

**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) February 9, 2010

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 February 5, 2010 Colonial Virginia Bank issued a news release announcing its financial results for the year ended December 31, 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 February 5, 2010

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: February 9, 2010

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 February 5, 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

February 5, 2010
For Immediate Release

Company Release – 02/05/2010

Colonial Virginia Bank Announces 2009 Earnings

GLOUCESTER, Va., Feb 05- Colonial Virginia Bank (OTCBB: CNVB) (“the Bank”), today reported a net loss for the year ended December 31, 2009 of \$299,960 or \$0.49 per share, with gross revenues totaling \$6.4 million and gross expenses of \$6.7 million. Comparatively, net income was \$134,938, or \$0.22 per share, with gross revenues of \$6.9 million and gross expenses of \$6.8 million, for the year ended December 31, 2008.

There are several dynamics that led to the decline in earnings. First, the current economic and regulatory environments precipitated an increase in the provision expense for potential loan losses of \$491,000 in 2009 compared to the 2008 total. Second, due to the opening of the New Kent office and the addition of other key personnel, expenses for salaries and employee benefits in 2009 were \$283,434 higher than 2008 totals. Another major increase in expenses resulted from the FDIC assessments in the year ended December 31, 2009, which increased \$114,439 compared to the year ended December 31, 2008 as a result of higher premiums for all banks, triggered by the multiple bank failures, and a special assessment in the second quarter of 2009. Additionally, net gains from securities totaled \$19,633 for the year ended December 31, 2009, down from net gains of \$206,813 in 2008. The decrease is attributable to both fewer calls prior to maturity of bonds purchased at a discount to par, and fewer sales of bonds to realize market gains, than in 2008.

The Bank relies primarily on net interest income (interest income on loans and investments minus interest expense on deposits and other borrowings) for its overall net income. Net interest income was \$3.6 million for the year ended December 31, 2009, compared to \$3.3 million in the year ended December 31, 2008. Average earning assets for the year ended December 31, 2009 were \$106.0 million, a \$10.7 million increase from \$95.3 million in 2008. Average interest bearing deposits and other borrowings totaled \$95.7 million and \$84.0 million for the years ended December 31, 2009 and 2008, respectively, an increase of \$11.7 million. The net interest margin, net interest income as a percentage of average earning assets, was 3.42% for the year ended December 31, 2009 and 3.43% for the year ended December 31, 2008. While the interest rate floors implemented on variable rate loans limited the reduction of loan yields, deposit growth which outpaced loan growth, resulted in a larger percentage of earning assets invested in bonds and Fed funds sold, which are generally lower yielding relative to loans, depressing the overall yield on earning assets. Offsetting this, funding costs continue to trend downward as time deposits re-price at substantially lower rates or are redeemed. Employing the previously implemented strategy of pricing loans at a higher than traditional spread over Prime rate, coupled with the recent purchases of investment securities with “step-up” coupons, should continue to ameliorate the moderately liability sensitive position of the balance sheet that evolved, due to floored loans, and better position the Bank for eventual rate increases.

Total average assets at December 31, 2009 were \$116.8 million, an increase of \$12.8 million, or 12.3%, from \$104.0 million at December 31, 2008. Average shareholders’ equity increased \$0.3 million, or 2.6%, to \$11.9 million in 2009 from \$11.6 million in 2008. Return on average assets for 2009 and 2008 was (0.25%) and 0.13%, respectively, and return on average equity in 2009 and 2008 was (2.47%) and 1.17%, respectively.

Total assets were \$125.3 million at December 31, 2009 compared to \$110.8 at December 31, 2008, an increase of \$14.5 million, or 13.1%. Total net loans increased \$3.0 million, or 4.8%, from \$62.1 million at December 31, 2008 to \$65.1 million at December 31, 2009. As of December 31, 2009, the allowance for loan and lease losses (“ALLL”) was \$1,029,400, or 1.55% of total loans outstanding, and the provision for loan losses in 2009 was \$730,200. This compares to the provision for loan losses in 2008 of \$239,200, and the ALLL totaling \$622,068, representing 0.99% of total loans outstanding at December 31, 2008.

Total deposits at December 31, 2009 were \$105.9 million, an increase of \$19.1 million or 22.0%, from \$86.8 million at December 31, 2008. Time deposits decreased \$1.1 million, from \$62.6 million at December 31, 2008 to \$61.5 million at December 31, 2009. Demand deposits increased \$19.8 million to \$40.5 million at December 31, 2009 from \$20.7 million at December 31, 2008.

Shareholders’ equity was \$11.6 million as of December 31, 2009, a 2.5% decline from \$11.9 million at December 31, 2008. The book value per common share was \$19.09 at December 31, 2009 and \$19.51 as of December 31, 2008.

Bill Farinholt, President and CEO, stated, “2009 was indeed a challenging year for the financial services industry, the Bank, and both American and world economies in general. The trends of our major operating performance ratios continue to be encouraging. While reporting operating losses is never an exciting event, our loss is due primarily to the weak economy and the need for more expansive loan loss reserves, even though actual loan losses are not expected to be too severe. In this environment, it is always prudent to err on the side of caution. In the lingering low interest rate environment, it has been challenging to find non-interest income to compensate for compression of the net interest margin. Our capital continues to be well above regulatory standards for well capitalized banks, and we are confident of our future.”

The Bank operates three full service retail bank offices, two in Gloucester County, Virginia and one at New Kent County Courthouse, 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. At December 31, 2009, the book value of the corporation was \$19.09 per share compared to \$19.51 at year-end 2008.

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; 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 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.

Balance Sheet (\$)

	2009 YTD	2008 YTD
<u>Loans Held for Investment, before Reserves</u>	66,174,513	62,742,194
<u>Loan Loss Reserve</u>	1,029,400	622,068
<u>Net Loans Receivable</u>	65,145,113	62,120,126
<u>Total Assets</u>	125,330,507	110,771,902
<u>Deposits</u>	105,862,597	86,788,963
<u>Common Equity</u>	11,647,809	11,901,772
<u>Total Shareholders' Equity</u>	11,647,809	11,901,772
<u>Shares Outstanding (actual)</u>	610,175	610,175

Income Statement (\$)

	2009 YTD	2008 YTD
<u>Net Interest Income</u>	3,618,276	3,264,069
<u>Provision for Loan Losses</u>	730,200	239,200
<u>Noninterest Income</u>	409,808	491,353
<u>Noninterest Expense</u>	3,830,568	3,294,610
<u>Net Income Before Taxes</u>	(532,684)	221,612
<u>Provision for Taxes</u>	(232,724)	86,674
<u>Net Income</u>	(299,960)	134,938

Per Share Items (\$)

	2009 YTD	2008 YTD
<u>Book Value Per Share</u>	19.09	19.51
<u>Diluted EPS Before Extra</u>	(0.49)	0.22
<u>Diluted EPS After Extra</u>	(0.49)	0.22
<u>Dividends Declared</u>	0.00	0.00

Performance Ratios (%)

	2009 YTD	2008 YTD
<u>ROAA</u>	(0.25)	0.13
<u>ROAE</u>	(2.47)	1.17
<u>Net Interest Margin</u>	3.42	3.43
<u>Loans / Deposits</u>	62.51	72.29
<u>Efficiency Ratio</u>	95.06	92.84

Balance Sheet Ratios (%)

	2009 YTD	2008 YTD
<u>Tangible Equity / Tangible Assets</u>	9.29	10.74
<u>Equity / Assets</u>	9.29	10.74

Asset Quality Ratios (%)

	2009 YTD	2008 YTD
<u>Nonperforming Assets / Assets</u>	0.18	0.05
<u>Loan Loss Reserves / Gross Loans</u>	1.55	0.99
<u>Loan Loss Reserves / NPAs</u>	454.64	1049.57
<u>Net Charge-offs / Avg Loans</u>	0.50	0.19

Regulatory Capital Ratios (%)

	2009 YTD	2008 YTD
<u>Tier 1 Capital Ratio</u>	14.09	15.48

SOURCE Colonial Virginia Bank

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