

FOR IMMEDIATE RELEASE

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Community National Bank of the Lakeway Area Announces First Quarter Results

Morristown, TN – April 29, 2008 – Community National Bank of the Lakeway Area (NASDAQ: CNLA) today reported results for the first quarter of 2008, ending March 31, 2008. The Bank reported a net loss for the quarter of \$(231) thousand or \$(0.12) per share as compared to a profit of \$127 thousand or \$0.07 per share for the first quarter of 2007. Key items for the first quarter of 2008 include:

- Opened a new full service branch in west Morristown in January, 2008;
- Net interest margin fell to 3.25% due to a decline in prime rates and an increase in nonaccrual loans;
- Increased the estimated allowance for loan losses to provide \$180 thousand in specific reserves for two purchased loan participations totaling approximately \$1.5 million that were placed on nonaccrual;
- Loans originated locally are performing as agreed; asset quality remains strong.

The Bank opened a new full service branch in a temporary facility in west Morristown on January 28, 2008. The permanent structure should be completed in late August of 2008. As of March 31, 2008 the new branch had deposits totaling \$3.4 million. While we fully expect the new branch to contribute to the profitability of the Bank as it matures, it had a negative impact on earnings during the first quarter of approximately \$57 thousand.

Deposits for the first quarter 2008 increased 6.3% to \$77.7 million as compared to \$73.1 million at December 31, 2007. The majority of the growth, as discussed above, was attributable to the opening of the new west Morristown branch.

Loans outstanding at March 31, 2008 fell 3.7% to \$74.2 million from year-ended December 31, 2007 due to \$3.5 million in purchased loan participations being repurchased by the lead bank. This decline was partially offset by \$634 thousand or 0.8% (3.2% annualized) of organic loan growth.

During the first quarter of 2008 the Bank's net interest margin was 3.25%, a decline from the 3.59% reported in the first quarter of 2007. The 200 basis point decline in prime rate during the quarter from 7.25% to 5.25% had a negative impact on the net interest margin as the Bank is currently in an asset sensitive position. Secondly, the Bank placed two purchased loan participations totaling \$1.5 million on nonaccrual status during the quarter. As a result, the Bank reduced accrued interest receivable by \$52 thousand which accounted for 20 basis points of the 34 basis point decline in the net interest margin. If rates remain fairly stable, the Bank would expect

the net interest margin to increase during the second quarter of 2008 as time deposits reprice at lower rates.

As a result of placing \$1.5 million in loans on nonaccrual status during the first quarter of 2008, the Bank increased the estimated allowance for loan losses by \$180 thousand for specific reserves. Both of the purchased loan participations comprising the \$1.5 million are out of market, but based on the information analyzed by the Bank's management there is sufficient collateral to avoid significant losses beyond what has been specifically reserved. Management continues to monitor the loans and will review updated appraisals as they become available. At March 31, 2008 the Bank had other purchased loan participations totaling \$5.8 million which are performing as agreed. Loans originated locally continue to perform well with total delinquencies over 30 days at 1.37% of gross loans outstanding, for the first quarter of 2008, which is a slight decline from the 1.40% reported for the first quarter of 2007.

In addition to increasing the estimated provision for loan losses during the first quarter of 2008, the Bank also wrote down foreclosed assets by \$12 thousand from \$505 thousand, as of December 31, 2007 to \$493 thousand, as of March 31, 2008. This write down was based on a new appraisal reflecting current market conditions.

Samuel F. Grigsby, Jr., CEO of Community National Bank of the Lakeway Area, commented, "Community National Bank and our customers, like all banks, continue to be challenged by the national and local economies. Management has been focused on evaluating the loan portfolio for possible impairment and also addressing any decline in net realizable value of foreclosed property. We will continue those evaluations throughout this credit cycle. In addition, our new branch should contribute to the bottom line as it matures. Our bank continues to hold capital levels at 2.5 times the minimum required by regulation, while being committed to safe and sound banking practices and a high level of customer service."

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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-K for the year ended December 31, 2007 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,

	2008	2007	%
	Change		
<i>All dollars in thousands except per share data</i>			
Earnings			
Net interest income	\$ 830	\$ 882	-5.9%
Provision for loan losses	180	38	373.7%
Noninterest income	111	90	23.3%
Noninterest expense	1,001	807	24.0%
Income tax benefit	9	-	100.0%
Net income (loss)	(231)	127	-281.9%

Per Share Information

Earnings per share	\$ (0.12)	\$ 0.07	-274.3%
Dividends per share	0	0	0.0%
Book value per share	8.60	7.99	7.6%

Operating Ratios

Net interest margin	3.25%	3.59%
Return on average assets	-0.86%	0.49%
Return on average equity	-5.64%	3.54%
Efficiency ratio	106.4%	83.0%
Net chargeoffs / average loans	0.04%	0.12%

Average Balances

Loans, net	\$ 75,485	\$ 72,902	3.5%
Total earning assets	102,200	98,399	3.9%
Total assets	107,997	102,939	4.9%
Deposits	74,667	74,791	-0.2%
Borrowed funds	16,230	13,155	23.4%
Shareholders' equity	16,397	14,359	14.2%

	As of March 31,		%	As of December 31,		%
	2008	2007		2007	Change	
End Of Period Balances						
Loans	\$ 74,185	\$ 74,959	-1.0%	\$ 77,051		-3.7%
Reserve for loan losses	853	687	24.2%	702		21.5%
Total earning assets	105,624	98,818	6.9%	100,695		4.9%
Total assets	111,609	103,940	7.4%	106,456		4.8%
Deposits	77,697	75,879	2.4%	73,125		6.3%
Borrowed funds	16,898	12,890	31.1%	16,471		2.6%
Shareholders' equity	16,266	14,486	12.3%	16,264		0.0%

Asset Quality (End Of Period)

Loans 90 days past due and still accruing	\$ -	\$ -	\$ -
Nonaccrual loans	1,598	241	20
Foreclosed assets	493	200	505
Total nonperforming assets	2,091	441	\$ 525
Nonperforming assets / total assets	1.87%	0.42%	0.49%
Allowance for loan losses / total loans	1.15%	0.92%	0.91%

