

C & F FINANCIAL CORP  
Form 11-K  
June 29, 2010  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-23423

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Virginia Bankers Association Defined Contribution Plan for**

# **Citizens and Farmers Bank**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:  
C&F Financial Corporation**

**802 Main Street**

**West Point, Virginia 23181**

**Table of Contents**

**REQUIRED INFORMATION**

The Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank (the Plan) is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the following financial statements and schedule of the Plan for the years ended December 31, 2009 and 2008, which have been prepared in accordance with the financial reporting requirements of ERISA, are provided:

|  | <b>Page</b> |
|--|-------------|
| <u>Report of Independent Registered Public Accounting Firm</u>   | 1           |
| Financial Statements:  |             |
| <u>Statements of Net Assets Available for Benefits December 31, 2009 and 2008</u>                                | 2           |
| <u>Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2009 and 2008</u> | 3           |
| <u>Notes to Financial Statements</u>   | 4-12        |
| Supplemental Schedule:   |             |
| <u>Schedule of Assets (Held at End of Year) December 31, 2009</u>  | 13          |

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Plan Administrator

Virginia Bankers Association Defined Contribution

Plan for Citizens and Farmers Bank

West Point, Virginia

We have audited the accompanying statements of net assets available for benefits of the Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2009, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Yount, Hyde & Barbour, P.C.

Winchester, Virginia

June 29, 2010

**Table of Contents****VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN****FOR CITIZENS AND FARMERS BANK****Statements of Net Assets Available for Benefits****December 31, 2009 and 2008**

|   | <b>2009</b>          | <b>2008</b>         |
|---|----------------------|---------------------|
| <b>Assets</b>   |                      |                     |
| <b>Investments</b> , at fair value  | \$ 10,739,081        | \$ 7,975,599        |
| <b>Receivables:</b>   |                      |                     |
| Dividends   | 5,369                | 5,145               |
| Employer contributions  | 14,207               |                     |
| Employee contributions  | 21,631               |                     |
|   | 41,207               | 5,145               |
| <b>Cash</b>   | 97,655               | 5,457               |
| <b>Net assets available for benefits at fair value</b>  | <b>10,877,943</b>    | <b>7,986,201</b>    |
| <b>Adjustment from fair value to contract value for fully benefit-responsive investment contracts</b> | <b>45,010</b>        | <b>228,565</b>      |
| <b>Net assets available for benefits</b>  | <b>\$ 10,922,953</b> | <b>\$ 8,214,766</b> |

See Notes to Financial Statements.

**Table of Contents****VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN****FOR CITIZENS AND FARMERS BANK****Statements of Changes in Net Assets****Available for Benefits****For the Years Ended December 31, 2009 and 2008**

|   | 2009          | 2008           |
|---|---------------|----------------|
| <b>Additions to (deductions in) net assets attributed to:</b> |               |                |
| Investment income (loss):                                     |               |                |
| Net appreciation (depreciation) in fair value of investments  | \$ 2,151,641  | \$ (3,635,047) |
| Interest and dividends  | 147,741       | 266,379        |
|   | 2,299,382     | (3,368,668)    |
| Contributions:  |               |                |
| Employer  | 408,510       | 437,271        |
| Participants  | 651,518       | 742,763        |
| Rollover contributions  | 206,683       |                |
|   | 1,266,711     | 1,180,034      |
| Net additions (deductions)                                    | 3,566,093     | (2,188,634)    |
| <b>Deductions from net assets attributed to:</b>              |               |                |
| Benefits paid to participants                                 | 839,033       | 833,753        |
| Administrative expenses                                       | 18,873        | 18,595         |
|   | 857,906       | 852,348        |
| Net increase (decrease) in net assets available for benefits  | 2,708,187     | (3,040,982)    |
| <b>Net assets available for benefits:</b>                     |               |                |
| Beginning of period   | 8,214,766     | 11,255,748     |
| End of period   | \$ 10,922,953 | \$ 8,214,766   |

See Notes to Financial Statements.

**Table of Contents**

**VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN  
FOR CITIZENS AND FARMERS BANK**

**Notes to Financial Statements**

**Note 1. Description of the Plan**

The following description of the Virginia Bankers Association Defined Contribution Plan for Citizens and Farmers Bank (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

***General***

The Plan is a defined contribution plan sponsored by Citizens and Farmers Bank (the Bank or the Plan Sponsor), a wholly-owned subsidiary of C&F Financial Corporation, pursuant to the provisions of Section 401(k) of the Internal Revenue Code (Code). The Plan was established for the benefit of substantially all full time employees electing to participate in the Plan. Employees are eligible to participate in the Plan on the first day of the calendar quarter after completing three months of service and must be eighteen years old or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

***Contributions***

Each year, participants may contribute from 1% to 95% of covered compensation, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Bank matches 100% of the first 5% of compensation that a participant contributes to the Plan. The Bank may also make a discretionary profit sharing contribution, determined annually by its Board of Directors. This contribution is allocated in proportion to a participant's covered compensation in relation to the covered compensation of all participants. There were no discretionary profit sharing contributions declared by the Bank during the plan years ended December 31, 2009 and 2008. Contributions are subject to certain limitations as established by the Code.

***Participants' Accounts***

Each participant's account is credited with the participant's contributions, the Bank's matching contributions and allocations of the Bank's discretionary contribution (if any) and Plan earnings, and is charged with an allocation of administrative expenses. Effective January 1, 2009, forfeitures will be used to reduce the contributions required to be made by the Bank. Forfeitures prior to January 1, 2009 were reallocated to remaining participants' accounts in the same manner as employer discretionary contributions. Allocations are based on participant earnings or account balances, as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Table of Contents**

**Notes to Financial Statements (Continued)**

***Vesting***

Participants are vested immediately in their own contributions plus actual earnings thereon. Vesting in the portion of their accounts contributed by the Bank is based on years of vesting service. Participants vest 20% when credited with two years of vesting service, and vesting then increases by 20% for each additional year of vesting service until participants are 100% vested in the portion of their accounts contributed by the Bank after six years of vesting service.

***Investment Options***

Investment of all assets in the Plan is directed by individual participants. Participants are given the option to direct account balances and all contributions made into approximately 21 separate investment options consisting of managed, indexed or individual equity or fixed income funds. Participants may choose to invest up to 25% (in increments of 1%) of their account balance and future contributions in the common stock of C&F Financial Corporation (Employer Common Stock). Participants may change their investment options daily.

The Plan also includes a qualified Roth 401(k) contribution feature whereby participants may elect to designate some or all of their elective deferral contributions as Roth 401(k) contributions. Roth 401(k) contributions are made in after-tax dollars and the decision to characterize the deferral as a Roth 401(k) contribution is made at the time the contribution is made. This decision is irrevocable.

***Participant Loans***

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan transactions are treated either as a transfer to the investment fund(s) from the Participant Notes Fund or as a transfer from the investment fund(s) to the Participant Notes Fund. Maximum loan terms are limited to 30 years for the purchase of a primary residence or 5 years for all other purposes. The loans are fully secured by the balance in the participant's account and bear interest at 0.25% over the Bank's prime rate at the time the loan is made, which rate will remain unchanged for the life of the loan. Principal and interest is paid ratably through monthly payroll deductions.

***Payment of Benefits***

With regard to traditional 401(k) pre-tax account balances, on termination of service due to death, disability, or retirement, a participant or beneficiary, as the case may be, may elect to receive a lump sum amount equal to the value of the participant's vested interest in his or her account, periodic installments for a period of up to 10 years or a combination of both. A written election must be made by the participant and filed with the administrator at least 30 days before the benefit payment date. A vested account balance greater than \$1,000, but not over \$5,000, for a participant who has not reached age 65 at the time of termination of service will automatically be transferred or rolled over into an individual retirement account (IRA) selected by the Plan Trustee, unless the participant affirmatively elects to have the amount paid to an IRA that he or she selects or to another employer's eligible retirement plan, or the participant affirmatively elects to receive the amount in



**Table of Contents**

**Notes to Financial Statements (Continued)**

cash, subject to applicable state and Federal tax withholding. A vested account balance of \$1,000 or less for a participant who has not reached age 65 or a vested account balance of \$5,000 or less for a participant who has reached age 65 will automatically be distributed to the participant in cash, subject to applicable state and Federal income tax withholding, unless the participant affirmatively elects a rollover to an IRA that he or she selects or to another employer's eligible retirement plan.

With regard to Roth 401(k) account balances, distributions can begin without penalty after the participant's Roth 401(k) account has remained in the Plan for at least five years and the participant has reached age 59 1/2. To withdraw the Roth 401(k) account earnings on a tax-free basis, the distribution must occur after five years from starting the Roth 401(k) account and the participant must have attained age 59 1/2. A participant's death or disability also qualifies for a tax-free distribution. If a distribution is made prior to satisfying the five-year holding period and age 59 1/2 and not as a result of death or disability, the earnings on the Roth 401(k) account become taxable and are subject to penalty.

***Forfeited Accounts***

As of December 31, 2009, forfeited nonvested account balances totaled \$54,861. These accounts will be used to reduce the contributions required to be made by the Bank in 2010. As of December 31, 2008, forfeited nonvested account balances totaled \$45,585. These accounts were reallocated in 2009 to remaining participants' accounts in the same manner as employer discretionary contributions.

**Note 2. Summary of Accounting Policies**

***Basis of Accounting***

The financial statements of the Plan are prepared under the accrual method of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statements of Changes in Net Assets Available for Benefits are prepared on a contract value basis.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Table of Contents**

**Notes to Financial Statements (Continued)**

***Investment Valuation and Income Recognition***

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the Plan year.

***Benefit Payments***

Benefit payments are recorded when paid.

**Note 3. Fair Value Measurements**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2      Inputs to the valuation methodology include:

    Quoted prices for similar assets or liabilities in active markets;

    Quoted prices for identical or similar assets or liabilities in inactive markets;

    Inputs other than quoted prices that are observable for the asset or liability;

    Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

## Edgar Filing: C & F FINANCIAL CORP - Form 11-K

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Table of Contents****Notes to Financial Statements (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

*Mutual Funds:* Valued at the net asset value (NAV) of shares held by the Plan at year end.

*Employer Common Stock:* Valued at the closing price reported on the active market on which the Employer Common Stock was traded.

*Guaranteed Investment Contract:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Refer to Note 5.

*Participant Loans:* Valued at amortized cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008:

|   | Assets at Fair Value as of December 31, 2009 |         |              |               |
|---|--|---------|--------------|---------------|
|   | Level 1                                      | Level 2 | Level 3      | Total         |
| <b>Mutual Funds:</b>                            |  |         |              |               |
| Equity Funds                                    | \$ 7,088,652                                 | \$      | \$           | \$ 7,088,652  |
| Fixed Income Funds                              | 1,654,197                                    |         |              | 1,654,197     |
| Total Mutual Funds                              | 8,742,849                                    |         |              | 8,742,849     |
| Employer Common Stock                           | 410,476                                      |         |              | 410,476       |
| MetLife Guaranteed Investment Contract (Note 5) |  |         | 1,507,088    | 1,507,088     |
| Participant Loans                               |  |         | 78,668       | 78,668        |
| Total Assets at Fair Value                      | \$ 9,153,325                                 | \$      | \$ 1,585,756 | \$ 10,739,081 |

|                       | Assets at Fair Value as of December 31, 2008 |         |         |              |
|-----------------------|--|---------|---------|--------------|
|                       | Level 1                                      | Level 2 | Level 3 | Total        |
| <b>Mutual Funds:</b>  |  |         |         |              |
| Equity Funds          | \$ 5,156,047                                 | \$      | \$      | \$ 5,156,047 |
| Fixed Income Funds    | 893,116                                      |         |         | 893,116      |
| Total Mutual Funds    | 6,049,163                                    |         |         | 6,049,163    |
| Employer Common Stock | 295,251                                      |         |         | 295,251      |

Edgar Filing: C & F FINANCIAL CORP - Form 11-K

|   |              |    |              |              |
|---|--------------|----|--------------|--------------|
| MetLife Guaranteed Investment Contract (Note 5) |              |    | 1,511,713    | 1,511,713    |
| Participant Loans                               |              |    | 119,472      | 119,472      |
| Total Assets at Fair Value                      | \$ 6,344,414 | \$ | \$ 1,631,185 | \$ 7,975,599 |

**Table of Contents****Notes to Financial Statements (Continued)**

The tables below set forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2009 and 2008.

|  | Level 3 Assets                    |                   |
|--|-----------------------------------|-------------------|
|  | Year Ended December 31, 2009      |                   |
|  | Guaranteed Investment<br>Contract | Participant Loans |
| Balance, December 31, 2008   | \$ 1,511,713                      | \$ 119,472        |
| Appreciation in fair value of instruments during the year,<br>including gains and losses on investments bought and<br>sold | 51,960                            |                   |
| Purchases, sales, issuances and settlements (net)  | (56,585)                          | (40,804)          |
| Balance, December 31, 2009   | \$ 1,507,088                      | \$ 78,668         |

|  | Level 3 Assets                       |                      |
|--|--------------------------------------|----------------------|
|  | Year Ended December 31, 2008         |                      |
|  | Guaranteed<br>Investment<br>Contract | Participant<br>Loans |
| Balance, December 31, 2007   | \$ 1,503,527                         | \$ 97,295            |
| Depreciation in fair value of instruments during the year,<br>including gains and losses on investments bought and<br>sold | (162,377)                            |                      |
| Purchases, sales, issuances and settlements (net)  | 170,563                              | 22,177               |
| Balance, December 31, 2008   | \$ 1,511,713                         | \$ 119,472           |

**Note 4. Investments**

The following table presents investments that represent 5 percent or more of the Plan's net assets.

|   | December 31,<br>2009 |
|---|----------------------|
| American Beacon Large Cap Value Fund, 51,654 shares               | \$ 848,151           |
| American EuroPacific Class R4 Fund, 30,096 shares                 | 1,135,240            |
| Davis New York Venture Class A Fund, 26,906 shares                | 833,562              |
| Goldman Sachs Mid-Cap Value Fund, 18,968 shares                   | 553,298              |
| PIMCO Total Return II Administrative Fund, 51,994 shares          | 563,207              |
| T. Rowe Price Institutional Large Cap Growth Fund, 125,655 shares | 1,774,260            |
| Vanguard Short Term Investment Fund, 56,858 shares                | 603,924              |
| MetLife Managed GIC (contract value \$1,552,098)                  | 1,507,088            |

**Table of Contents****Notes to Financial Statements (Continued)**

|   | <b>December 31,<br/>2008</b> |
|---|------------------------------|
| American Beacon Large Cap Value Fund, 52,392 shares               | \$ 686,857                   |
| American EuroPacific Class R4 Fund, 25,234 shares                 | 695,445                      |
| Davis New York Venture Class A Fund, 28,188 shares                | 665,807                      |
| T. Rowe Price Institutional Large Cap Growth Fund, 147,125 shares | 1,356,493                    |
| MetLife Managed GIC (contract value \$1,740,278)                  | 1,511,713                    |

The Plan's investments, including gains and losses on investments bought and sold, as well as assets held during the year, appreciated in value by \$2,151,641 during the Plan year ended December 31, 2009 and depreciated in value by \$(3,635,047) during the Plan year ended December 31, 2008, as follows:

|                                 | <b>December 31,<br/>2009</b> | <b>2008</b>    |
|---------------------------------|------------------------------|----------------|
| Registered Investment Companies | \$ 2,029,919                 | \$ (3,219,077) |
| Employer Common Stock           | 69,762                       | (253,593)      |
| Guaranteed Investment Contract  | 51,960                       | (162,377)      |
|                                 | \$ 2,151,641                 | \$ (3,635,047) |

**Note 5. Investment Contract with Insurance Company**

In 2003, the Plan entered into a benefit-responsive investment contract with Metropolitan Life Insurance Company (MetLife), which maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. As described in Note 2, because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Therefore, the contract is included in the financial statements at contract value as reported to the Plan by MetLife. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. Contract value of the investment at December 31, 2009 and 2008 was \$1,552,098 and \$1,740,278, respectively.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2009 and 2008 was \$1,507,088 and \$1,511,713, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than zero. Such interest rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan

**Table of Contents****Notes to Financial Statements (Continued)**

Sponsor or other Plan Sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan Administrator does not believe that any events which would limit the Plan's ability to transact at contract value with the issuer are probable of occurring.

The guaranteed investment contract does not permit MetLife to terminate the agreement prior to the scheduled maturity date.

| Average yields:                                 | 2009   | 2008     |
|---|--------|----------|
| Based on actual earnings                        | 15.01% | (10.29)% |
| Based on interest rate credited to participants | 3.80%  | 5.11%    |

**Note 6. Plan Termination**

Although it has not expressed any intent to do so, the Bank has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in employer contributions credited to their accounts.

**Note 7. Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated June 9, 2004, stating that the Plan, as then designed, is qualified based on the tax laws reviewed and, therefore, the trust established under the Plan is tax exempt. This determination letter may not be relied on with respect to whether the Plan satisfies the requirements of Section 401(a) of the Code, as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

**Note 8. Related-Party Transactions**

Certain Plan investments are shares of mutual funds managed by Fidelity Investments (Fidelity). Fidelity is a custodian, as defined by the Plan. These transactions qualify as exempt party-in-interest transactions.

The Plan allows funds to be invested in the common stock of C&F Financial Corporation, the parent company of Citizens and Farmers Bank, the Plan Sponsor. Therefore, C&F Financial Corporation is a party-in-interest. Investment in employer securities is allowed by ERISA and the United States Department of Labor's Rules and Regulations, and the fair value of the Employer Common Stock is based on quotes from an active market.

**Note 9. Administrative Expenses**

Certain administrative expenses are absorbed by the Plan Sponsor.



**Table of Contents****Notes to Financial Statements (Continued)****Note 10. Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Note 11. Reconciliation of Financial Statements to Form 5500**

Financial information reported on the Plan's 2009 and 2008 Form 5500, Annual Return/Report of Employee Benefit Plan, differs from the Plan's financial statements as follows:

|                                       | <b>2009</b>                                      |  |
|---------------------------------------|--|--|
|                                       | <b>Net Assets<br/>Available<br/>For Benefits</b> | <b>Net Increase<br/>in Net Assets<br/>Available<br/>for Benefits</b> |
| Balance per financial statements      | \$ 10,922,953                                    | \$ 2,708,187   |
| Benefits payable at December 31, 2009 | (46,269)   | (46,269)   |
| Benefits payable at December 31, 2008 |  | 6,076  |
| As reported on Form 5500              | \$ 10,876,684                                    | \$ 2,667,994   |
|                                       | <b>2008</b>                                      |  |
|                                       | <b>Net Assets<br/>Available<br/>For Benefits</b> | <b>Net Decrease<br/>in Net Assets<br/>Available<br/>for Benefits</b> |
| Balance per financial statements      | \$ 8,214,766                                     | \$ (3,040,982)   |
| Benefits payable at December 31, 2008 | (6,076)  | (6,076)  |
| Benefits payable at December 31, 2007 |  |  |
| As reported on Form 5500              | \$ 8,208,690                                     | \$ (3,047,058)   |

**Note 12. Subsequent Events**

Subsequent events that have occurred after the date of the Plan's financial statements but before the financial statements are issued are evaluated. There are two types of subsequent events: (1) recognized events, which are events that provide additional evidence about conditions that existed at the date of the financial statements, including the estimates inherent in the process of preparing the financial statements, and (2) nonrecognized events, which are events that provide evidence about conditions that did not exist at the date of the financial statements but arose after that date.

Based on the evaluation, there were no recognized or nonrecognized subsequent events identified that would have required adjustment to or disclosure in the Plan's financial statements.

**Table of Contents****VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN****FOR CITIZENS AND FARMERS BANK****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****EIN: 54-0169510 Plan No. 002****December 31, 2009**

| Identity of Issuer, Borrower, Lessor or Similar Party | Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | Value                              |
|---|---|------------------------------------|
| <b>Registered Investment Companies</b>                |   |                                    |
| American Beacon Large Cap Value Fund                  | Mutual Fund   | \$ 848,151                         |
| American EuroPacific Class R4 Fund                    | Mutual Fund   | 1,135,240                          |
| Buffalo Small Cap Growth Fund                         | Mutual Fund   | 446,794                            |
| Columbia Small Cap Class Z Value Fund II              | Mutual Fund   | 308,479                            |
| Davis New York Venture Class A Fund                   | Mutual Fund   | 833,562                            |
| Fidelity Domestic Money market Class B Fund           | Mutual Fund   | 20,029                             |
| *Fidelity Spartan Total Market Index Fund             | Mutual Fund   | 12,964                             |
| *Fidelity Spartan U.S. Equity Index Fund              | Mutual Fund   | 386,098                            |
| *Fidelity U.S. Bond Index Fund                        | Mutual Fund   | 22,070                             |
| Goldman Sachs Mid-Cap Value Fund                      | Mutual Fund   | 553,298                            |
| Managers Bond Index Fund                              | Mutual Fund   | 192,174                            |
| Munder Mid Cap Core Growth Class Y Fund               | Mutual Fund   | 533,743                            |
| Oppenheimer Developing Markets Class A Fund           | Mutual Fund   | 246,723                            |
| PIMCO High Yield Class A Fund                         | Mutual Fund   | 1,212                              |
| PIMCO Total Return II Administrative Fund             | Mutual Fund   | 563,207                            |
| T. Rowe Price Institutional Large Cap Growth Fund     | Mutual Fund   | 1,774,260                          |
| Vanguard Inflation Protected Securities Fund          | Mutual Fund   | 251,581                            |
| Vanguard Short Term Investment Fund                   | Mutual Fund   | 603,924                            |
| Virtus Real Estate Securities Class A Fund            | Mutual Fund   | 9,340                              |
|   |   | 8,742,849                          |
| MetLife Managed GIC                                   | Insurance Contract  | 1,507,088                          |
| <b>Common Stock</b>                                   |   |                                    |
| *C&F Financial Corporation                            | Employer Common Stock   | 410,476                            |
| <b>Loans</b>  |   |                                    |
| Participant Notes                                     | Interest Rates Range from<br><br>3.50% to 8.50%;<br><br>Maturity Dates Through<br><br>2014              | <br><br><br><br><br><br><br>78,668 |
| Total Assets Held for Investment                      |   | \$ 10,739,081                      |

\* Denotes party-in-interest

**Table of Contents**

**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of the Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

VIRGINIA BANKERS ASSOCIATION DEFINED  
CONTRIBUTION PLAN FOR CITIZENS AND FARMERS BANK  
(Name of Plan)

Date June 29, 2010

/s/ THOMAS F. CHERRY  
**Thomas F. Cherry, Chief Financial Officer**  
**CITIZENS AND FARMERS BANK, Plan Administrator**