

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) April 27, 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 first quarter of 2007 is attached as Exhibit 99.1. The publication date of the press release is April 27, 2007.

**Item 9.01** Financial Statements and Exhibits.

Exhibit	Description
99.1	First Quarter 2007 Earnings Release <sup>1</sup>

---

<sup>1</sup> 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.

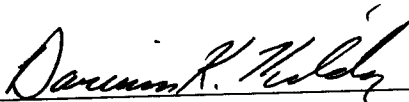
---

**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: May 8, 2007

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

**FOR IMMEDIATE RELEASE**

April 27, 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, Increased Interest Margin, and Opening of Loan Production Office**

Morristown, TN – April 27, 2007 – Community National Bank of the Lakeway Area (NASDAQ: CNLA) today reported results for the first quarter of 2007, ending March 31, 2007. Net income for the quarter was \$127 thousand, or \$0.07 per basic and diluted share, compared with a loss of \$(40) thousand, or \$(0.04) per share for the same prior year period. Highlights for the first quarter of 2007 include:

- Community National Bank reported its fourth consecutive quarterly profit. Loan demand continues to be strong, the net interest margin continues to climb, and efficiency continues to improve as the bank grows. ROAA increased from (0.16) % for the quarter ended March 31, 2006 to 0.49% for the quarter ended March 31, 2007. Based on current events and trends, management expects profits to continue to increase.
- The net interest margin for the quarter ended March 31, 2007 was 3.59% compared to 2.74% for the same period in 2006. The steady increase in loans booked continues to influence the margin in a positive manner.
- Loans grew 29.5% for the twelve month period from \$57.9 million at March 31, 2006 to \$75.0 million at March 31, 2007. With the exception of residential real estate, all categories of loan demand have been and remain strong.
- As a result of not replacing brokered time deposits that matured in the first quarter of 2007, deposits decreased slightly, from \$80.4 million at March 31, 2006 to \$75.9 million at March 31, 2007. However, core deposits (total deposits less brokered time deposits) increased in the last twelve months by 37% from \$49.5 million at March 31, 2006 to \$67.6 million at March 31, 2007. Brokered time deposits now account for less than 3% of total deposits, providing a stable base of low-cost deposits for future growth while maintaining the flexibility to increase the use of brokered deposits if necessary to fund loan growth in excess of deposit growth.

In early April, 2007, we opened a loan production Office in Dandridge, TN. According to State of Tennessee statistics, Dandridge and the surrounding area is one of the fastest growing areas in the state. It is a bedroom and retirement community located in Jefferson County, TN. Dandridge is the county seat of Jefferson County where the Bank also has a full service branch. The new office will offer all types of loans, but is expected to produce primarily residential real estate loans, as that area is exploding with lake front and lake view housing.

We also signed a letter of intent to lease property in West Morristown on which we intend to build a full service Branch. The plan is to open in a temporary facility in late second quarter or early third quarter, and then build a permanent facility.

During the quarter ended March 31, 2007, the Bank foreclosed on its first piece of property since opening in April 2003. The \$200 thousand foreclosure, as well as \$192 thousand of the \$241 thousand in nonaccrual loans at March 31, 2007, is attributable to one loan customer relationship. Management does not expect a loss on the disposition of the property securing the \$192 thousand credit. The Bank also had \$85 thousand in net charge-offs during the quarter primarily related to the foreclosed property. Management does not believe the increase in nonperforming loans indicates a downward trend in the overall quality of the loan portfolio.

Samuel F. Grigsby, Jr. CEO of Community National Bank of the Lakeway Area, commented, "The first quarter of 2007 was another good quarter for the Bank. Our net interest margin continues to climb and our efficiency ratio continues to decrease. It feels good to have established a trend of profitable quarters, having posted four consecutive ones. We are excited about our new loan production office in Dandridge and soon to open full service branch in Morristown. We believe these locations will grow our base, and although they may temporarily slow the rate of increase in profitability, will be very beneficial in the long run to the Bank and our shareholders."

###

*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, 2006 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 March 31,**

	2007	2006	%
	Change		
<b>Earnings</b>			
Provision for loan losses	38	41	-7.3%
Noninterest expense	807	698	15.6%
Net income	127	(40)	160.9%
<b>Per Share Information</b>			
Dividends per share	0	0	0.0%
Net interest margin	3.59%	2.74%	
Return on average equity	3.54%	-2.74%	
Net chargeoffs / average loans	0.12%	0.01%	
<b>Average Balances</b>			
Total earning assets	98,399	93,757	5.0%
Deposits	74,791	80,944	
Shareholders' equity	14,359	5,849	145.5%

<b>End Of Period Balances</b>	As of March 31,		%	As of	%
	2007	2006			
Reserve for loan losses	687	583	17.8%	734	-6.4%
Total assets	103,940	97,444	6.7%	104,348	-0.4%
Borrowed funds	12,890	11,107	16.1%	13,631	-5.4%
Loans 90 days past due and					
Nonaccrual loans	241	8		295	
Total nonperforming assets	441	8		312	
Allowance for loan losses / total loans	0.92%	1.01%		1.01%	

*All dollars in thousands except per share data*