

**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) November 3, 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))
-

---

**Item 2.02 Results of Operations and Financial Condition**

On November 3, 2009 Colonial Virginia Bank issued a news release announcing its financial results for the quarter ended September 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 November 3, 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: November 3, 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 November 3, 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  
Fax: 804/695-9340

November 3, 2009  
For Immediate Release

Company Release – 11/03/2009

---

### Colonial Virginia Bank Announces Third Quarter 2009 Earnings

GLOUCESTER, Va., Nov 3-- Colonial Virginia Bank (OTCBB: CNVB) (“the Bank”), today reported a net loss of \$41,922, or (\$0.07) per share assuming dilution, for the quarter ended September 30, 2009, compared to net income of \$22,444, or \$0.04 per share assuming dilution, for the same period in 2008. The 2009 figure reflects an increase of \$40,000 in the provision for possible loan loss expense over the 2008 amount. This increase was prompted by continued caution toward overall economic conditions, even though certain economic indicators for the Bank’s primary trade area show slight improvement. The Bank has experienced moderate increases in problem credits, including actual loan charge offs; however, the charge-offs have been taken in an abundance of caution, with substantial recovery anticipated ultimately. The Bank continues to consider it prudent to recognize these expenses in the loan loss provision now for the possible need for increased reserves and subsequent charge-offs in the future. As of September 30, 2009, the Bank had non-performing assets (NPAs) representing 0.32% of total assets, compared to no non-performing assets at September 30, 2008. The 2009 figure is down from the 0.38% as of June 30, 2009, an indicator that while the economy had been slumping, improving trends may be seen in the near future. The total Allowance for Loan and Lease Losses (ALLL) at September 30, 2009 represents 1.34% of outstanding loans compared to 0.97% for the same period in 2008. The ALLL also represents a comfortable 238.2 times NPAs.

Other factors contributed to the earnings decline, primarily the following increases in operating expenses. First, the Bank experienced the adverse effects of complicated foreclosures on defaulted loans. Foreclosure related expenses totaled \$13,801 in the current quarter compared to no such expense in the same period in 2008. Second, the FDIC insurance assessment totaled \$37,957 for the current quarter compared to \$15,585 for the same period in 2008. In addition, increased audit fees, associated with compliance with the Sarbanes-Oxley Act of 2002 (“SOX”), totaled \$46,251 for the current quarter compared to \$40,500 for the quarter ended September 30, 2008. Section 404 of SOX requires a disproportionate audit burden on small public companies, such as the Bank, compared to the larger companies for which the Act was targeted. Additionally, total salaries and employee benefits increased \$102,116 from \$445,060 September 30, 2008 to \$547,176 for the current quarter, due to the Bank’s opening of its third full service office in late June 2009. Also, the Bank hired a full-time VP/Compliance Officer during the second quarter of 2009 in response to the continuing increase in oppressive bank regulation and increasing complexity of the Bank’s operations. The debacle of the collapse of the financial services industry, created predominantly by the super large, multi-national complex institutions has resulted in disproportionate increases in the regulatory burden for smaller, less complex institutions, such as the Bank.

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 September 30, 2009

was \$932,767 compared to \$875,319 for the same period in 2008. Non-interest income for the third quarter 2009 of \$98,189 compared to \$62,075 for the same period in 2008. Non-interest expense for the third quarter 2009 was \$1,003,228 compared to \$838,900 for the same period in 2008, with the primary factors for the increase discussed above.

The Bank's balance sheet reflected continued positive growth trends. Total assets were \$118.4 million at September 30, 2009, compared to \$103.2 million at September 30, 2008, a 14.7% increase. Net loans of \$65.7 million represented an increase of 12.2% over September 30, 2008. Total deposits for the current quarter end totaled \$96.8 million compared to \$84.0 million at September 30, 2008.

Bill Farinholt, President and CEO, stated, "The current volatile economic environment continues to pose many challenges for community bankers. The Congressional and regulatory reaction to the environment tends to paint all financial institutions with one brush. This has resulted in regulatory treatment that has been disproportionately punitive for community banks that are attempting to be an active and responsible community partner and an involved corporate citizen. Our Bank did not participate in the government's TARP Plan, believing that such government assistance was not in the best interest of our shareholders. However, future growth of the Bank's balance sheet will require additional capital. Therefore, a possible common stock offering may be a part of future strategic plans."

The Bank operates three full service retail bank offices, two located in Gloucester County, and one in New Kent County, Virginia and offers full investment services through its investment division under the name of 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 services are offered through the Bank's three banking offices. JMC is headquartered in Newport News, Virginia.

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 corporation'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 corporation's performance and establishes goals for future periods.

Although the corporation'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 regarding risks and uncertainties. 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 corporation 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.

<u>Balance Sheet (\$)</u>	Y-Y			Q-Q	
	2009 Q3	2008 Q3	Ch (%)	2009 Q2	Ch (%)
<u>Loans Held for Investment, before Reserves</u>	66,635,698	59,176,739	12.60	64,991,572	2.53
<u>Loan Loss Reserve</u>	896,545	577,491	55.25	825,837	8.56
<u>Net Loans Receivable</u>	65,739,153	58,599,248	12.18	64,165,735	2.45
<u>Total Assets</u>	118,392,266	103,246,946	14.67	116,534,762	1.59
<u>Deposits</u>	96,835,256	84,049,173	15.21	95,080,152	1.85
<u>Common Equity</u>	11,931,694	11,600,391	2.86	11,847,795	0.71
<u>Total Shareholders' Equity</u>	11,931,694	11,600,391	2.86	11,847,795	0.71
<u>Shares Outstanding (actual)</u>	610,175	610,175	0.00	610,175	0.00

<u>Income Statement (\$)</u>	Y-Y			Q-Q	
	2009 Q3	2008 Q3	Ch (%)	2009 Q2	Ch (%)
<u>Net Interest Income</u>	932,767	875,319	6.56	851,809	9.50
<u>Provision for Loan Losses</u>	106,050	66,050	60.56	272,050	(61.02)
<u>Noninterest Income</u>	98,189	62,075	58.17	98,873	(0.70)
<u>Noninterest Expense</u>	1,003,228	838,900	19.59	975,880	2.80
<u>Net Income Before Taxes</u>	(78,322)	32,444	(341.41)	(297,248)	(73.65)
<u>Provision for Taxes</u>	(36,400)	10,000	(464.00)	(111,900)	(67.47)
<u>Net Income</u>	(41,922)	22,444	(286.78)	(185,348)	(77.38)

<u>Per Share Items (\$)</u>	Y-Y			Q-Q	
	2009 Q3	2008 Q3	Ch (%)	2009 Q2	Ch (%)
<u>Book Value Per Share</u>	19.55	19.01	2.86	19.42	0.69
<u>Diluted EPS Before Extra</u>	(0.07)	0.04	(275.00)	(0.30)	(76.67)
<u>Diluted EPS After Extra</u>	(0.07)	0.04	(275.00)	(0.30)	(76.67)
<u>Dividends Declared</u>	0.00	0.00	--	0.00	--

<u>Performance Ratios (%)</u>	Y-Y			Q-Q	
	2009 Q3	2008 Q3	Ch (bp)	2009 Q2	Ch (bp)
<u>ROAA</u>	(0.14)	0.08	(22)	(0.64)	50
<u>ROAE</u>	(1.36)	0.78	(214)	(6.12)	476
<u>Net Interest Margin</u>	3.49	3.57	(8)	3.30	19
<u>Loans / Deposits</u>	68.81	70.41	(160)	68.35	46
<u>Efficiency Ratio</u>	96.49	89.49	700	102.47	(598)

<u>Balance Sheet Ratios (%)</u>	Y-Y			Q-Q	
	2009 Q3	2008 Q3	Ch (bp)	2009 Q2	Ch (bp)
<u>Tangible Equity / Tangible Assets</u>	10.08	11.24	(116)	10.17	(9)
<u>Equity / Assets</u>	10.08	11.24	(116)	10.17	(9)

<u>Asset Quality Ratios (%)</u>			Y-Y		Q-Q
	2009 Q3	2008 Q3	Ch (bp)	2009 Q2	Ch (bp)
<u>Nonperforming Assets / Assets</u>	0.32	0.00	32	0.38	(6)
<u>Loan Loss Reserves / Gross Loans</u>	1.34	0.97	37	1.27	7
<u>Loan Loss Reserves / NPAs</u>	238.15	NM	NM	188.28	4,987
<u>Net Charge-offs / Avg Loans</u>	0.05	0.02	3	0.11	(6)
<u>Regulatory Capital Ratios (%)</u>			Y-Y		Q-Q
	2009 Q3	2008 Q3	Ch (bp)	2009 Q2	Ch (bp)
<u>Tier 1 Capital Ratio</u>	14.29	16.35	(206)	14.60	(31)

SOURCE Colonial Virginia Bank

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