

**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): **April 21, 2009**

EAGLE FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation)

0-20146
(Commission File Number)

54-1601306
(IRS Employer Identification No.)

**2 East Main Street
P.O. Box 391
Berryville, Virginia**
(Address of principal executive offices)

22611
(Zip Code)

Registrant's telephone number, including area code: **(540) 955-2510**

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

Item 2.02 Results of Operations and Financial Condition

On April 21, 2009, the Registrant issued a press release announcing results for the quarter ended March 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 dated April 21, 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.

Dated: April 21, 2009

Eagle Financial Services, Inc.

By: /s/ KATHLEEN J. CHAPPELL

Kathleen J. Chappell
Vice President and CFO

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated April 21, 2009.

EXHIBIT 99.1

EAGLE FINANCIAL SERVICES, INC. ANNOUNCES 2009 FIRST QUARTER FINANCIAL RESULTS AND QUARTERLY DIVIDEND

Contact: Kathleen J. Chappell, Vice President and CFO

540-955-2510

kchappell@bankofclarke.com

BERRYVILLE, VIRGINIA (April 21, 2009) – Eagle Financial Services, Inc. (OTC BULLETIN BOARD: EFSI), the holding company for Bank of Clarke County, whose divisions include Eagle Investment Group, announces first quarter 2009 financial results and a quarterly dividend. The Company's common stock is listed for trading on the Over-the-Counter (OTC) Bulletin Board under the ticker symbol EFSI.

First Quarter 2009 Financial Results:

- Net income of \$955,000
- Diluted earnings per share \$0.30
- Net interest margin of 3.98%
- Allowance for loan losses at 1.29% of total loans
- Deposit growth of \$14.8 million since December 31, 2008
- Total equity to assets of 8.72%
- Dividend of \$0.17 per share

John R. Milleson, President and CEO, stated *"The first quarter of 2009 has been a challenging time for all banks. Like many other banks, our non-performing assets have increased. Even with such increases, Eagle Financial Services, Inc. has maintained strengths in many key areas. Our core earnings, liquidity, deposit growth and capital each remain strong. Most importantly though, as a community bank we feel that perhaps our greatest strength is that of possessing the ability and willingness to work with our customers in both the good times and the bad. We have been committed to being a safe and sound bank since 1881 and our commitment to our shareholders and community remains our main focus."*

Net Interest Income and Net Interest Margin

Net interest income for the quarter ended March 31, 2009 was \$4.7 million which represented an increase of 3.4% when compared to \$4.5 million for the same period in 2008. Although average earning assets increased \$13.2 million since March 31, 2008, the increase net interest income resulted mostly from the decline in the Company's funding costs.

Total loan interest income was \$5.6 million for the quarter ended March 31, 2009, reflecting a decrease of \$911,000 from the quarter ended March 31, 2008. Average loans decreased \$962,000 since March 31, 2008. Interest income from the investment portfolio was \$1.2 million for the quarter ended March 31, 2009 and \$1.1 million for the same time period in 2008. Average investments increased \$9.4 million since March 31, 2008.

Total interest expense for the three months ended March 31, 2009 decreased \$987,000 when compared to the three months ended March 31, 2008. Interest expense on borrowings had decreased, as did the demand among local competitors for deposits thereby decreasing the acquisition costs of deposits and the corresponding interest expense. The average cost of interest bearing liabilities decreased 105 basis points from the quarter ended March 31, 2008 to the same period in 2009. The average balance of interest bearing liabilities increased \$11.1 million from the quarter ended March 31, 2008 to the same period in 2009.

The net interest margin increased from 3.90% for the quarter ended March 31, 2008 to 3.98% for the quarter ended March 31, 2009. The increase in the net interest margin was mostly attributable to the decreased cost of interest bearing liabilities.

The Company's net interest margin is not a measurement under accounting principles generally accepted in the United States, but it is a common measure used by the financial services industry to determine how profitably earning assets are funded. The Company's net interest margin is calculated by dividing tax equivalent net interest income by total average earning assets. Tax equivalent net interest income is calculated by grossing up interest income for the amounts that are non-taxable (i.e., municipal income) then subtracting interest expense. The tax rate utilized is 34%.

Asset Quality and Provision for Loan Losses

Provisions for loan losses were \$800,000 for the three months ended March 31, 2009, compared to \$200,000 for the quarter ended March 31, 2008. Although the Company experienced a decrease in total loans since the December 31, 2008, given the level of problem loans, continued uncertainty in the economy, and the current nationwide credit crisis, the Company deemed it prudent to increase its allowance for loan losses.

Non performing assets increased from \$1.5 million or .30% of total assets at March 31, 2008 to \$6.9 million or 1.30% of total assets at March 31, 2009. This rise was mostly a result of the increase in non accrual loans. During the first quarter of 2009, the Bank foreclosed upon real estate assets valued at \$422,000. Loans greater than 90 days past due increased from \$624,000 at March 31, 2008 to \$1.6 million at March 31, 2009. At March 31, 2009, the majority of past due loans are secured by consumer real estate. The Company realized \$314,000 in net charge-offs for the quarter ended March 31, 2009 versus \$86,000 for the same period in 2008. Given the current economic environment, it is anticipated there could be an increase in past due loans, non performing loans and other real estate owned. However, the Company believes that the allowance for loan losses will be maintained at a level adequate to mitigate any negative impact resulting from such increases.

Non Interest Income and Non Interest Expense

Noninterest income was \$1.2 million and \$1.9 million for the quarters ended March 31, 2009 and 2008, respectively. The change in noninterest income reflects a decrease of \$717,000 or 37.3%. For the quarter ended March 31, 2008, the Company had realized a \$376,000 gain on the sale of its credit card portfolio. Much of the remaining decrease resulted from the decline in commissions earned from sales of non-deposit investments.

Noninterest expense was \$3.8 million and \$3.9 million for the quarters ended March 31, 2009 and 2008, respectively.

Total Consolidated Assets

Total consolidated assets of the Company at March 31, 2009 were \$535.3 million, which represents an increase of \$17.4 million or 3.4% from total assets of \$517.8 million at March 31, 2008. Total loans increased \$1.0 million from \$387.6 million at March 31, 2008 to \$388.6 million at March 31, 2009. Considering the current interest rate and competitive market environment, the Company has been conscientious about maintaining both its underwriting standards and its net interest margin and thereby cautious about the growth it has permitted in the loan portfolio.

Deposits and Other Borrowings

Total deposits, which include brokered deposits, increased 6.7% to \$401.3 million at March 31, 2009 from \$375.5 million at March 31, 2008. Brokered deposits were \$20.5 million at March 31, 2009 and \$5.5 million at March 31, 2008.

Securities sold under agreement to repurchase were \$14.7 million at March 31, 2009 and \$15.5 million at March 31, 2008. Borrowings with the Federal Home Loan Bank of Atlanta were \$62.3 million at March 31, 2008 and \$70.0 million at March 31, 2008.

Equity

Shareholders' equity at March 31, 200 and March 31, 2008 was \$46.7 million and \$46.5 million, respectively. The book value of the Company at March 31, 2009 was \$14.74 per common share. Total common shares outstanding were 3,167,250 at March 31, 2009. On April 15, 2009, the board of directors declared a \$0.17 per common share cash dividend for shareholders of record as of May 1, 2009 and payable on May 15, 2009.

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Certain information contained in this discussion may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to the Company's future operations and are generally identified by phrases such as "the Company expects," "the Company believes" or words of similar import. Although the Company believes that its expectations with respect to the forward-looking statements are based upon reliable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. For details on factors that could affect expectations, see the risk factors and other cautionary language included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, and other filings with the Securities and Exchange Commission.

EAGLE FINANCIAL SERVICES, INC.
KEY STATISTICS

	For the Three Months Ended	
	<u>1Q09</u>	<u>1Q08</u>
Net Income (<i>dollars in thousands</i>)	\$ 955	\$ 1,689
Earnings per share, basic	\$ 0.30	\$ 0.54
Earnings per share, diluted	\$ 0.30	\$ 0.54
Return on average total assets	0.74%	1.32%
Return on average total equity	8.27%	14.75%
Dividend payout ratio	56.67%	29.63%
Fee revenue as a percent of total revenue	25.35%	15.58%
Net interest margin ⁽¹⁾	3.98%	3.90%
Yield on average earning assets	5.66%	6.42%
Yield on average interest-bearing liabilities	2.12%	3.17%
Net interest spread	3.54%	3.25%
Tax equivalent adjustment to net interest income (<i>dollars in thousands</i>)	182	174
Non-interest income to average assets	0.93%	1.51%
Non-interest expense to average assets	2.96%	3.04%
Efficiency ratio ⁽²⁾	62.99%	58.61%

(1) The net interest margin is calculated by dividing tax equivalent net interest income by total average earning assets. Tax equivalent interest income is calculated by grossing up interest income for the amounts that are non taxable (i.e., municipal income) then subtracting interest expense. The rate utilized is 34%. For the quarters ended March 31, 2009 and March 31, 2008 net interest income on a tax equivalent basis was \$4.9 million and \$4.7 million, respectively. See the table below for a reconciliation of net interest income to tax equivalent net interest income. The Company's net interest margin is a common measure used by the financial service industry to determine how profitable earning assets are funded. Because the Company earns a fair amount of non taxable interest income due to the mix of securities in its investment security portfolio, net interest income for the ratio is calculated on a tax equivalent basis as described above.

(2) The efficiency ratio is not a measurement under accounting principles generally accepted in the United States. It is calculated by dividing non interest expense by the sum of tax equivalent net interest income and non interest income excluding gains and losses on the investment portfolio. The tax rate utilized is 34%. For the quarters ended March 31, 2009 and March 31, 2008, tax equivalent net interest income was \$4.9 million and \$4.7 million, respectively. See the table below for a reconciliation of net interest income to tax equivalent net interest income. Total non interest income, excluding gains and losses on the investment portfolio, for the quarters ended March 31, 2009 and March 31, 2008, was \$1.2 million and \$1.9 million, respectively. The Company calculates this ratio in order to evaluate its overhead structure or how effectively it is operating. An increase in the ratio from period to period indicates the Company is losing a larger percentage of its income to expenses. The Company believes that the efficiency ratio is a reasonable measure of profitability.

EAGLE FINANCIAL SERVICES, INC.
SELECTED FINANCIAL DATA BY QUARTER

	<u>1Q09</u>	<u>1Q08</u>
BALANCE SHEET RATIOS		
Loans to deposits	96.85%	103.21%
Average interest-earning assets to average-interest bearing liabilities	125.56%	125.77%
PER SHARE DATA		
Dividends	\$ 0.17	\$ 0.16
Book value	\$ 14.74	\$ 14.79
Tangible book value	\$ 14.34	\$ 14.47
SHARE PRICE DATA		
Closing price	\$ 14.60	\$ 22.00
Diluted earnings multiple(1)	0.99	1.48
Book value multiple(2)	0.99	1.49
COMMON STOCK DATA		
Outstanding shares at end of period	3,167,250	3,128,667
Weighted average shares outstanding	3,162,666	3,125,355
Weighted average shares outstanding, diluted	3,166,620	3,132,370
CAPITAL RATIOS		
Total equity to total assets	8.72%	8.98%
CREDIT QUALITY		
Net charge-offs to average loans	0.08%	0.02%
Total non-performing loans to total loans	1.52%	0.34%
Total non-performing assets to total assets	1.30%	0.30%
Non-accrual loans to:		
total loans	1.10%	0.18%
total assets	0.79%	0.14%
Allowance for loan losses to:		
total loans	1.29%	0.85%
non-performing assets	72.11%	214.19%
non-accrual loans	116.63%	469.46%
NON-PERFORMING ASSETS:		
<i>(dollars in thousands)</i>		
Loans delinquent over 90 days	\$ 1,624	\$ 624
Non-accrual loans	4,293	704
Other real estate owned and repossessed assets	1,027	215
NET LOAN CHARGE-OFFS (RECOVERIES):		
<i>(dollars in thousands)</i>		
Loans charged off	\$ 361	\$ 99
(Recoveries)	(47)	(13)
Net charge-offs (recoveries)	314	86
PROVISION FOR LOAN LOSSES <i>(dollars in thousands)</i>	\$ 800	\$ 200
ALLOWANCE FOR LOAN LOSS SUMMARY		
<i>(dollars in thousands)</i>		
Balance at the beginning of period	\$ 4,521	\$ 3,191
Provision	800	200
Net charge-offs (recoveries)	314	86
Balance at the end of period	\$ 5,007	\$ 3,305

(1) The diluted earnings multiple (or price earnings ratio) is calculated by dividing the period's closing market price per share by total equity per weighted average shares outstanding, diluted for the period. The diluted earnings multiple is a measure of how much an investor may be willing to pay for \$1.00 of the Company's earnings.

(2) The book value multiple (or price to book ratio) is calculated by dividing the period's closing market price per share by the period's book value per share. The book value multiple is a measure used to compare the Company's market value per share to its book value per share.

EAGLE FINANCIAL SERVICES, INC.**BALANCE SHEET***(dollars in thousands)*

	Unaudited 3/31/2009	Unaudited 3/31/2008
Assets		
Cash and due from banks	\$ 7,424	\$ 10,768
Federal funds sold	16,679	1,326
Securities available for sale, at fair value	101,796	97,960
Loans, net of allowance for loan losses	383,632	384,292
Bank premises and equipment, net	15,165	16,420
Other assets	10,555	7,053
Total assets	<u>\$ 535,251</u>	<u>\$ 517,819</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing demand deposits	\$ 83,180	\$ 80,968
Savings and interest bearing demand deposits	153,629	144,584
Time deposits	164,471	149,989
Total deposits	<u>\$ 401,280</u>	<u>\$ 375,541</u>
Federal funds purchased and securities sold under agreements to repurchase	14,717	15,505
Federal Home Loan Bank advances	62,250	70,000
Trust preferred capital notes	7,217	7,217
Other liabilities	3,113	3,079
Commitments and contingent liabilities	-	-
Total liabilities	<u>\$ 488,577</u>	<u>\$ 471,342</u>
Shareholders' Equity		
Preferred stock, \$10 par value	\$ -	\$ -
Common stock, \$2.50 par value	7,918	7,822
Surplus	7,872	7,256
Retained earnings	33,194	32,019
Accumulated other comprehensive income	(2,310)	(620)
Total shareholders' equity	<u>\$ 46,674</u>	<u>\$ 46,477</u>
Total liabilities and shareholders' equity	<u>\$ 535,251</u>	<u>\$ 517,819</u>

EAGLE FINANCIAL SERVICES, INC.
SUMMARY INCOME STATEMENT
(dollars in thousands)

	<u>Unaudited</u> <u>3/31/2009</u>	<u>Unaudited</u> <u>3/31/2008</u>
Interest and Dividend Income		
Interest and fees on loans	\$ 5,604	\$ 6,491
Interest on federal funds sold	4	28
Interest on securities held to maturity:		
Taxable interest income	-	-
Interest income exempt from federal income taxes	-	-
Interest and dividends on securities available for sale:		
Taxable interest income	753	594
Interest income exempt from federal income taxes	285	297
Dividends	113	182
Interest on deposits in banks	-	2
Total interest and dividend income	<u>\$ 6,759</u>	<u>\$ 7,594</u>
Interest Expense		
Interest on deposits	1,328	2,115
Interest on federal funds purchased and securities sold under agreements to repurchase	97	107
Interest on Federal Home Loan Bank advances	564	724
Interest on trust preferred capital notes	61	108
Interest on interest rate swap	17	-
Total interest expense	<u>\$ 2,067</u>	<u>\$ 3,054</u>
Net interest income	<u>\$ 4,692</u>	<u>\$ 4,540</u>
Provision For Loan Losses	800	200
Net interest income after provision for loan losses	<u>\$ 3,892</u>	<u>\$ 4,340</u>
Noninterest Income		
Income from fiduciary activities	\$ 240	\$ 219
Service charges on deposit accounts	477	553
Other service charges and fees	486	711
Gain on the sale of loans	-	376
Gain on the sale of bank premises and equipment	-	-
Gain (loss) on the sale of other real estate owned	-	-
Gain (loss) on securities	-	-
Other operating income	2	63
Total noninterest income	<u>\$ 1,205</u>	<u>\$ 1,922</u>
Noninterest Expenses		
Salaries and employee benefits	\$ 2,170	\$ 2,297
Occupancy expenses	296	287
Equipment expenses	171	171
Advertising and marketing expenses	95	88
Stationery and supplies	85	92
ATM network fees	31	103
Other operating expenses	984	844
Total noninterest expenses	<u>\$ 3,832</u>	<u>\$ 3,882</u>
Income before income taxes	<u>\$ 1,265</u>	<u>\$ 2,380</u>
Income Tax Expense	310	691
Net income	<u>\$ 955</u>	<u>\$ 1,689</u>
Earnings Per Share		
Net income per common share, basic	<u>\$ 0.30</u>	<u>\$ 0.54</u>
Net income per common share, diluted	<u>\$ 0.30</u>	<u>\$ 0.54</u>

EAGLE FINANCIAL SERVICES, INC.

Average Balances, Income and Expenses, Yields and Rates

(dollars in thousands)

	For the Three Months Ended March 31,					
	2009			2008		
	Average Balance	Interest Income/ Expense	Average Rate	Average Balance	Interest Income/ Expense	Average Rate
Assets:						
Securities:						
Taxable	68,082	3,529	5.18%	58,270	3,104	5.33%
Tax-Exempt ⁽¹⁾	31,189	1,750	5.61%	31,613	1,800	5.69%
Total Securities	<u>99,271</u>	<u>5,279</u>	5.32%	<u>89,883</u>	<u>4,904</u>	5.46%
Loans:						
Taxable	383,241	22,451	5.86%	386,550	25,796	6.67%
Tax-Exempt ⁽¹⁾	5,776	419	7.26%	3,429	252	7.35%
Total Loans	<u>389,017</u>	<u>22,870</u>	5.88%	<u>389,979</u>	<u>26,048</u>	6.68%
Federal funds sold	8,642	17	0.20%	3,937	112	2.84%
Interest-bearing deposits in other banks	314	1	0.18%	248	8	3.23%
Total earning assets	<u>497,243</u>	<u>28,167</u>	5.66%	<u>484,047</u>	<u>31,072</u>	6.42%
Allowance for loan losses	(4,606)			(3,233)		
Total non-earning assets	<u>33,073</u>			<u>31,210</u>		
Total assets	<u><u>525,710</u></u>			<u><u>512,024</u></u>		
Liabilities and Shareholders' Equity:						
Interest-bearing deposits:						
NOW accounts	57,565	384	0.67%	64,435	847	1.31%
Money market accounts	59,458	750	1.26%	45,635	910	1.99%
Savings accounts	34,286	160	0.47%	33,184	227	0.68%
Time deposits:						
\$100,000 and more	57,823	1,602	2.77%	78,507	3,393	4.32%
Less than \$100,000	95,706	2,489	2.60%	72,886	3,082	4.23%
Total interest-bearing deposits	<u>304,838</u>	<u>5,385</u>	1.77%	<u>294,647</u>	<u>8,459</u>	2.87%
Federal funds purchased and securities sold under agreements to repurchase	15,673	394	2.51%	13,774	428	3.11%
Federal Home Loan Bank advances	68,278	2,287	3.35%	69,231	2,896	4.18%
Trust preferred capital notes	7,217	317	4.39%	7,217	432	5.99%
Total interest-bearing liabilities	<u>396,005</u>	<u>8,382</u>	2.12%	<u>384,869</u>	<u>12,215</u>	3.17%
Noninterest-bearing liabilities:						
Demand deposits	79,854			78,450		
Other Liabilities	3,014			2,898		
Total liabilities	<u>478,873</u>			<u>466,217</u>		
Shareholders' equity	46,837			45,807		
Total liabilities and shareholders' equity	<u><u>525,710</u></u>			<u><u>512,024</u></u>		
Net interest income		<u><u>19,785</u></u>			<u><u>18,857</u></u>	
Net interest spread			3.54%			3.25%
Interest expense as a percent of average earning assets			1.69%			2.52%
Net interest margin			3.98%			3.90%

(1) Income and yields are reported on a tax equivalent basis using a federal tax rate of 34%.

EAGLE FINANCIAL SERVICES, INC.
Reconciliation of Tax-Equivalent Net Interest Income
March 31, 2009

(dollars in thousands)

	Three Months Ended	
	March 31,	
	2009	2008
GAAP Financial Measurements:		
Interest Income - Loans	\$ 5,604	\$ 6,491
Interest Income - Securities and Other Interest-Earnings Assets	1,155	1,103
Interest Expense - Deposits	1,328	2,115
Interest Expense - Other Borrowings	739	939
Total Net Interest Income	\$ 4,692	\$ 4,540
Non-GAAP Financial Measurements:		
Add: Tax Benefit on Tax-Exempt Interest Income - Loans	\$ 35	\$ 21
Add: Tax Benefit on Tax-Exempt Interest Income - Securities	147	153
Total Tax Benefit on Tax-Exempt Interest Income	\$ 182	\$ 174
Tax-Equivalent Net Interest Income	\$ 4,874	\$ 4,714

