

C & F FINANCIAL CORP  
Form 11-K  
June 28, 2007  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 11-K**

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(Mark One)

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

For the fiscal year ended December 31, 2006

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

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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**

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B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**C&F Financial Corporation**

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802 Main Street

West Point, Virginia 23181

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**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, 2006 and 2005, which have been prepared in accordance with the financial reporting requirements of ERISA, are provided:

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**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, 2006 and 2005, 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 the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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, 2006 and 2005, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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 for investment purposes as of December 31, 2006 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.  
YOUNT, HYDE & BARBOUR, P.C.  
Winchester, Virginia

June 28, 2007

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**VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN**

**FOR CITIZENS AND FARMERS BANK**

**Statements of Net Assets Available for Benefits**

December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
<b>Investments</b> , at fair value	\$ 9,929,469	\$ 8,525,357
<b>Receivables:</b>		
Employer contribution	194,607	182,135
Other	4,281	3,536
Total receivables	198,888	185,671
<b>Cash</b>	3,803	3,605
Net assets available for benefits	\$ 10,132,160	\$ 8,714,633

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, 2006 and 2005

	2006	2005
<b>Additions to net assets attributed to:</b>		
Investment income:		
Net appreciation in fair value of investments	\$ 664,656	\$ 394,414
Interest and dividends	304,512	213,628
	969,168	608,042
Contributions:		
Employer	563,892	515,275
Participants	618,475	556,127
Rollover contributions	40,428	16,748
	1,222,795	1,088,150
<b>Total additions</b>	<b>2,191,963</b>	<b>1,696,192</b>
<b>Deductions from net assets attributed to:</b>		
Benefits paid to participants	742,209	698,025
Administrative expenses	32,227	31,315
	774,436	729,340
Net increase	1,417,527	966,852
<b>Net assets available for benefits:</b>		
Beginning of period	8,714,633	7,747,781
End of period	\$ 10,132,160	\$ 8,714,633

See Notes to Financial Statements.

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**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 (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 (Bank), a wholly-owned subsidiary of C&F Financial Corporation, pursuant to the provisions of Section 401(k) of the Internal Revenue Code (Code) 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 covered compensation of all participants. Discretionary profit sharing contributions declared or made by the Bank were \$194,607 and \$182,135 during the plan years ended December 31, 2006 and 2005, respectively. Contributions are subject to certain limitations as established by the Code.

**Participants' Accounts**

Each participant's account is credited with the participant's contributions and allocations of (a) the Bank's contributions, (b) Plan earnings and (c) forfeitures, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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**Notes to Financial Statements**

**Vesting**

Participants are vested immediately in their 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 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 20 separate investment options consisting of managed, indexed or individual equity or fixed income funds. Prior to March 31, 2007, participants could also choose to invest up to 25% (in increments of 5%) 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.

Commencing March 31, 2007, participants may choose to invest up to 25% (in increments of 1%) of their account balance and future contributions in Employer Common Stock.

**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 as a transfer to (from) the investment fund(s) from (to) the Participant Notes Fund. Loan terms are limited to up 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**

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 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 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.



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**Notes to Financial Statements**

**Forfeited Accounts**

As of December 31, 2006 and 2005, forfeited nonvested account balances totaled \$35,851 and \$40,558, respectively. These accounts will be reallocated 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.

**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 assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. Common stock is stated at the fair value determined by quoted market prices. Participant loans are valued at their outstanding balances, which approximate fair value.

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.

In accordance with the policy of stating investments at current value, net realized and unrealized appreciation (depreciation) for the year is reflected in the statements of changes in net assets available for benefits.

**Benefit Payments**

Benefit payments are recorded when paid.

**Table of Contents****Notes to Financial Statements****Note 3. 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 account.

**Note 4. Investments**

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

	<b>December 31, 2006</b>
American Beacon Large Cap Value Plan	\$ 677,958
Calvert Large Cap Growth Class I Fund	1,405,713
Columbia Acorn Class Z Fund	754,939
Davis New York Venture Class A Fund	1,052,095
Fidelity Spartan U.S. Equity Index Fund	722,850
First Eagle Overseas Class A Fund	601,139
Met Managed GIC ABG Trust Fund	2,065,383
Oppenheimer Global Class A Fund	578,324
C&F Financial Corporation Employer Common Stock	548,868
	<b>December 31, 2005</b>
Calvert Large Cap Growth Class I Fund	\$ 1,160,566
Davis New York Venture Class A Fund	1,126,846
Fidelity Spartan U.S. Equity Index Fund	1,592,872
First Eagle Overseas Class A Fund	463,923
Met Managed GIC ABG Trust Fund	968,258
PIMCO Total Return II Administrative Fund	637,938
C&F Financial Corporation Employer Common Stock	489,790

During the Plan years ended December 31, 2006 and 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value by \$664,656 and \$394,414, respectively, as follows:

	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
Employer Common Stock	\$ 30,137	\$ (36,561)
Registered Investment Companies	634,519	430,975
	<b>\$ 664,656</b>	<b>\$ 394,414</b>

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**Notes to Financial Statements**

**Note 5. 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 6. 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 Rules and Regulations, and the fair value of the Employer Common Stock is based on quotes from an active market.

**Note 7. Administrative Expenses**

Certain administrative expenses are absorbed by Citizens and Farmers Bank, the Plan Sponsor.

**Note 8. 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.

**Table of Contents****Notes to Financial Statements****Note 9. Reconciliation of Financial Statements to Form 5500**

Financial information reported on the 2006 and 2005 Form 5500, Annual Return/Report of Employee Benefit Plan, differs from the Plan's financial statements as follows:

	<b>2006</b>	<b>Net Increase in Net Assets Available for Benefits</b>
Balance per financial statements	\$ 10,132,160	\$ 1,417,527
Less benefits payable at December 31, 2006	(29,604)	(29,604)
Plus benefits payable at December 31, 2005		18,571
As reported on Form 5500	\$ 10,102,556	\$ 1,406,494

	<b>2005</b>	<b>Net Increase in Net Assets Available for Benefits</b>
Balance per financial statements	\$ 8,714,633	\$ 966,852
Less benefits payable at December 31, 2005	(18,571)	(18,571)
Plus benefits payable at December 31, 2004		15,179
As reported on Form 5500	\$ 8,696,062	\$ 963,460

**Table of Contents****VIRGINIA BANKERS ASSOCIATION DEFINED CONTRIBUTION PLAN****FOR CITIZENS AND FARMERS BANK****Schedule of Assets Held for Investment Purposes****EIN: 54-0169510 Plan No. 002**

December 31, 2006

Description of Asset/Identity of Issue	Fair Value
<b>Registered Investment Companies</b>	
American Beacon Large Cap Value Plan	\$ 677,958
Calamos Growth Class A Fund	52,425
Calvert Large Cap Growth Class I Fund	1,405,713
Columbia Acorn Class Z Fund	754,939
Davis New York Venture Class A Fund	1,052,095
*Fidelity Domestic Money Market Class B Fund	26,607
*Fidelity Spartan Total Market Index Fund	16,610
*Fidelity Spartan U.S. Equity Index Fund	722,850
*Fidelity Spartan U.S. Money Market Fund	35,851
*Fidelity U.S. Bond Index Fund	14,702
First Eagle Overseas Class A Fund	601,139
Goldman Sachs Mid Cap Value Fund	506,488
Mainstay Small Cap Opportunity Class Fund	357,805
Managers Bond Index Fund	8,857
Met Managed GIC ABG Trust Fund	2,065,383
Oppenheimer Developing Markets Class A Fund	300,515
Oppenheimer Global Class A Fund	578,324
Phoenix Duff & Phelps Real Estate Fund	80,065
PIMCO High Yield Class A Fund	1,152
PIMCO Total Return II Administrative Fund	45,463
	9,304,941
<b>Common Stock</b>	
*C&F Financial Corporation Employer Common Stock	548,868
<b>Loans</b>	
Participant notes (interest rates range from 4.25% to 8.50%)	75,660
<b>Total assets held for investment</b>	<b>\$ 9,929,469</b>

\* Denotes party-in-interest

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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 28, 2007

/s/ Thomas F. Cherry  
Thomas F. Cherry, Chief Financial Officer  
CITIZENS & FARMERS BANK, Plan  
Administrator