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**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): December 29, 2005

**COLONIAL VIRGINIA BANK**

(Exact name of registrant as specified in its charter)

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

**75-3093106**  
(IRS Employer  
Identification No.)

**6720 Sutton Road**  
**Gloucester, Virginia 23061**  
(Address of principal executive offices)

**(804) 695-9300**  
(Issuer's telephone number)

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 (see General Instruction A.2. below):

- 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 13e-4© under the Exchange Act (17 CFR 240.13e-4(c))

## **INFORMATION TO BE INCLUDED IN THE REPORT**

### **Section 1 – Registrant’s Business and Operations**

#### **Item 1.01 Entry Into a Material Definitive Agreement**

On December 29, 2005, the Executive Committee of the Board of Directors of Colonial Virginia Bank (“the Company”) approved accelerating the vesting of all unvested stock options outstanding (which as of December 29, 2005 totaled 7,000) under the Company’s Equity Compensation plan. The options are held by the Company’s only two executive officers and have an exercise price of \$22.00 per share. The closing price per share of the Company’s common stock on December 27, 2005 was \$23.50. Except as described in the next paragraph, all other terms of the affected options remained unchanged.

Of the total number of options whose vesting was accelerated by this action, named executive officers of the Company hold all of the options to purchase an aggregate of 7,000 shares of common stock. In order to offset unintended personal benefit to the named executive officers of the Company as a result of the vesting acceleration, the Committee action included a restriction that shares of the Company’s common stock obtained upon exercise of an accelerated option by a named executive officer may not be sold or otherwise transferred prior to the expiration of the option’s original vesting period.

The Committee determined to accelerate the vesting of these options in order to eliminate the Company’s recognition of compensation expense associated with the affected options under Statement of Financial Accounting Standards No. 123R, Share-Based Payment, which will apply to the Company beginning in the first quarter of 2006. The Company anticipates that the aggregate pre-tax compensation expense associated with the accelerated options that will be avoided by this action is approximately \$52,500, of which approximately \$6,562 would have been recognized in 2006. The Company believes that it will not be required to recognize any compensation expense in future periods associated with the affected options. However, there can be no assurance that the acceleration of vesting of these options may not result in some future compensation expense.

#### **Item 1.02 Termination of a Material Definitive Agreement.**

Not Applicable

#### **Item 1.03 Bankruptcy or Receivership.**

Not Applicable

### **Section 2 – Financial Information**

#### **Item 2.01 Completion of Acquisition or Disposition of Assets.**

Not Applicable

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

Not Applicable

#### **Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

Not Applicable

**Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.**

Not Applicable

**Item 2.05 Costs Associated with Exit or Disposal Activities.**

Not Applicable

**Item 2.06 Material Impairments.**

Not Applicable

**Section 3 – Securities and Trading Markets**

**Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.**

Not Applicable

**Item 3.02 Unregistered Sales of Equity Securities**

Not Applicable

**Item 3.03 Material Modification to Rights of Security Holders.**

Not Applicable

**Section 4 – Matters Related to Accountants and Financial Statements.**

**Item 4.01 Changes in Registrant’s Certifying Accountant.**

Not Applicable

**Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.**

Not Applicable

**Section 5 – Corporate Governance and Management**

**Item 5.01 Changes in Control of Registrant**

Not Applicable

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

Not Applicable

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

Not Applicable

**Item 5.04 Temporary Suspension of Trading Under Registrant's Employee Benefit Plans.**

Not Applicable

**Item 5.05 Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics.**

Not Applicable

**Section 6 – Asset-Backed Securities**

**Item 6.01 ABS Informational and Computational Material**

Not Applicable

**Item 6.02 Change of Servicer or Trustee.**

Not Applicable

**Item 6.03 Change in Credit Enhancement or Other External Support**

Not Applicable

**Item 6.04 Failure to Make a Required Distribution.**

Not Applicable

**Item 6.05 Securities Act Updating Disclosure**

Not Applicable

**Section 7 – Regulation FD**

**Item 7.01 Regulation FD Disclosure**

Not Applicable

**Section 8 – Other Events**

**Item 8.01 Other Events**

Not Applicable

**Section 9 – Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits.**

Not Applicable

## SIGNATURES

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

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(Registrant)

**Date:** December 30, 2005

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(Signature)\*

**Kenneth E. Smith**  
**Executive Vice President/Chief Financial Officer**

\*Print name and title of the signing officer under his signature.