

**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) October 31, 2008

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))
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Item 2.02 Results of Operations and Financial Condition

On October 31, 2008 Colonial Virginia Bank issued a news release announcing its financial results for the quarter ended September 30, 2008. 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 October 31, 2008.

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: October 31, 2008

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 October 31, 2008

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

October 31, 2008

For Immediate Release

Company Release – 10/31/2008

Colonial Virginia Bank Announces Third Quarter 2008 Earnings

GLOUCESTER, Va., Oct 30-- Colonial Virginia Bank (OTCBB: CNVB) (“the Bank”), today reported net income of \$22,444, or \$0.04 per share assuming dilution, for the quarter ended September 30, 2008, compared with \$66,962, or \$0.11 per share assuming dilution, for the same period in 2007. The 2008 figure reflects an increase of \$45,000 in the provision for possible loan loss expense over the 2007 amount. This increase was not prompted by any increase in identified problem loans, but instead in response to nationwide economic conditions that may affect local markets. Therefore, the Bank considers it prudent to recognize these expenses now for the possible need for increased reserves in the future. As of September 30, 2008, the Bank had no non-performing loans. The Bank also recorded \$10,000 in income taxes for the current quarter compared to no tax liability for the same period in 2007.

Other factors contributed to the earnings decline, primarily the following increases in operating expenses. First, the Bank continues to experience increased audit fees associated with compliance with the Sarbanes-Oxley Act of 2002 (“SOX”). Section 404 of SOX requires a disproportionate audit burden on small public companies such as the Bank compared to the larger companies for which the Act was targeted. In the current quarter, audit expenses were \$40,500 compared to \$24,750 for the same period in 2007. Second, total salaries and employee benefits increased \$26,641 from \$418,419 September 30, 2007 to \$445,060 for the current quarter, due to routine salary increases and addition of new staff in the lending area. Third, the Bank experienced an increase of \$9,092 (\$59,468 September 30, 2008, compared to \$50,376 September 30, 2007) in certain charges associated with its outsourced third party core data processing. This was due to both expanding volumes of customer accounts and increased fees from service providers.

The Bank relies primarily on net interest income (interest income on loans and investment minus interest expense on deposits) for its overall net income. Net interest income for the quarter-ended September 30, 2008 was \$875,318 compared to \$797,452 for the same period in 2007. Non-interest income for the third quarter 2008 of \$62,075 compared to the \$64,068 level for the same period in 2007. Non-interest expense for the third quarter 2008 was \$838,900 compared to \$773,508 for the same period in 2007, with the primary factors for the increase discussed above.

The Bank’s balance sheet reflected continued positive growth trends. Total assets were \$103.2 million at September 30, 2008, compared to \$93.1 million at September 30, 2007, (a 10.9% increase). Net loans of \$58.6 million represented increases of 15.1% over September 30, 2007. Total deposits for the current quarter end totaled \$84.0 million compared to \$80.5 million September 30, 2007. The Bank had no non-performing loans as of September 30, 2008, compared to \$30,000 at September 30, 2007.

Bill Farinholt, President and CEO, stated, "We have enjoyed steady growth, but have purposely controlled growth in these uncertain times. We believe that growth for growth sake is imprudent, both from an earnings and credit quality perspective. Our Bank has not participated in sub-prime mortgage lending or in speculative real estate development lending. We are pleased to report no current repossessions or loans in foreclosure. The Bank's philosophy not to compromise its underwriting standards and sound credit quality for the sake of growth continues to be the underpinnings of stable earnings without interruptions of unexpected loan losses. Additionally, we are pleased to have no holdings of Fannie Mae and Freddie Mac preferred stock, now considered virtually worthless. We have also controlled our deposit growth, while some larger banks have been driving CD rates up due to their own internal liquidity crises. The costs of some of these higher priced CDs would compress net interest margins to an unacceptable level. We are well capitalized, with total stockholders' equity equal to 11.2% of total assets. While our Bank will be eligible for the capital injection from the US Treasury under the recent rescue, or TARP Plan, we believe that we will not require such federal assistance for our operation. We have been awarded the highest rating (5-Star) available to banks from Bauer Financial, Inc. (www.bauerfinancial.com). Bauer is one of the nation's leading independent bank rating and research firms, analyzing the performance of and reporting on banks since 1983. We look forward to a positive fourth quarter 2008, and we are positioned for solid performance in 2009."

The Bank operates two full service retail bank offices, both located in Gloucester County, 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 two 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. The bank's primary market maker is Davenport & Company LLC, Richmond, VA.

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 (\$)	Y-Y			Q-Q	
	2008 Q3	2007 Q3	Ch (%)	2008 Q2	Ch (%)
<u>Loans Held for Investment, before Reserves</u>	59,176,739	51,305,529	15.34	59,020,955	0.26
<u>Loan Loss Reserve</u>	577,491	348,694	65.62	523,653	10.28
<u>Net Loans Receivable</u>	58,599,248	50,956,835	15.00	58,497,302	0.17
<u>Total Assets</u>	103,246,946	93,053,967	10.95	107,906,143	(4.32)
<u>Deposits</u>	84,049,173	80,549,741	4.34	87,457,341	(3.90)
<u>Common Equity</u>	11,600,391	11,510,030	0.79	11,403,999	1.72
<u>Total Shareholders' Equity</u>	11,600,391	11,510,030	0.79	11,403,999	1.72
<u>Shares Outstanding (actual)</u>	610,175	610,175	0.00	610,175	0.00
Income Statement (\$)	Y-Y			Q-Q	
	2008 Q3	2007 Q3	Ch (%)	2008 Q2	Ch (%)
<u>Net Interest Income</u>	875,319	797,453	9.76	788,362	11.03
<u>Provision for Loan Losses</u>	66,050	21,050	213.78	21,050	213.78
<u>Noninterest Income</u>	62,075	64,066	(3.10)	70,751	(12.26)
<u>Noninterest Expense</u>	838,900	773,507	8.45	812,335	3.27
<u>Net Income Before Taxes</u>	32,444	66,962	(51.55)	25,728	26.10
<u>Provision for Taxes</u>	10,000	0	--	25,000	--
<u>Net Income</u>	22,444	66,962	(66.48)	728	2,982.83
Per Share Items (\$)	Y-Y			Q-Q	
	2008 Q3	2007 Q3	Ch (%)	2008 Q2	Ch (%)
<u>Book Value Per Share</u>	19.01	18.86	0.79	18.69	1.72
<u>Diluted EPS Before Extra</u>	0.04	0.11	(63.64)	0.00	--
<u>Diluted EPS After Extra</u>	0.04	0.11	(63.64)	0.00	--
<u>Dividends Declared</u>	0.00	0.00	--	0.00	--
Performance Ratios (%)	Y-Y			Q-Q	
	2008 Q3	2007 Q3	Ch (bp)	2008 Q2	Ch (bp)
<u>ROAA</u>	0.08	0.29	(21)	0.00	8
<u>ROAE</u>	0.78	2.37	(159)	0.02	76
<u>Net Interest Margin</u>	3.57	3.84	(27)	3.27	30
<u>Loans / Deposits</u>	70.41	63.69	672	67.49	292
<u>Efficiency Ratio</u>	89.49	89.78	(29)	94.54	(505)
Balance Sheet Ratios (%)	Y-Y			Q-Q	
	2008 Q3	2007 Q3	Ch (bp)	2008 Q2	Ch (bp)
<u>Tangible Equity / Tangible Assets</u>	11.24	12.37	(113)	10.57	67
<u>Equity / Assets</u>	11.24	12.37	(113)	10.57	67

Asset Quality Ratios (%)			Y-Y		Q-Q
	2008 Q3	2007 Q3	Ch (bp)	2008 Q2	Ch (bp)
<u>Nonperforming Assets / Assets</u>	0.00	0.04	(4)	0.00	0
<u>Loan Loss Reserves / Gross Loans</u>	0.97	0.70	27	0.89	8
<u>Loan Loss Reserves / NPAs</u>	NM	NM	NM	NM	NM
<u>Net Charge-offs / Avg Loans</u>	0.02	0.01	1	0.00	2

Regulatory Capital Ratios (%)			Y-Y		Q-Q
	2008 Q3	2007 Q3	Ch (bp)	2008 Q2	Ch (bp)
<u>Tier 1 Capital Ratio</u>	16.35	18.35	(200)	16.02	33

SOURCE Colonial Virginia Bank

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