,212
2010	4,744
2011	2,099
2012	3,706
Total	\$ 79,660

NOTE 6. BORROWED FUNDS

The Company is a party to repurchase agreements with certain customers. As of December 31, 2007 and 2006, the company held repurchase agreements of \$19,817 and \$20,209. Information related to repurchase agreements is summarized below:

(Dollars in thousands) 2007 2006

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Balance at end of year	\$ 19,817	\$ 20,209
Average balance during the year	18,360	19,581
Maximum month-end balance	20,481	22,705
Weighted-average rate during the year	3.95%	3.56%
Rate at December 31	3.41%	3.94%

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, 2007 was approximately \$29,979. At December 31, 2007 and 2006 the Bank had borrowed \$23,583 and \$13,790.

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Borrowings from the FHLB as of December 31 were as follows:

(Dollars in thousands)

	2007	2006
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%	1,158	1,225
Fixed interest rate note, originating April 2002, due May 2017, payable in monthly installments of \$4, including interest of 5.90%	689	701
Floating interest rate note, originating March 2003, due December 2011, interest payable monthly, including interest of 3.31%	10,296	8,216
Fixed interest rate note, originating July 2006, due July 2016, payable in monthly installments of \$8, including interest of 4.50%	1,452	1,487
Fixed interest rate note, originating October 2006, due October 2021, payable in monthly installments of \$6, including interest of 5.20%	1,145	1,161
Fixed interest rate note, originating April 2007, due April 2022, payable in monthly installments of \$6, including interest of 5.18%	1,085	
Amortizing fixed interest rate note, originating February 2007, due February 2022, payable in monthly installments of \$5, including interest of 5.22%	958	
Fixed interest rate note, originating September 2007, due September 2008, interest of 4.53% payable quarterly	700	
Fixed interest rate note, originating November 2007, due April 2008, interest of 4.80% payable quarterly	2,700	
Fixed interest rate note, originating November 2007, due April 2008, interest of 4.60% payable quarterly	1,300	
Fixed interest rate note, originating December 2007, due December 2017, payable in monthly installments of \$7, including interest of 5.25%	1,100	
	\$ 23,583	\$ 13,790

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, 2007 and interest expense of \$225 for the year ended December 31, 2007.

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

Year	Amount
2008	\$ 4,890
2009	199
2010	210
2011	10,517
2012	232
Thereafter	11,659
	\$ 27,707

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

Additionally the Bank has a line of credit of \$4,500 available from Silverton Bank, N.A. There were no borrowings against this line of credit at December 31, 2007 or 2006.

NOTE 7. FINANCIAL INSTRUMENTS**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 customer's 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)

	2007	2006
Available on lines of credit	\$ 41,528	\$ 20,939
Stand-by letters of credit	1,000	400
Other loan commitments	608	594

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.

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NOTE 8. INCOME TAXES

The Company records income taxes in accordance with Statement of Financial Accounting Standards No. 109 (FAS 109), Accounting for Income Taxes. FASB 109 is 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:	2007	2006
Federal	\$ 451	\$ 342
State	80	60
	\$ 531	\$ 402
Deferred expense (benefit)		
Federal	\$ (99)	\$ (52)
State	(18)	(9)
	(117)	(61)
Income Tax expense	\$ 414	\$ 341

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

	2007		2006	
	Amount	%	Amount	%
Tax at Federal tax rate	\$ 577	34.0%	\$ 447	34.0%
Tax effect of:				
State income tax	42	2.5%	40	3.0%
Tax exempt earnings	(173)	-10.2%	(147)	-11.2%
Other	(32)	-2.0%	1	0.1%
	\$ 414	24.3%	\$ 341	25.9%

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:

	2007	2006
Depreciation	\$ 279	\$ 176
Pension	19	18

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Gross deferred tax liabilities	298	194
Unrealized loss on securities available-for-sale	(106)	(151)
Allowance for loan losses	(636)	(415)
Minimum pension liability	(164)	(97)
Gross deferred tax (assets)	(906)	(663)
Net deferred tax (asset)	\$ (608)	\$ (469)

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.

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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, 2007	\$ 6,882	\$ 1,013	\$ (1,832)	\$ 6,063
December 31, 2006	\$ 3,941	\$ 3,674	\$ (733)	\$ 6,882

The Company held related party deposits of \$7,358 and \$4,483 at December 31, 2007 and December 31, 2006, respectively.

The Company held related party repurchase agreements of \$5,051 and \$1,890 at December 31, 2007 and December 31, 2006, respectively.

NOTE 10. PENSION PLAN

The Company participates in a trustee pension plan known as the Allegheny Group Retirement Plan covering virtually all full-time employees. Benefits are based on years of service and the employee's compensation. 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 \$300 and \$139 for the years ended December 31, 2007 and 2006.

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, 2007 and 2006 is as follows:

(Dollars in thousands)	2007	2006
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 836	\$ 661
Service cost	250	122
Interest cost	69	40
Actuarial loss	265	13
Benefits paid	(24)	
Benefit obligation at end of year	\$ 1,396	\$ 836
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 664	\$ 455
Actual return on plan assets	118	59
Employer contribution	300	150
Benefits paid	(24)	
Fair value of plan assets at end of year	\$ 1,058	\$ 664
Funded status	\$ (338)	\$ (172)
Unrecognized net actuarial loss	395	226
Unrecognized prior service cost	14	17
Prepaid pension cost recognized	\$ 71	\$ 71

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Accumulated benefit obligation	\$ 1,089	\$ 682
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At December 31, 2007 and 2006, the weighted average assumptions used to determine the benefit obligation are as follows:

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

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The components of net periodic pension cost are as follows:

Service cost	\$ 250	\$ 122
Interest cost	69	40
Expected return on plan assets	(57)	(42)
Amortization of prior service costs	3	3
Amortization of loss	35	16

Net periodic pension cost	\$ 300	\$ 139
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At December 31, 2007 and 2006, the weighted average assumptions used to determine net periodic pension cost are as follows:

Discount rate	6.00%	5.75%
Expected long-term rate of return on plan assets	8.50%	8.50%
Rate of compensation increase	3.00%	3.00%

The Company's pension plan asset allocations at October 31, 2007 and 2006, as well as target allocations for 2008 are as follows:

Asset Category	2008 Target	10/31/2007	10/31/2006
Equity securities	70%	68%	74%
Balanced fund	25%	27%	20%
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.

	2008	2007
Expected amortization of transition obligation (asset)	\$	\$
Expected amortization of prior service cost (credit)	2	2
Expected amortization of net loss (gain)	26	12

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 five fiscal years, and in the aggregate for the five fiscal years thereafter.

	Cash Flow
Contributions for the period of 1/1/2008 through 12/31/2008	\$ 284,120
Estimated future benefit payments reflecting expected future service	
1/1/2008 through 12/31/2008	\$ 14,991
1/1/2009 through 12/31/2009	39,665
1/1/2010 through 12/31/2010	46,583
1/1/2011 through 12/31/2011	52,593
1/1/2012 through 12/31/2012	70,147
1/1/2013 through 12/31/2017	419,328

NOTE 11. INTANGIBLE ASSETS

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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, 2007 the Company has allocated \$79 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.

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NOTE 12. STOCK OFFERING

During 2007 the Company began a public stock offering of 200,000 shares of common stock, which when completed will total slightly less than \$4.0 million. The proceeds of this offering will be used to support the growth of the bank and to increase the legal lending limit to one borrower. In 2006 the Company completed a public stock offering of 725,000 shares of common stock, which increased capital by more than \$11 million. This offering was done to support expansion into bordering Harrison County and the growing Jefferson County area in West Virginia's eastern panhandle. At December 31, 2006, issued shares totaled 1,467,849. During 2007, the Company issued 40,232 shares, concluding 2007 with issued shares of 1,508,081.

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:

	2007		2006	
	Number of Shares	Weighted- Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	176,812	\$ 14.63	175,312	\$ 14.63
Granted	15,000	16.00	2,500	16.00
Adjust for 5% stock dividend		\$		\$
Exercised	(14,482)			
Forfeited/expired	(10,000)		(1,000)	
Outstanding at end of year	167,330	\$ 14.91	176,812	\$ 14.64
Exercisable at end of year	150,330	\$ 14.78	174,312	\$ 14.63
Weighted-average fair value of options granted during the year		\$ 3.52		\$ 6.37

The fair value for the options was estimated at the date of grant using a Black-Scholes option-pricing model with an average risk-free interest rate of 4.65% and 4.62% for 2007 and 2006, respectively, and a weighted-average expected life of the options of 7 years for 2007 and 2006. The expected volatility of MVB's stock price used for 2007 and 2006 options was 12.5% and the expected dividend yield used was .500%.

The following summarizes information concerning MVB's stock options outstanding at December 31, 2007:

Exercise Price	Options Outstanding			Options Exercisable		
	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 9.98	27,672	3.00	\$ 9.98	27,672	\$ 9.98	
\$ 10.48	1,575	4.00	\$ 10.48	1,575	\$ 10.48	
\$ 12.38	2,100	7.00	\$ 12.38	2,100	\$ 12.38	

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\$ 16.00	135,983	9.00	\$ 16.00	118,983	\$ 16.00
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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, 2007 and 2006, 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.

(Dollars in thousands)	ACTUAL		MINIMUM TO BE WELL CAPITALIZED		MINIMUM FOR CAPITAL ADEQUACY PURPOSES	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
As of December 31, 2007						
Total Capital						
(to risk-weighted assets)						
Consolidated	\$ 24,117	12.8%	N/A	N/A	\$ 15,132	8.0%
Subsidiary Bank	\$ 27,329	14.5%	\$ 18,823	10.0%	\$ 15,058	8.0%
Tier I Capital						
(to risk-weighted assets)						
Consolidated	\$ 22,384	11.8%	N/A	N/A	\$ 7,566	4.0%
Subsidiary Bank	\$ 25,596	13.6%	\$ 11,294	6.0%	\$ 7,529	4.0%
Tier I Capital						
(to average assets)						
Consolidated	\$ 22,384	10.1%	N/A	N/A	\$ 8,893	4.0%
Subsidiary Bank	\$ 25,596	11.5%	\$ 11,103	5.0%	\$ 8,882	4.0%
As of December 31, 2006						
Total Capital						
(to risk-weighted assets)						
Consolidated	\$ 22,972	15.9%	N/A	N/A	\$ 11,545	8.0%
Subsidiary Bank	\$ 21,923	15.2%	\$ 14,419	10.0%	\$ 11,535	8.0%
Tier I Capital						
(to risk-weighted assets)						
Consolidated	\$ 21,766	15.1%	N/A	N/A	\$ 5,772	4.0%
Subsidiary Bank	\$ 20,720	14.4%	\$ 8,651	6.0%	\$ 5,767	4.0%
Tier I Capital						

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(to average assets)

Consolidated	\$ 21,766	11.9%	N/A	N/A	\$ 7,307	4.0%
Subsidiary Bank	\$ 20,720	11.4%	\$ 9,127	5.0%	\$ 7,302	4.0%

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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, 2007:

	(Dollars in thousands)	
Years ended December 31:		
2008	\$	54
2009		55
2010		55
2011		55
2012		55
Thereafter		430
Total minimum payments required:	\$	704

Total lease expense for the years ended December 31, 2007 and 2006 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

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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, 2007	
	Carrying	Estimated
	Value	Fair
	(Dollars in thousands)	
Financial assets:		
Cash and due from banks	\$ 4,926	\$ 4,926
Interest bearing balances - FHLB	490	490
Securities available-for-sale	26,029	26,029
Securities held-to-maturity	1,814	1,812
Loans	181,537	179,903
Accrued interest receivable	1,182	1,182
	\$ 215,978	\$ 214,342
Financial liabilities:		
Deposits	\$ 157,448	\$ 152,725
Repurchase agreements	19,817	19,777
Federal Home Loan Bank Borrowings	23,583	23,819
Accrued interest payable	523	523
Long-term debt	4,124	4,124
	\$ 205,495	\$ 200,968
	December 31, 2006	
	Carrying	Estimated
	Value	Fair
	Value	
Financial assets:		
Cash and due from banks	\$ 6,417	\$ 6,417
Interest bearing balances - FHLB	53	53
Securities available-for-sale	26,413	26,413
Securities held-to-maturity	2,326	2,316
Loans	142,599	139,747
Accrued interest receivable	844	844
	\$ 178,652	\$ 175,790
Financial liabilities:		
Deposits	\$ 134,593	\$ 134,272
Repurchase agreements	20,209	20,209
Federal Home Loan Bank Borrowings	13,790	13,859
Accrued interest payable	405	405
	\$ 168,997	\$ 168,745

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

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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. 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, 2007 and 2006, 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	
	2007	2006
<u>Assets</u>		
Cash	\$ 675	\$ 110
Investment in bank subsidiary, eliminated in consolidation	26,737	21,541
Other assets	248	4
Total assets	\$ 27,660	\$ 21,655
<u>Liabilities and shareholders' equity</u>		
<u>Liabilities</u>		
Other liabilities	\$ 11	\$
Long-term debt	4,124	
Total liabilities	4,135	
<u>Stockholders' equity</u>		
Preferred stock, par value \$1,000; 5,000 shares authorized, none issued	\$	\$
Common stock, par value \$1; 4,000,000 shares authorized; 1,508,081 and 1,467,849 shares issued and outstanding, respectively	1,508	1,468
Additional paid in capital	18,437	17,720
Treasury stock	(168)	(18)
Retained earnings	4,153	2,858
Accumulated other comprehensive income	(405)	(373)
Total stockholders' equity	23,525	21,655
Total liabilities and stockholders' equity	\$ 27,660	\$ 21,655

(Dollars in thousands)

Statements of Income

	2007	2006
Income - dividends from bank subsidiary	\$	\$
Expenses - operating	232	50
Income/(Loss) before income taxes and undistributed income	(232)	(50)
Income tax (benefit)	(72)	(20)
Income after tax	(160)	(30)
Equity in undistributed income of bank subsidiary	1,442	1,003
Net income	\$ 1,282	\$ 973

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(Dollars in thousands)

Statements of Cash Flows

	2007	2006
OPERATING ACTIVITIES		
Net income	\$ 1,282	\$ 973
Equity in undistributed income of bank subsidiary	(1,442)	(1,003)
(Increase)/decrease in other assets	(244)	1
Increase in other liabilities	11	
Stock option expense	13	
Net cash (used in) operating activities	(380)	(29)
INVESTING ACTIVITIES		
Investment in subsidiary	(3,787)	(2,400)
Net cash (used in) investing activities	(3,787)	(2,400)
FINANCING ACTIVITIES		
Proceeds of stock offering	587	2,102
Proceeds from long-term borrowings	4,124	
Common stock options exercised	171	
Purchase of treasury stock	(150)	(8)
Net cash provided by financing activities	4,732	2,094
Increase/(decrease) in cash	565	(335)
Cash at beginning of period	110	445
Cash at end of period	\$ 675	\$ 110

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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 sheet of MVB Financial Corp. and subsidiaries as of December 31, 2007, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year 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 audit. The financial statements of MVB Financial Corp. and subsidiaries for the year ended December 31, 2006, were audited by other auditors whose report, dated February 13, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2007 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, 2007, and the consolidated results of its operations and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

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, 2007, which is included in Form 10-K and, accordingly, we do not express an opinion thereon.

Wheeling, West Virginia

February 22, 2008

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

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Audit Committee and Board of Directors approved dismissing the current MVB independent certifying accountants, Brown, Edwards & Company, L.L.P. (BE), Bluefield, WV, upon completion of the examination of MVB's 2006 financial statements. BE was informed of this change on January 8, 2007. Brown Edwards also reviewed the MVB 2006 Annual Report on Form 10-KSB prior to its filing.

The dismissal is totally related to the proposed cost for the examination of the 2007 MVB financial statements.

Brown Edwards has examined the financial statements for 2003, 2004, 2005 and 2006. For 2003, 2004, 2005 and 2006, the financial statements of MVB contained no adverse opinion or disclaimer of opinion and were not modified as to uncertainty, audit scope or accounting principle.

The recommendation to change accountants was approved by the Audit Committee and Board of Directors of MVB.

There were no disagreements with Brown Edwards on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures.

MVB filed a Form 8-K/A on January 8, 2007 regarding a change in accountants. We requested a letter from the dismissed accountants asking that they furnish a letter to the Commission as to whether or not they agreed with the statements made by MVB. Brown, Edwards & Company, L.L.P. furnished a letter addressed to the Commission stating that they agreed with MVB's statements. A copy of the letter dated January 16, 2007, was filed as Exhibit 16 to the Form 8-K/A.

The Audit Committee and Board of Directors of MVB have elected to engage new accountants to audit MVB's financial statements for 2007. S.R. Snodgrass, A.C., Certified Public Accountants and Consultants (Snodgrass), Wheeling, WV as the new accounting firm to audit the financial statements for MVB for 2007. Based on the proposal received from Snodgrass, it is expected that they will also audit the financial statements of MVB for 2008 and 2009.

MVB did not discuss the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on MVB's financial statements and neither written or oral advice was provided that was an important factor considered by MVB in reaching a decision as to an accounting, auditing or financial reporting issue.

ITEM 8A (T). CONTROLS AND PROCEDURES

The Company, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer, along with the Company's Chief Financial Officer (the Principal Financial Officer), has evaluated the effectiveness as of December 31, 2007, of the design and operation of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based upon that evaluation, the Company's President and Chief Executive Officer, along with the Company's Principal Accounting Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2007.

There have been no material changes in the Company's internal control over financial reporting during the fourth quarter of 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

A material weakness is a significant deficiency (as defined in Public Company Accounting Oversight Board Auditing Standard No. 2), or a combination of significant deficiencies, that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by management or employees in the normal course of performing their assigned functions.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. Management's assessment did not identify any material weaknesses in the Company's internal control over financial reporting.

In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Because there were no material weaknesses discovered, management believes that, as of December 31, 2007, the Company's internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subjected to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Date: March 24, 2008

/s/ James R. Martin
James R. Martin
President & CEO

Date: March 24, 2008

/s/ Eric L. Tichenor
Eric L. Tichenor
Senior Vice President & CFO

ITEM 8B. OTHER INFORMATION

None.

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Directors and Executive Officers of MVB include those persons identified under Management Nominees to the Board of MVB on pages 2-4 of MVB's definitive Proxy Statement relating to MVB's Annual Meeting of Shareholders for 2008. For discussion of the audit committee financial expert of MVB, see Committees of the Board, on page 5 of MVB's definitive proxy statement relating to MVB's Annual Meeting of Shareholders for 2008, which is expressly incorporated by reference.

ITEM 10. EXECUTIVE COMPENSATION

See Executive Compensation on page 7 of MVB's definitive Proxy Statement relating to MVB's Annual Meeting of Stockholders for 2008.

MVB has adopted a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer and other executive officers and shall be deemed incorporated by reference.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See Principal Holders of Voting Securities on page 10 of MVB's definitive Proxy Statement relating to MVB's Annual Meeting of Shareholders for 2008 which section is expressly incorporated by reference. For equity compensation plan information, please see table below.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	150,330	\$ 14.78	118,190
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	150,330	\$ 14.78	118,190

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

MVB and the Bank have, and expect to continue to have, banking and other transactions in the ordinary course of business with its directors and officers and their affiliates, including members of their families or corporations, partnerships or other organizations in which officers or directors have a controlling interest, on substantially the same terms (including documentation, price, interest rates and collateral, repayment and amortization schedules and default provisions) as those prevailing at the time for comparable transactions with unrelated parties. All of these transactions were made on substantially the same terms (including interest rates, collateral and repayment terms on loans) as comparable transactions with non-affiliated persons. MVB's management believes that these transactions did not involve more than the normal business risk of collection or include any unfavorable features.

Total loans outstanding from the Bank at December 31, 2007 to MVB and Bank officers and directors as a group and members of their immediate families and companies in which they had an ownership interest

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of 10% or more was \$5.0 million or 21.6% of total equity capital and 2.7% of total loans. These loans do not involve more than the normal risk of collectibility or present other unfavorable features.

ITEM 13. EXHIBITS

Exhibits filed with this Annual Report on Form 10-KSB are attached hereto. For a list of such exhibits, see Exhibit Index beginning at page 52. The Exhibit Index specifically identifies each management contract or compensatory plan required to be filed as an exhibit to this Form 10-KSB.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See Ratification of Auditors on page 11 of MVB's definitive Proxy Statement relating to MVB's Annual Meeting of Shareholders for 2008.

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EXHIBIT INDEX

MVB Financial Corp. Annual Report on Form 10-KSB for Fiscal Year Ended December 31, 2006

Exhibit Number	Description	Exhibit Location
3.1	Articles of Incorporation	Form SB-2 Registration Statement, Registration No. 333-120931, filed December 1, 2004, and incorporated by reference herein
3.1-1	Articles of Incorporation - Amendment	Form SB-2 Registration Statement, Registration No. 333-120931, filed December 1, 2004, and incorporated by reference herein
3.2	Bylaws	Form SB-2 Registration Statement, Registration No. 333-120931, filed December 1, 2004, and incorporated by reference herein
10.1	MVB Financial Corp. 2003 Stock Incentive Plan	Form SB-2 Registration Statement, Registration No. 333-120931, filed December 1, 2004, and incorporated by reference herein
10.2	Master Lease Agreement with S-N-S Foods, Inc. for premises occupied by Middletown Mall Office	Form SB-2 Registration Statement, Registration No. 333-120931, filed December 1, 2004, and incorporated by reference herein
10.3	Sublease Agreement with S-N-S Foods, Inc. for premises occupied by Middletown Mall Office	Form SB-2 Registration Statement, Registration No. 333-120931, filed December 1, 2004, and incorporated by reference herein
10.4	Lease Agreement with Essex Properties, LLC for land occupied by Bridgeport Branch	Form SB-2 Registration Statement, Registration No. 333-120931, filed December 1, 2004, and incorporated by reference herein
11	Statement Regarding Computation of Earnings per Share	Footnotes to Financial Statements Note 1 Net Income per Common Share

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14	Code of Ethics	Filed herewith
21	Subsidiary of Registrant	Filed herewith
24	Power of Attorney	Filed herewith
31.1	Certificate of Principal Executive Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002	Filed herewith
31.2	Certificate of Principal Financial Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002	Filed herewith
32.1	Certificate of Principal Executive Officer & Principal Financial Officer pursuant to Section 906 of Sarbanes Oxley Act of 2002	Filed herewith
99.1	Report of S.R. Snodgrass, A.C., Independent Auditors	Found on Page 48 herein