

**THE BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C. 20551**

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**FORM 8-K**

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**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 27, 2010**

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**Colonial Virginia Bank**

(Exact name of registrant as specified in its charter)

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**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**

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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 27, 2010 Colonial Virginia Bank issued a news release announcing its financial results for the quarter ended June 30, 2010. 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 27, 2010

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### 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 27, 2010

By: Kenneth E. Smith

Executive Vice President & Chief Financial Officer

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#### Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by the Registrant dated July 27, 2010

## 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  
Fax: 804/695-9340

July 27, 2010  
For Immediate Release

Company Release – 07/27/2010

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### Colonial Virginia Bank Announces 2nd Quarter 2010 Earnings

GLOUCESTER, Va., July 27-- Colonial Virginia Bank (OTCBB: CNVB) (“the Bank”), today reported net income before taxes of \$162,674 and \$111,974 after taxes, or \$0.18 per share assuming dilution, for the quarter ended June 30, 2010, compared with a net loss before taxes of (\$297,248) and (\$185,348) after taxes, or (\$0.30) per share assuming dilution, for the same period in 2009. Return on average assets was 0.37% for the current quarter compared to (0.64%) for the quarter ended June 30, 2009, while return on average equity was 3.79% and (6.12%) for the same periods.

Significant factors in the improvement year over year are (1) an improving net interest margin (“NIM”) (interest income less interest expense expressed as a percentage of average earning assets) and (2) reduced provision for potential loan loss expense. 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, 2010 was \$1,110,111 compared to \$851,809 for the same period in 2009, a 30.32% increase. The NIM increased from 3.30% June 30, 2009 to 4.06% June 30, 2010. In the current level rate environment that has existed for more than twelve months, the Bank has been able to steadily reduce its cost of funds through disciplined re-pricing practices of maturing certificates of deposit (“CDs”) which originated during higher interest rate periods. Secondly, the Bank expensed \$73,050 for provision for possible loan losses during the current quarter compared to \$272,050 for the second quarter 2009. The 2009 figure represented Management’s actions in an abundance of caution at the height of the American economic meltdown. The Bank built its reserves to a more comfortable level in 2009, based on deteriorating economic factors. The Bank actually reflected a decrease in net charge-offs as a percentage of average total loans, 0.01% June 30, 2010 compared to 0.11% June 30 2009. Thus, the provision expense over the past twelve months bolstered the Allowance for Loan and Lease Losses (“ALLL”) to 1.64% of gross loans June 30, 2010, compared to 1.27% for the same period in 2009.

Non-interest income for the second quarter 2010 of \$138,528 represented a 40.11% increase over the \$98,873 level for the same period in 2009, bolstered by net gains on securities of \$36,395 in the current quarter compared to \$0 for the second quarter of 2009. These gains were recognized through sales and calls, prior to maturity, of securities originally purchased at a discount. The Bank does not actively practice selling securities, but has taken advantage of certain circumstances within the market when gains were particularly advantageous. Non-interest expense reflected a modest 3.80% increase for the second quarter 2010 compared to the same period in 2009, increasing from \$975,880 in 2009 to \$1,012,915 for the current quarter, as Management intensified its cost control practices.

The Bank’s balance sheet reflected modest shrinkage as Management focused more on margins and efficiency characteristics rather than growth. Higher priced CDs and other expensive funding instruments were allowed to mature without being renewed as part of the disciplined pricing strategies discussed above. Total assets were \$124.2 million at June 30, 2010, compared to \$125.3 million at December 31, 2009. Net loans of \$69.0 million compared favorably to \$65.1 million December 31, 2009. With more restrictive underwriting standards associated with the weaker economy and current

regulatory environment, the increase in loans was considered favorable. Total deposits for the current quarter-end totaled \$103.2 million compared to \$105.9 million at December 31, 2009. Although the decline in total deposits was minimal, the mix reflected more significant changes. Non-interest bearing deposits increased from \$9.7 million December 31, 2009 to \$12.2 million for the current quarter-end, while CDs decreased from \$61.5 million at year-end 2009 to \$57.9 million June 30, 2010.

Non-performing assets (“NPAs”) as a percentage of total assets as of June 30, 2010, were 0.31% compared to 0.38% at June 30, 2009, an encouraging trend even while the economy continues to be sluggish. 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.

Bill Farinholt, President and CEO, stated, “our Bank has weathered the worst of the economic storm, even while many banks continue to struggle with disturbing negative trends. Much uncertainty lingers for the financial sector, especially in the regulatory realm. There continues to be inconsistent messages coming from Congress versus bank regulatory authorities. This adds considerable complexity to any bank’s strategic planning when coupled with the volatile economy. However, we believe that our Bank is well positioned to be responsive to either extended economic weaknesses or a possible upturn in the near future.” Mr. Farinholt further stated that, “with the current level of our ALLL, in light of the level of NPAs, future stress on earnings should be minimal. We are monitoring all of our existing borrowers carefully to determine their respective exposures to the economic downturn. Where problem borrowers may exist, definitive action plans have been formulated for effective exit strategies. Our Bank continues to be well capitalized with sound asset quality and strong liquidity.”

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.

SOURCE Colonial Virginia Bank

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

<b>Balance Sheet (\$)</b>	<b>Y-Y</b>			<b>Q-Q</b>	
	<b>2010 Q2</b>	<b>2009 Q2</b>	<b>Ch (%)</b>	<b>2010 Q1</b>	<b>Ch (%)</b>
<u>Loans Held for Investment, before Reserves</u>	70,186,681	64,991,572	7.99	70,540,854	(0.50)
<u>Loan Loss Reserve</u>	1,154,222	825,837	39.76	1,085,641	6.32
<u>Net Loans Receivable</u>	69,032,459	64,165,735	7.58	69,455,213	(0.61)
<u>Total Assets</u>	124,151,069	116,534,762	6.54	121,863,696	1.88
<u>Deposits</u>	103,165,811	95,080,152	8.50	101,036,987	2.11
<u>Common Equity</u>	12,147,313	11,847,795	2.53	11,914,186	1.96
<u>Total Shareholders' Equity</u>	12,147,313	11,847,795	2.53	11,914,186	1.96
<u>Shares Outstanding (actual)</u>	610,175	610,175	0.00	610,175	0.00

<b>Income Statement (\$)</b>	<b>Y-Y</b>			<b>Q-Q</b>	
	<b>2010 Q2</b>	<b>2009 Q2</b>	<b>Ch (%)</b>	<b>2010 Q1</b>	<b>Ch (%)</b>
<u>Net Interest Income</u>	1,110,111	851,809	30.32	1,107,535	0.23
<u>Provision for Loan Losses</u>	73,050	272,050	(73.15)	66,050	10.60
<u>Noninterest Income</u>	138,528	98,873	40.11	107,595	28.75
<u>Noninterest Expense</u>	1,012,915	975,880	3.80	987,524	2.57
<u>Net Income Before Taxes</u>	162,674	(297,248)	154.73	161,556	0.69
<u>Provision for Taxes</u>	50,700	(111,900)	145.31	40,200	26.12
<u>Net Income</u>	111,974	(185,348)	160.41	121,356	(7.73)

<b>Per Share Items (\$)</b>	<b>Y-Y</b>			<b>Q-Q</b>	
	<b>2010 Q2</b>	<b>2009 Q2</b>	<b>Ch (%)</b>	<b>2010 Q1</b>	<b>Ch (%)</b>
<u>Book Value Per Share</u>	19.91	19.42	2.53	19.53	1.96
<u>Diluted EPS Before Extra</u>	0.18	(0.30)	160.00	0.20	(10.00)
<u>Diluted EPS After Extra</u>	0.18	(0.30)	160.00	0.20	(10.00)
<u>Dividends Declared</u>	0.00	0.00	--	0.00	--

<b>Performance Ratios (%)</b>	<b>Y-Y</b>			<b>Q-Q</b>	
	<b>2010 Q2</b>	<b>2009 Q2</b>	<b>Ch (bp)</b>	<b>2010 Q1</b>	<b>Ch (bp)</b>
<u>ROAA</u>	0.37	(0.64)	101	0.40	(3)
<u>ROAE</u>	3.79	(6.12)	991	4.16	(37)
<u>Net Interest Margin</u>	4.06	3.30	76	4.09	(3)
<u>Loans / Deposits</u>	68.03	68.35	(32)	69.82	(179)
<u>Efficiency Ratio</u>	83.24	102.47	(1,923)	81.46	178

<b>Balance Sheet Ratios (%)</b>	<b>Y-Y</b>			<b>Q-Q</b>	
	<b>2010 Q2</b>	<b>2009 Q2</b>	<b>Ch (bp)</b>	<b>2010 Q1</b>	<b>Ch (bp)</b>
<u>Tangible Equity / Tangible Assets</u>	9.78	10.17	(39)	9.78	0
<u>Equity / Assets</u>	9.78	10.17	(39)	9.78	0

<b>Asset Quality Ratios (%)</b>			<b>Y-Y</b>		<b>Q-Q</b>
	<b>2010 Q2</b>	<b>2009 Q2</b>	<b>Ch (bp)</b>	<b>2010 Q1</b>	<b>Ch (bp)</b>
<u>Nonperforming Assets / Assets</u>	0.31	0.38	(7)	0.38	(7)
<u>Loan Loss Reserves / Gross Loans</u>	1.64	1.27	37	1.54	10
<u>Loan Loss Reserves / NPAs</u>	296.95	188.28	10,867	235.91	6,104
<u>Net Charge-offs / Avg Loans</u>	0.01	0.11	(10)	0.01	0
<b>Regulatory Capital Ratios (%)</b>			<b>Y-Y</b>		<b>Q-Q</b>
	<b>2010 Q2</b>	<b>2009 Q2</b>	<b>Ch (bp)</b>	<b>2010 Q1</b>	<b>Ch (bp)</b>
<u>Tier 1 Capital Ratio</u>	14.12	14.60	(48)	13.93	19