

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

PURSUANT TO SECTION 13 OR 15 (d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 20, 2007

Commission File No. 2002-SE-01-0008

COMMUNITY NATIONAL BANK OF THE LAKEWAY AREA

(Exact Name of Registrant as Specified in its Charter)

Tennessee
(State or other jurisdiction of incorporation or
organization)

27-0031825
(IRS Employer Identification
Number)

225 West First North Street, Morristown, TN
(Address or Principal Executive Offices)

37814
Zip Code

423-587-2345
(Registrant's telephone number, including area code)

FORM 8-K, COMMUNITY NATIONAL BANK OF THE LAKEWAY AREA

TABLE OF CONTENTS

Item 2.02. Results of Operations and Financial Condition.

A copy of Community National Bank of the Lakeway Area's press release summarizing its financial results for the fourth quarter of 2006 is attached as Exhibit 99.1. The publication date of the press release is February 20, 2007.

Item 9.01 Financial Statements and Exhibits.

Exhibit	Description
99.1	Fourth Quarter 2006 Earnings Release ¹

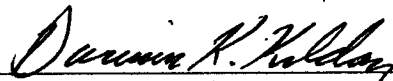
¹ The information provided in the attached press release shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMUNITY NATIONAL BANK OF THE LAKEWAY AREA

Dated: February 20, 2007

By: 
Name: Darwin K. Kilday
Title: Executive Vice President and CFO

FOR IMMEDIATE RELEASE

February 20, 2007

CONTACTS: Samuel F. Grigsby, Jr.
Chief Executive Officer
(423) 317-3228

Darwin K. Kilday
Chief Financial Officer
(423) 317-3229

**Community National Bank of the Lakeway Area Announces Quarterly Profits;
Strong Loan Growth and Demand, Increasing Interest Margin**

Morristown, TN – February 20, 2007 – Community National Bank of the Lakeway Area (NASDAQ: CNLA) today reported results for the fourth quarter and year ended December 31, 2006. Net income for the fourth quarter was \$120 thousand, or \$0.07 per basic and diluted share, compared with a loss of \$(114) thousand, or \$(0.12) per share for the prior year period. Year to date net income was \$161 thousand, or \$0.12 per basic and diluted share, compared with a loss of \$(412) thousand or \$(0.42) per share for the prior year period. Highlights for the year of 2006 include:

- Community National Bank reported its third consecutive quarterly profit and first annual profit for the period ended December 31, 2006. Based on current trends, management expects profitability to continue to increase, as the net interest margin continues to climb, loan demand has continued to be steady, and economies of scale continue to have a positive effect on earnings.
- The net interest margin for the quarter ended December 31, 2006 was 3.39% as compared to 2.70% for the same period in 2005. For the year, the net interest margin increased from 2.83% in 2005 to 3.00% in 2006. The increase in net interest margin is attributable to two factors. First, the increase in earning assets as a result of the public stock offering completed in August of 2006, and secondly, the significant increase in the loan-to-deposit ratio from approximately 70.6% to 96.2% during the year.
- Total assets grew 12.5% for the year from \$92.7 million at December 31, 2005 to \$104.3 million at December 31, 2006. This growth has primarily resulted from growth in the loan portfolio, which was up 36.2% during the year, from \$53.0 million at December 31, 2005 to \$72.2 million at December 31, 2006. The Bank's loan-to-deposit ratio rose to 96.2% at December 31, 2006, compared to 70.6% at December 31, 2005. Management is targeting a loan-to-deposit ratio of at least 85% on an ongoing basis.
- As a result of not replacing brokered deposits as they matured during the year, total deposits decreased by 0.1% from \$75.9 million at December 31, 2005 to \$75.8 million at December 31, 2006. Core deposits (total deposits less brokered deposits) increased by 12.6% during the year, from \$66.0 million to \$74.3 million. The majority of the increase in core deposits was in demand deposits which increased from \$6.7 million at December 31, 2005 to \$9.9 million at December 31, 2006 and certificates of deposit under \$100,000 which increased from \$17.6 million to \$20.9 million for the same period. Currently, brokered deposits account for approximately 2% of total deposits.

Samuel F. Grigsby, Jr., CEO of Community National Bank of the Lakeway Area, commented "In the fourth quarter of 2006, the Bank continued the positive trend of increasing interest margins and increasing noninterest income, with the result being our third consecutive quarter of profitability. I am pleased by our progress, and look forward to reporting continuing profits to our shareholders."

During the third quarter of 2006, Community National Bank also completed the sale of 800,000 shares of its common stock at an offering price of \$11.00 per share through a rights offering to its shareholders and a best-efforts offering underwritten by McKinnon & Company, Inc. The Bank sold 137,685 shares in the

rights offering to its shareholders of record on June 23, 2006, and 662,315 shares to the public. Shares of Community National Bank of the Lakeway Area common stock began trading Wednesday, August 16th, on the NASDAQ Capital Market under the symbol "CNLA." This new capital raised the maximum loan to one borrower to slightly over \$2 million, and will allow the Bank to better compete in the small business area, which is a large segment of its market.

About Community National Bank of the Lakeway Area:

Community National Bank of the Lakeway Area is a national bank headquartered in Morristown, Tennessee, that opened for business on April 9, 2003, with a branch in Jefferson City, fifteen miles south of Morristown. Community National Bank of the Lakeway Area is one of the four independent banks headquartered in the Morristown Metropolitan Statistical Area. At December 31, 2006, Community National Bank of the Lakeway Area had total assets of \$104.3 million, net loans of \$72.2 million, deposits of \$75.8 million, and shareholders' equity of \$14.3 million. Shares of Community National Bank of the Lakeway Area common stock are listed and traded on the NASDAQ Capital Market under the symbol "CNLA".

###

This press release contains forward-looking statements concerning Community National Bank of the Lakeway Area's future activities. Such statements are subject to important factors that could cause Community National Bank of the Lakeway Area's actual results to differ materially from those anticipated by the forward-looking statements. These factors include the factors identified in Community National Bank of the Lakeway Area's Annual Report on Form 10-KSB for the year ended December 31, 2005 under the heading "Risk Factors" which are incorporated herein by reference.

Source: Community National Bank of the Lakeway Area

**Community National Bank of the Lakeway Area
Financial Highlights
(Unaudited)**

	Three-Months Ended December 31,			Year Ended December 31,		
	2006	2005	%	2006	2005	%
			Change			Change
<i>All dollars in thousands except per share data</i>						
EARNINGS						
Net interest income	\$ 820	\$ 565	45.1%	\$ 2,836	\$ 2,049	38.4%
Provision for loan losses	60	52	15.4%	209	131	59.5%
Noninterest income	129	86	50.0%	446	319	39.8%
Noninterest expense	769	713	7.9%	2,912	2,649	9.9%
Income taxes	0	0	0%	0	0	0%
Net income	120	(114)	205.3%	161	(412)	139.1%
PER SHARE INFORMATION						
Earnings per share, basic	\$ 0.07	\$ (0.12)	158.3%	\$ 0.12	\$ (0.42)	128.6%
Dividends per share	0	0	0	0	0	0
Book value per share	7.89	5.64	39.9%	7.89	5.64	39.9%
OPERATING RATIOS (1)						
Net interest margin	3.39%	2.70%		3.00%	2.83%	
Return on average assets	0.47%	(0.52%)		0.16%	(0.54%)	
Return on average equity	3.38%	(8.08%)		1.82%	(6.91%)	
Efficiency ratio	81.1%	109.5%		88.7%	111.9%	
Net charge offs / average loans	0.01%	0.01%		0.04%	0.04%	
AVERAGE BALANCES						
Loans	\$ 67,555	\$ 51,985	30.0%	\$ 61,444	\$ 45,490	35.1%
Total earning assets	96,813	83,780	15.6%	94,484	72,329	30.6%
Total assets	102,356	88,007	16.3%	98,896	76,553	29.2%
Deposits	73,883	71,126	3.9%	77,789	65,732	18.3%
Borrowed funds	13,658	10,825	26.2%	11,735	4,539	158.5%
Shareholders' equity	14,206	5,647	151.6%	8,864	5,965	48.6%

	As of December 31,		%
	2006	2005	
			Change
END OF PERIOD BALANCES			
Loans	\$ 72,971	\$ 53,569	36.2%
Reserve for loan losses	734	547	34.2%
Total earning assets	98,568	88,202	11.8%
Total assets	104,348	92,714	12.5%
Deposits	75,823	75,877	(0.1%)
Borrowed funds	13,631	10,740	26.9%
Shareholders' equity	14,300	5,659	152.7%

ASSET QUALITY (END OF PERIOD)			
Loans 90 days past due and still accruing	\$ 0	\$ 18	
Nonaccrual loans	295	22	
Other real estate owned	0	0	
Total nonperforming assets	295	40	
Nonperforming assets / total assets	0.28%	0.04%	
Allowance for loan losses / total loans	1.01%	1.02%	

(1) All ratios are annualized.