

FOR IMMEDIATE RELEASE

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Community National Bank of the Lakeway Area Announces Quarterly Operating Results for the Second Quarter of 2008

Morristown, TN – July 25, 2008 – Community National Bank of the Lakeway Area (NASDAQ: CNLA) today reported results for the second quarter of 2008. The company reported a minimal net loss for the quarter of \$(16) thousand, or \$(0.01) per basic and diluted share, compared with a profit of \$121 thousand profit, or \$0.07 per basic and diluted share for the same period in the prior year.

Notable events/trends for the quarter follow:

- Loans grew during the second quarter 2.7% (10.8% annualized) from \$74.2 million at March 31, 2008 to \$76.2 million at June 30, 2008. Gross loans grew 2.4% for the twelve month period from \$74.5 million at June 30, 2007 to \$76.2 million at June 30, 2008. The growth rate was impacted by early repurchases of approximately \$3.5 million in purchased participation loans. The lead bank, as they have the right to do, decided to repurchase the loans. Without that event, loan growth would have been moderate, but not as robust as in the past.
- Total deposits grew from \$77.7 million at March 31, 2008 to \$81.1 million at June 30, 2008 which equates to a growth rate for the second quarter of 3.1% (12.4% annualized). Deposits have grown from \$74.5 million at June 30, 2007 to \$80.1 million for the period ended June 30, 2008. This represents an increase of 7.5% for the period. Account opening activity has been fairly brisk in both demand deposits and certificates of deposit.
- Nonaccrual loans increased during the second quarter from \$1.6 million at March 31, 2008 to \$2.4 million at June 30, 2008. During the past twelve months nonaccruals increased from \$153 thousand at June 30, 2007 to \$2.4 million at June 30, 2008. The increase is comprised of three out of market participation loans which management has thoroughly reviewed using updated financial data and appraisals. Based on this updated information, management feels the loans have been adequately reserved for and/or are adequately collateralized.
- In an effort to enhance future earnings and preserve capital, the Bank closed the Dandridge, TN loan production office near the end of the second quarter.
- The Bank recently announced the hiring of one of the premier lending specialists in the market area. We anticipate that Mr. Wolfe's hiring will accelerate the growth of the Bank in both loans and deposits.

Bank CEO, Sam Grigsby, Jr. said: “With the exception of the out-of-market loan participations, our Bank is growing in size and earning power. The Bank must work through these loan participations, but I believe we have structured our reserves to adequately handle the future. Certainly, we are not immune to the current economic conditions, but our local economy is stronger than most. The first quarter of 2008 was a slow one, but the public seems to have gotten up in the latter half of the second quarter, dusted themselves off, and are moving forward with their lives, even though they are impacted by the price of gasoline and groceries. I remain positive and hopeful about our local economy.”

In this day of capital deficiencies in the banking industry, it is important to point out that the Bank currently has over 2.5 times the minimum capital required by our regulators. This capital strength will position the Bank to grow in earning power more rapidly than most, while providing a safety net in case economic conditions should worsen significantly.

The net interest margin of the Bank was negatively impacted for both the first and second quarters of the year due primarily to the reversal of previously accrued interest associated with purchased loan participations that were placed on nonaccrual. The Bank anticipates, assuming relatively stable interest rates, the net interest margin will increase during the third quarter and the remainder of the year with the opportunity to reprice maturing certificates of deposit at lower rates.

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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
www.cnbla.com*

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

	Three-Months Ended June 30,			Six-Months Ended June 30,		
	2008	2007	%	2008	2007	%
<i>All dollars in thousands except per share data</i>			<i>All dollars in thousand except per share data</i>			Change
EARNINGS						
Net interest income	\$ 923	\$ 909	1.5%	\$ 1,753	\$ 1,791	(2.1)%
Provision for loan losses	45	27	66.7%	225	64	251.6%
Noninterest income	106	92	15.2%	217	181	19.9%
Noninterest expense	1,004	854	17.6%	2,005	1,660	20.8%
Income tax (benefit)	(4)	0	100.0%	(13)	0	100.0%
Net income (loss)	(16)	121	(113.2)%	(247)	248	(199.6)%
PER SHARE INFORMATION						
Earnings (loss) per share, basic	\$ (0.01)	\$ 0.07	(112.8)%	\$ (0.13)	\$ 0.14	(199.6)%
Dividends per share	0	0	0	0	0	0
Book value per share	8.32	7.96	4.5%	8.32	7.96	4.5%
OPERATING RATIOS (1)						
Net interest margin	3.46%	3.67%		3.37%	3.63%	
Return on average assets	(0.06)%	0.46%		(0.45)%	0.48%	
Return on average equity	(0.39)%	3.30%		(3.02)%	3.42%	
Efficiency ratio	97.6%	85.3%		101.8%	84.2%	
Net charge offs / average loans	0.00%	0.04%		0.04%	0.16%	
Tier 1 leverage ratio	14.46%	14.47%		14.46%	14.47%	
AVERAGE BALANCES						
Loans	\$ 74,246	\$ 74,189	0.1%	\$ 75,653	\$ 73,549	2.9%
Total earning assets	106,778	99,180	7.7%	104,092	98,791	5.4%
Total assets	112,178	104,168	7.7%	110,088	103,557	6.3%
Deposits	78,911	75,061	5.1%	76,789	74,926	2.5%
Borrowed funds	16,267	13,766	18.2%	16,248	13,462	20.7%
Stockholders' equity	16,271	14,673	10.9%	16,334	14,517	12.5%

	As of June 30,			As of December 31,		
	2008	2007	%	2007	Change	%
END OF PERIOD BALANCES						
Loans	\$ 76,248	\$ 74,473	2.4%	\$ 77,051		(1.0)%
Reserve for loan losses	897	681	31.7%	702		27.8%
Total earning assets	106,061	99,022	7.1%	100,695		5.3%
Total assets	112,425	104,184	7.9%	106,456		5.6%
Deposits	80,151	74,527	7.5%	73,125		9.6%
Borrowed funds	15,817	14,503	9.1%	16,471		(4.0)%
Stockholders' equity	15,731	14,597	7.8%	16,264		(3.3)%
ASSET QUALITY (END OF PERIOD)						
Loans 90 days past due and still accruing	\$ 113	\$ 88		\$ 0		
Nonaccrual loans	2,409	153		20		
Foreclosed assets	475	370		505		
Total nonperforming assets	2,997	611		525		
Nonperforming assets / total assets	2.67%	0.59%		0.49%		
Allowance for loan losses / total loans	1.18%	.91%		0.91%		

(1) All ratios are annualized (quarterly ratios are annualized based on the assumption that earnings/loss are the same for each quarter).