

**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 22, 2007

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) 443-8423

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 22, 2007 Colonial Virginia Bank issued a news release announcing its financial results for the year ended December 31, 2006. 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

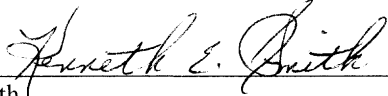
(d) Exhibits. The following exhibit is being furnished pursuant to Item 2.02 above.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by the Registrant dated February 22, 2007.

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 
By: Kenneth E. Smith
Executive Vice President & Chief Financial Officer

Date: February 22, 2007

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by the Registrant dated February 22, 2007

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 22, 2007
For Immediate Release

GLOUCESTER, Va., Feb. 22-- Colonial Virginia Bank (OTCBB: CNVB) (“the Bank”), today reported net income of \$568,000 or \$0.92 per share assuming dilution, for year ended December 31, 2006, compared with \$154,545, or \$0.25 per share assuming dilution, for the same period of 2005, representing 267.92% and 268.00% increases, respectively. The 2006 figure reflects a \$112,000 adjustment for additional expense recognition of pension expense under the Bank’s Supplemental Executive Retirement Plan (“SERP”). This adjustment was prompted by an accounting rules change associated with FAS 158. 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 total expense during the working life of the plan does not change, but only the accounting periods in which they are recorded. The 2006 net income figure also reflects a \$206,000 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. It is anticipated that the effect of the NOLs will result in another tax credit for tax year 2007, with the Bank reflecting fully taxable earnings in 2008. 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 2006 was \$2,861,934 compared to \$2,190,973 for the same period in 2005, a 30.62% increase. Non-interest income for 2006 of \$209,000 represented a 79.48% increase over the \$117,000 level in 2005, led primarily increase in fees on deposit accounts resulting from a growing deposit base. Non-interest expense reflected a 25.80% increase in 2006, increasing from \$2,130,000 in 2005 to \$2,680,000 for 2006. As discussed above, a significant portion of the increase was associated with the FAS 158 adjustment to current period pension expense. The Bank’s return on average total assets increased from 0.29% for the year-ended 2005 to 0.79% for 2006, a 172.41% increase.

The Bank’s balance sheet also reflected positive trends. Total assets were \$81.19 million at December 31, 2006, compared to \$61.00 million at December 31, 2005, a 33.10 increase. Net loans increased 17.14% from \$39.38 million to \$46.13 million for the same periods. Year-end 2006 deposits totaled \$69.41 million compared to \$50.16 million at year-end 2005, a 38.38% increase.

The Bank had no nonperforming loans or accruing loans past due 90 days or more at December 31, 2006.

Bill Farinholt, President and CEO, stated, “2006 was another outstanding year for the Bank, having just completed our third full year of operation. The trends of our major operating performance ratios continue in a positive direction. 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 decrease year over year. The Bank’s philosophy, however, was not to compromise its underwriting standards and sound credit quality for the sake of growth. This philosophy is evidenced by the absence of any non-performing loans at our most recent year-end. Additionally net charge-offs for 2006 were 0.04% of average total loans, compared to 0.03% for 2005. We look forward to 2007 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. Approximately \$2.2 million in mortgage loans were closed just prior to year-end resulting in an approximate breakeven position between revenues and expenses. The mortgage company is expected to contribute overall non-interest income in 2007.

The Bank’s stock is listed for trading on The Over The Counter Bulletin Board (OTCBB) under the symbol CNVB. The stock closed at a price of \$30.00 per share on January 30, 2007. At December 31, 2006, the book value of the corporation was \$18.15 per share compared to \$17.46 at year-end 2005. 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 (\$)

	2006 YTD	2005 YTD	Y-Y Ch (%)
Loans Held for Investment, before Reserves	46,454,884	39,691,880	17.04
Loan Loss Reserve	329,462	316,372	4.14
Net Loans Receivable	46,125,422	39,375,508	17.14
Total Assets	81,187,526	60,997,185	33.10
Deposits	69,410,928	50,159,293	38.38
Common Equity	11,026,737	10,568,194	4.34
Total Shareholders' Equity	11,026,737	10,568,194	4.34
Shares Outstanding (actual)	607,675	605,175	0.41

Income Statement (\$)

	2006 YTD	2005 YTD	Y-Y Ch (%)
Net Interest Income	2,862,402	2,190,973	30.65
Provision for Loan Losses	29,200	22,850	27.79
Noninterest Income	209,110	116,512	79.48
Noninterest Expense	2,679,725	2,130,090	25.80
Net Income Before Taxes	362,586	154,545	134.62
Provision for Taxes	(206,008)	0	-
Net Income	568,594	154,545	267.92

Per Share Items (\$)

	2006 YTD	2005 YTD	Y-Y Ch (%)
Book Value per Share	18.15	17.46	3.91
Diluted EPS Before Extra	0.92	0.25	268.00
Diluted EPS After Extra	0.92	0.25	268.00
Dividends Declared	0.00	0.00	-

Performance Ratios (%)

	2006 YTD	2005 YTD	Y-Y Ch (bp)
Return on Average Assets	0.79	0.29	50
Return On Average Equity	5.28	1.45	383
Net Interest Margin	4.42	4.83	(41)
Loans / Deposits	66.93	79.13	(1,220)
Efficiency Ratio	87.24	92.44	(520)

Balance Sheet Ratios (%)

	2006 YTD	2005 YTD	Y-Y Ch (bp)
Tangible Equity/ Tangible Assets	13.58	17.32	(374)
Equity/ Assets	13.58	17.32	(374)

Asset Quality Ratios (%)				
	2006 YTD	2005 YTD	Y-Y Ch (bp)	
Nonperforming Assets/ Assets	0.00	0.00		-
Loan Loss Reserves/ Gross Loans	0.71	0.79	(8)	
Loan Loss Reserves/ NPAs	NM	NM	NM	
Net Charge-offs/ Avg Loans	0.04	0.03		1
Regulatory Capital Ratios (%)				
	2006 YTD	2005 YTD	Y-Y Ch (bp)	
Tier 1 Capital Ratio (%)	20.18	23.62	(344)	

SOURCE Colonial Virginia Bank

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