

**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) February 1, 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 February 1, 2008 Colonial Virginia Bank issued a news release announcing its financial results for the quarter ended December 31, 2007. 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>
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99.1	Press release issued by the Registrant dated February 1, 2008.
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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: February 6, 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 February 1, 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

February 1, 2008

For Immediate Release

Company Release – February 1, 2008

Colonial Virginia Bank Announces 2007 Earnings

GLOUCESTER, Va., Feb 01-- Colonial Virginia Bank (OTCBB: CNVB) (“the Bank”), today reported net income of \$97,307 or \$0.16 per share assuming dilution, for year ended December 31, 2007, compared with \$568,595, or \$0.93 per share assuming dilution, for the same period of 2006. 2007 was a year of significant expenses in five specific categories. **First** the Bank demonstrated its commitment to community service by donating approximately 5 acres to the Gloucester-Mathews Humane Society to enable them to complete their capital building program to construct a new state of the art facility figure. This donation resulted in the booking of a non-cash expense of \$303,000, a substantial amount in light the Bank’s current earnings level. However, the Bank takes its corporate citizenship seriously and considers it a privilege to share in this exciting chapter of the Humane Society’s life. **Second** the Bank recorded a \$190,700 provision for possible loan loss expense (an increase of \$161,500 over 2006). The Bank has not experienced any “fallout” from the nationwide “sub-prime mortgage” dilemma. However, Management considered it prudent to bolster the Allowance for Loan and Lease Losses (“ALLL”) reserve during these unpredictable economic times. The additional expense in 2007 built the ALLL to 0.91% of outstanding loans compared to 0.71% at year-end 2006. Management has continued to exercise conservative underwriting standards in its lending practices. **Third**, the Bank recorded \$210,060 in pension expense under the Bank’s Supplemental Executive Retirement Plan (“SERP”). This represented an increase of \$48,921 over 2006 due to an adjustment was prompted by an accounting rules change associated with SFAS 158 which became effective in the fourth quarter of 2006. The accounting statement put out by the Financial Accounting Standards Board (“FASB”) addressed the accounting periods in which pension expenses and corresponding accrued liabilities are recognized. The effect of this rule change will have minimal effect going forward in year over year comparisons, but did represent a material change for 2007. The total expense during the working life of the plan does not change, but only the accounting periods in which they are recorded. **Fourth**, the Bank experienced a \$37,370 increase in audit expense in 2007, associated primarily from expenses related to the Bank’s required compliance with the provisions of the Sarbanes-Oxley Act of 2002 (“SOX”). Section 404 of the SOX includes a major audit burden that had been delayed for small public companies, which includes the Bank, until 2007. This being the first year of the Bank’s required compliance, the 2007 expense included a “documentation phase” that should not be as significant in 2008. **Lastly**, the Bank embarked on a new marketing campaign in 2007, engaging an advertising consultant. This resulted in an increase of \$52,681 (62.5%) over 2006. The focus of the campaign was increased brand and name recognition. Management considers the effort to be quite successful and will likely reduce moderately the expense going forward. The 2007 net income figure also reflects a \$223,315 income tax credit as a result of the Bank’s Net Operating Loss carry-forward (“NOL”) from early years of operation. The Bank opened as a de novo institution in November, 2003. After sustaining early startup costs and operating losses in 2003 and 2004, the earnings trend established in 2005 continued improving in 2006. 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 year-ended 2007 was \$3,088,348 compared to \$2,862,402 for the same period in 2006, a 7.89% increase. Non-interest income for 2007 of \$264,196 represented a 26.34% increase over the \$209,110 level in 2006, led primarily increase in fees on deposit accounts resulting from a growing deposit base and net work fees associated with increased debit card use. Non-interest expense reflected a 22.69% increase in 2007, increasing from \$2,679,725 in 2006 to \$3,287,852 for 2007. As discussed above, a significant portion of the increase was associated with the FAS 158 adjustment to current period pension expense.

The Bank's balance sheet also reflected positive trends. Total assets were \$95.46 million at December 31, 2007, compared to \$81.19 million at December 31, 2006, a 17.58% increase. Net loans increased 16.33% from \$16.13 million to \$53.66 million for the same periods. Year-end 2007 deposits totaled \$82.95 million compared to \$69.41 million at year-end 2006, a 19.50% increase. The Bank continues to enjoy a healthy balance sheet with non-performing assets and loans accruing and 90 days delinquent equaling 0.07% of average total assets at December 31, 2007.

Bill Farinholt, President and CEO, stated, "2007 was another an exciting year for the Bank, having just completed our fourth full year of operation. The trends of our major operating performance ratios continue in a positive direction. In a falling interest rate environment, it has been challenging to find non-interest income to compensate for compression of the net interest margin. Solid balance sheet growth has been the result of significant increases in deposit balances. This growth was not completely offset by similar loan growth. Thus, the loan to deposit ratio reflected a modest decrease year over year. The Bank's philosophy, however, continued to be to not compromise its underwriting standards and sound credit quality for the sake of growth. Net charge-offs for 2007 continued at a modest level of 0.06% of average total loans up slightly from the 0.04% for 2006. We look forward to 2008 to yield similar results in growth and continued improvement in performance ratios. After opening the Bank with substantial initial capital, the Bank continues to leverage those funds in an effort to consistently build shareholder value."

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 began the mortgage operation during the fourth quarter 2006. As projected this quarter was predominantly geared toward start-up operations.

The Bank also plans to open a third full service banking office in New Kent County before the end of 2008. The office will be located in the Maidstone Village development at New Kent Court House. Maidstone will include both commercial and residential development and represents an exciting new chapter in the life of New Kent and the Bank.

The Bank's stock is listed for trading on The Over The Counter Bulletin Board (OTCBB) under the symbol CNVB. At December 31, 2007, the book value of the corporation was \$18.86 per share compared to \$18.15 at year-end 2006. 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
	2007 YTD	2006 YTD	Ch (%)
<u>Loans Held for Investment, before Reserves</u>	54,149,886	46,454,884	16.56
<u>Loan Loss Reserve</u>	491,383	329,462	49.15
<u>Net Loans Receivable</u>	53,658,503	46,125,422	16.33
<u>Total Assets</u>	95,460,101	81,187,526	17.58
<u>Deposits</u>	82,948,701	69,410,928	19.50
<u>Common Equity</u>	11,505,954	11,026,737	4.35
<u>Total Shareholders' Equity</u>	11,505,954	11,026,737	4.35
<u>Shares Outstanding (actual)</u>	610,175	607,675	0.41

Income Statement (\$)			Y-Y
	2007 YTD	2006 YTD	Ch (%)
<u>Net Interest Income</u>	3,088,348	2,862,402	7.89
<u>Provision for Loan Losses</u>	190,700	29,200	553.08
<u>Noninterest Income</u>	264,196	209,110	26.34
<u>Noninterest Expense</u>	3,287,852	2,679,725	22.69
<u>Net Income Before Taxes</u>	(126,008)	362,587	(134.75)
<u>Provision for Taxes</u>	(223,315)	(206,008)	8.40
<u>Net Income</u>	97,307	568,595	(82.89)

Per Share Items (\$)			Y-Y
	2007 YTD	2006 YTD	Ch (%)
<u>Book Value Per Share</u>	18.86	18.15	3.92
<u>Diluted EPS Before Extra</u>	0.16	0.93	(82.80)
<u>Diluted EPS After Extra</u>	0.16	0.93	(82.80)
<u>Dividends Declared</u>	0.00	0.00	--

Performance Ratios (%)			Y-Y
	2007 YTD	2006 YTD	Ch (bp)
<u>ROAA</u>	0.11	0.79	(68)
<u>ROAE</u>	0.86	5.28	(442)
<u>Net Interest Margin</u>	3.81	4.42	(61)
<u>Loans / Deposits</u>	65.28	66.93	(165)
<u>Efficiency Ratio</u>	98.13	87.24	1,089

Balance Sheet Ratios (%)			Y-Y
	2007 YTD	2006 YTD	Ch (bp)
<u>Tangible Equity / Tangible Assets</u>	12.05	13.58	(153)
<u>Equity / Assets</u>	12.05	13.58	(153)

Asset Quality Ratios (%)			Y-Y
	2007 YTD	2006 YTD	Ch (bp)
<u>Nonperforming Assets / Assets</u>	0.07	0.00	7
<u>Loan Loss Reserves / Gross Loans</u>	0.91	0.71	20
<u>Loan Loss Reserves / NPAs</u>	NM	NM	NM
<u>Net Charge-offs / Avg Loans</u>	0.06	0.04	2

Regulatory Capital Ratios (%)			Y-Y
	2007 YTD	2006 YTD	Ch (bp)
<u>Tier 1 Capital Ratio</u>	17.51	20.18	(267)

SOURCE Colonial Virginia Bank

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