

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) July 31, 2009

Colonial Virginia Bank

(Exact name of registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction
of incorporation)

(Commission File Number)

75-3093106
(I.R.S. Employer
Identification No.)

6720 Sutton Road, Gloucester, VA
(Address of principal executive offices)

23061
(Zip Code)

Registrant's telephone number, including area code (804) 695-9300

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On July 31, 2009 Colonial Virginia Bank issued a news release announcing its financial results for the quarter ended June 30, 2009. A copy of the press release is being furnished as an exhibit to this report and is incorporated by reference into this Item 2.02.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits. The following exhibit is being furnished pursuant to Item 2.02 above.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by the Registrant dated July 31, 2009.

Signatures

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

Colonial Virginia Bank

/s/ Kenneth E. Smith _____

Date: July 31, 2009

By: Kenneth E. Smith

Executive Vice President & Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by the Registrant dated July 31, 2009

Colonial Virginia Bank

Gloucester, VA

NEWS RELEASE

Colonial Virginia Bank
6720 Sutton Rd.
Gloucester, VA 23061

Contact: Kenneth E. Smith
Exec. V.P. & Chief Financial Officer
Voice: 804/695-8082
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July 31, 2009
For Immediate Release

Company Release – 07/31/2009

Colonial Virginia Bank Announces 2nd Quarter 2009 Earnings

GLOUCESTER, Va., July 31-- Colonial Virginia Bank (OTCBB: CNVB) (“the Bank”), today reported a net loss before taxes of \$297,248 and \$185,348 after taxes, or (\$0.30) per share assuming dilution, for the quarter ended June 30, 2009, compared with net income before taxes of \$25,728 and \$728 after taxes, or \$0.00 per share assuming dilution, for the same period in 2008. Two primary factors contributed to the loss for the current period. The Bank provides for potential future loan losses (charge-offs) through the allowance for loan and lease losses (“ALLL”). This reserve is created through provision for loss expenses. The ALLL is not totally reflective of identified loss risk in the existing loan portfolio, but includes various factors such as local economic conditions. In an abundance of caution, the Bank expensed \$272,050 in provision for potential losses in the current quarter, compared to \$21,050 for the same period in 2008, a \$251,000 increase. A major factor in this increase was the effect of the deteriorating economic conditions, nationally, statewide and locally. As an example, unemployment rates for Gloucester, Mathews and Middlesex Counties (the Bank’s primary market area) were 6.4%, 5.6%, and 6.8%, respectively as of May 2009, compared to 3.5%, 3.6%, and 3.8%, respectively for December 2008. Housing starts and building permits have reflected similar declining trends. In this same analysis, the Bank increased its reserves for unsecured credit, typically underwritten for only its best borrowers. However, even these borrowers are experiencing the effects of the troubled economy, and thus, a more aggressive reserve is considered prudent. The Bank has enjoyed only modest increases in actual loan charge-offs, discussed below.

The other major contributing factor causing the swing to a net loss was the dramatic increase in premium charges for deposit insurance from the FDIC. The increase was due to the significant number of failed banks across the country, causing depletion of the FDIC’s Bank Insurance Fund (“BIF”). The FDIC’s process of restoring the BIF has proven quite punitive to healthy banks, requiring them to “foot the bill” for the failed institutions. The FDIC announced during the current quarter both an increase in the regular forward moving rate for quarterly premiums as well as a “special assessment” for immediate replenishment of the BIF. This resulted in total premium expense for the Bank in the current quarter of \$83,384, compared to \$16,011 for the same period in 2008, a \$67,373 increase. The combination of the two factors discussed above resulted in increased expenses of \$318,373 for the current quarter compared to the same quarter in 2008.

The Bank relies primarily on net interest income (interest income on loans and investment minus interest expense on deposits) for its overall net income. Net interest income for the quarter-ended June 30, 2009 was \$851,810 compared to \$788,362 for the same period in 2008, an 8.05% increase. In the current low interest rate environment, net interest margins (“NIM”) (interest income minus interest expense expressed as a percentage of total average earning assets) continue to be compressed for the majority of the banking industry. However, the Bank has been able to improve / reduce its cost of funds in recent months, adding stability to its NIM and

actually realizing an increase from 3.27% for the quarter ended June 30, 2008 to 3.30% for the quarter ended June 30, 2009.

Non-interest income for the second quarter 2009 of \$98,873 represented a 39.75% increase over the \$70,751 level for the same period in 2008, bolstered by gains in cash value on bank owned life insurance (BOLI) for policies carried on the Bank's two executive officers. Non-interest expense reflected a 20.13% increase for the second quarter 2009 compared to the same period in 2008, increasing from \$812,335 in 2008 to \$975,881 for the current quarter, prompted primarily by the increased FDIC premium expense discussed above. Additionally, audit fees, associated with the ever growing regulatory requirement for increased audit coverage dictated by the Sarbanes-Oxley Act, continue to increase.

The Bank's balance sheet reflected continued positive growth trends. Total assets were \$116.5 million at June 30, 2009, compared to \$111.1 million at March 31, 2009, and \$107.9 million at June 30, 2008. Net loans of \$64.2 million compared favorably to \$65.0 million and \$58.5 million for the same periods, respectively. Although the sequential quarter comparison (June vs. March 2009) reflected a slight decrease, Bank management is pleased that, despite tightening of underwriting standards and normal loan paydowns, the overall level remains relatively stable. The Bank has not practiced the much publicized "credit freeze" but also has not compromised its historically conservative approach to credit underwriting. Total deposits for the current quarter-end totaled \$95.1 million compared to \$89.4 million at March 31, 2009, and \$87.5 million at June 30, 2008. The Bank continues its practice of not bidding up rates for new consumer CDs simply for growth sake and even has chosen not to renew some existing higher costs CDs to control deposit growth and control its cost of funds in light of the lingering pressure on net interest earnings due to generally lower asset yields.

Non-performing assets ("NPAs") as a percentage of total assets as of June 30, 2009, were 0.38% compared to 0.06% at March 31, 2009 and 0.00% at June 30, 2008, an indication of the deterioration in the overall troubled economy. However, the Bank's current level of NPAs is considered manageable and well within the levels of the banking industry. The strong, current ALLL position of the Bank, discussed above, has the Bank well positioned for any potential need of additional "shock absorbency" from continued declines in the economy. Net charge-offs represented 0.11% of average total loans at June 30, 2009 compared to 0.06% at March 31, 2009 and 0.00% at June 30, 2008. Although a reflection of modest quality decline, the ALLL is a solid 188.28% of the current level of NPAs.

Bill Farinholt, President and CEO, stated, "the financial sector continues under tremendous pressure from both abnormally negative economic factors, along with somewhat oppressive congressional and regulatory oversight, typical of a 'one size fits all' approach to the causes of and ultimate solutions to the current economic mess." Mr. Farinholt stated that, "while we have bolstered our ALLL in light of the weakened economy, I am comforted that Colonial Virginia Bank was not a lender in the misguided "sub prime" philosophy that was such a major contributor to the collapse of the real estate market." "However", stated Farinholt, "we will not ignore some of our commercial borrowers who might be inadvertent victims of some less than sound real estate development projects (within which the Bank was not a participant). We are monitoring all of our existing borrowers carefully to determine their respective exposures to the economic downturn. The Bank continues to be committed to sound credit quality, while not compromising quality simply to obtain higher yields." Mr. Farinholt further stated that, "it is disconcerting to be saddled with the increased insurance burden from the FDIC for the replenishment of the BIF due to failed banks across America. Our Bank is currently well capitalized with sound asset quality and strong liquidity. Asset growth is stable and alternate funding sources are a part of our long-term business plan. Although certain aspects of the present environment are moderately dim, the future looks bright. The Bank opened its third full service office in Maidstone Village at New Kent courthouse in June 2009. We are excited about the long-term prospects for profitable growth in this growing market area of New Kent County, a bedroom community of the Richmond metropolitan market."

The Bank operates three full service retail bank offices, two located in Gloucester County, Virginia and one in New Kent County, Virginia and offers full investment services through its investment division, Colonial Virginia Investment Services. The Bank also offers mortgage services through Colonial Virginia Mortgage, LLC ("the mortgage company"), a 50% owned subsidiary joint with Johnson Mortgage Company, LLC ("JMC").

The Bank's stock is listed for trading on the Over the Counter Bulletin Board (OTCBB) under the symbol CNVB. The bank's primary market maker is Davenport & Company LLC, Richmond, VA.

Additional information regarding the bank's products and services, as well as access to its regulatory filings, are available on the bank's web site at <http://www.colonialvabank.com>.

Use of Certain Non-GAAP Financial Measures. In addition to results presented in accordance with United States generally accepted accounting principles (GAAP), this earnings release includes certain non-GAAP financial measures, which are reconciled to their equivalent GAAP financial measures below. Management believes these non-GAAP financial measures provide information useful to investors in understanding the Bank's performance trends and facilitate comparisons with its peers. Specifically, management believes the exclusion of a significant recovery of income recognized in a single accounting period permits a comparison of results for ongoing business operations, and it is on this basis that management internally assesses the Bank's performance and establishes goals for future periods.

Although the Bank's management believes the non-GAAP financial measures presented in this earnings release enhance investors' understandings of its performance, these non-GAAP financial measures should not be considered an alternative to GAAP-basis financial statements.

Forward-Looking Statements. The statements contained in this press release that are not historical facts may constitute "forward-looking statements" as defined by the federal securities laws. These statements may address issues that involve estimates and assumptions made by management; risks and uncertainties, and actual results could differ materially from historical results or those anticipated by such statements. Factors that could have a material adverse effect on the operations and future prospects of the Bank include, but are not limited to, changes in: (1) interest rates, (2) general economic conditions, (3) demand for loan products, (4) the legislative/regulatory climate, (5) monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board, (6) the quality or composition of the loan or investment portfolios, (7) deposit flows, (8) competition, (9) demand for financial services in the Bank's market area, (10) technology, (11) reliance on third parties for key services, and (12) accounting principles, policies and guidelines. These risks and uncertainties should be considered in evaluating the forward-looking statements contained herein, and readers are cautioned not to place undue reliance on such statements, which speak only as of their dates.

Balance Sheet (\$)			Y-Y		Q-Q
	2009 Q2	2008 Q2	Ch (%)	2009 Q1	Ch (%)
<u>Loans Held for Investment, before Reserves</u>	64,991,572	59,020,955	10.12	65,620,277	(0.96)
<u>Loan Loss Reserve</u>	825,837	523,653	57.71	625,577	32.01
<u>Net Loans Receivable</u>	64,165,735	58,497,302	9.69	64,994,700	(1.28)
<u>Total Assets</u>	116,534,762	107,906,143	8.00	111,056,813	4.93
<u>Deposits</u>	95,080,152	87,457,341	8.72	89,372,615	6.39
<u>Common Equity</u>	11,847,795	11,403,999	3.89	11,995,672	(1.23)
<u>Total Shareholders' Equity</u>	11,847,795	11,403,999	3.89	11,995,672	(1.23)
<u>Shares Outstanding (actual)</u>	610,175	610,175	0.00	610,175	0.00
Income Statement (\$)			Y-Y		Q-Q
	2009 Q2	2008 Q2	Ch (%)	2009 Q1	Ch (%)
<u>Net Interest Income</u>	851,809	788,362	8.05	859,731	(0.92)
<u>Provision for Loan Losses</u>	272,050	21,050	1,192.40	41,050	562.73
<u>Noninterest Income</u>	98,873	70,751	39.75	99,693	(0.82)
<u>Noninterest Expense</u>	975,880	812,335	20.13	860,826	13.37
<u>Net Income Before Taxes</u>	(297,248)	25,728	(1,255.35)	57,548	(616.52)
<u>Provision for Taxes</u>	(111,900)	25,000	(547.60)	3,700	(3,124.32)
<u>Net Income</u>	(185,348)	728	(25,559.89)	53,848	(444.21)
Per Share Items (\$)			Y-Y		Q-Q
	2009 Q2	2008 Q2	Ch (%)	2009 Q1	Ch (%)
<u>Book Value Per Share</u>	19.42	18.69	3.89	19.66	(1.24)
<u>Diluted EPS Before Extra</u>	(0.30)	0.00	(100.00)	0.09	(433.33)
<u>Diluted EPS After Extra</u>	(0.30)	0.00	(100.00)	0.09	(433.33)
<u>Dividends Declared</u>	0.00	0.00	--	0.00	--
Performance Ratios (%)			Y-Y		Q-Q
	2009 Q2	2008 Q2	Ch (bp)	2009 Q1	Ch (bp)
<u>ROAA</u>	(0.64)	0.00	(64)	0.20	(84)
<u>ROAE</u>	(6.12)	0.02	(614)	1.84	(796)
<u>Net Interest Margin</u>	3.30	3.27	3	3.39	(9)
<u>Loans / Deposits</u>	68.35	67.49	86	73.42	(507)
<u>Efficiency Ratio</u>	102.47	94.54	793	90.12	1,235
Balance Sheet Ratios (%)			Y-Y		Q-Q
	2009 Q2	2008 Q2	Ch (bp)	2009 Q1	Ch (bp)
<u>Tangible Equity / Tangible Assets</u>	10.17	10.57	(40)	10.80	(63)
<u>Equity / Assets</u>	10.17	10.57	(40)	10.80	(63)

Asset Quality Ratios (%)			Y-Y		Q-Q
	2009 Q2	2008 Q2	Ch (bp)	2009 Q1	Ch (bp)
<u>Nonperforming Assets / Assets</u>	0.38	0.00	38	0.06	32
<u>Loan Loss Reserves / Gross Loans</u>	1.27	0.89	38	0.95	32
<u>Loan Loss Reserves / NPAs</u>	188.28	NM	NM	964.03	(77,575)
<u>Net Charge-offs / Avg Loans</u>	0.11	0.00	11	0.06	5
Regulatory Capital Ratios (%)			Y-Y		Q-Q
	2009 Q2	2008 Q2	Ch (bp)	2009 Q1	Ch (bp)
<u>Tier 1 Capital Ratio</u>	14.60	16.02	(142)	15.09	(49)

_____ Contact: Kenneth E. Smith, Executive Vice President & CFO of Colonial Virginia Bank, 1-804-695-9300