

COMMUNITY NATIONAL BANK

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FOR IMMEDIATE RELEASE

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COMMUNITY NATIONAL BANK REPORTS FOURTH QUARTER AND YEAR END 2010 RESULTS

Great Neck, N.Y. ó February 15, 2011 ó Community National Bank (**OTC BB: CBNY.OB**) today announced fourth quarter and year end results for 2010. Highlights for the quarter and the year include:

- Operating income, which is defined as net income excluding the provision for income taxes, was \$886,000 or \$0.13 per share for the quarter, 73% higher than 2009 and \$2.3 million or \$0.39 per share for the year, a 359% increase from the \$500,000 reported in 2009;
- Net interest income increase \$1.8 million or 15% from the prior year;
- Total assets increased \$72.8 million or 18% from the end of 2009;
- Commercial loans grew \$40 million or 25% compared to the end of 2009;
- Demand Deposits increased \$20 million or 42% year over year;
- Raised \$18 million in additional capital, resulting in total capital of \$65 million and a leverage ratio of 13.45%;
- The Bank was awarded the "Gold Medal" by the Small Business Administration ("SBA"), for originating over \$20 million in SBA loans in New York State during 2010;
- Received regulatory approval to open our 8th branch location in Bayside, Queens in the spring 2011.

The Bank made significant progress during 2010 as we increased capital, significantly grew the commercial loan portfolio and demand deposits and improved net interest income and operating income from the prior year. These highlights were offset by the reduction in the net interest margin for the year. The decline in the net interest margin was due to excess liquidity throughout 2010 being invested in shorter term lower yielding investments, increased prepayments and payoffs on the mortgage backed securities and residential loan portfolios and an increase in longer term Federal Home Loan Bank (FHLB) borrowings commented Stuart Lubow, Chairman, President and CEO of Community National Bank. Management was conservative in deploying the additional capital raised during 2010, as the slow economic recovery continues to face headwinds from high unemployment, conflicting signals on the direction in both residential and commercial real estate values and interest rates.

We look forward to 2011 as we plan to expand our branch network with the opening of our 8th location in Bayside, Queens during the first half of 2011 and continue to develop core banking relationships with local businesses and consumers in our marketplace, noted Mr. Lubow.

Operating Income

Operating income for the fourth quarter was \$886,000 or \$0.13 per share compared to \$512,000 or \$0.11 per share for the fourth quarter 2009. For the year ended operating income was \$2.3 million or \$0.39 cents per share compared to \$500,000 or \$0.10 per share for the same period in 2009. The results reflect an increase in net interest income, gains on the sale of SBA loans and investments and lower provisions for loan losses than the prior year period. The growth in revenues was offset by an increase in operating costs.

Net Earnings

Net income for the fourth quarter was \$612,000 or \$0.09 per share compared to \$2.3 million or \$0.48 per share for the fourth quarter 2009. For the year ended net income was \$1.5 million or \$0.25 cents per share compared to \$2.3 million or \$0.48 per share for the same period in 2009. The prior period results included the full reversal of a net \$1.8 million or \$0.36 per share tax valuation allowance against deferred tax assets to reflect management's estimates of projected taxable income and full utilization of the net operating loss carry forwards. The Bank recorded income tax expense of \$826,000 in 2010.

For the quarter ended December 31, 2010, net interest income increased modestly to \$3.8 million compared to \$3.7 million for the same period in 2009. The Bank's net interest margin decreased 37 basis points to 3.36% at December 31, 2010 from 3.73% in the prior year period.

For the year ended December 31, 2010, net interest income increased \$1.8 million or 15% to \$14.4 million compared to \$12.6 million for the year ended December 31, 2009. The Bank's net interest margin was slightly lower at 3.37% at December 31, 2010 from 3.38% in the prior year period.

An increase in the volume of average interest earning assets provided for the growth in net interest income and offset the decline in the net interest margin for both the quarter and year. During 2010, the Bank had a significant portion of its average interest earning assets invested in lower yielding short term investments. Average interest earning assets were \$428.4 million at December 31, 2010, an increase of \$56.3 million when compared to \$372.2

million at December 31, 2009. Approximately \$35 million of the increase in average interest earning assets, was in shorter term, lower yielding mortgage backed securities.

Non-interest income increased \$0.7 million to \$2.4 million for the year ended December 31, 2010 compared to \$1.7 million for the same period 2009. This increase was mostly attributable to a \$0.5 million increase in gains from the sale of SBA loans. The Bank is a preferred SBA lender and received the "Gold Medal" for SBA loan originations during 2010.

Increased operating costs were due to higher commercial lending staff to support loan growth, increased compliance and regulatory costs and higher third party operating platform expenses.

Balance Sheet and Asset Quality

Total assets increased \$72.8 million or 18% to \$476.8 million at December 31, 2010 from \$404 million in the prior year. The growth in securities and commercial loans was funded by deposits growth of \$22.5 million, of which \$19.8 million was in demand deposits, \$18 million in capital and \$23 million in FHLB Advances.

The Bank had \$7.5 million in SBA loans held-for-sale at December 31, 2010. The Bank recognized approximately \$159,000 and \$1.0 million in gains from the sale of loans during the fourth quarter and year ended December 31, 2010, respectively. The Bank expects to recognize approximately \$633,000 in deferred gains from the sale of SBA loans during the first quarter of 2011.

Loans held-for-investment increased \$40.3 million or 14% to \$324.5 million at December 31, 2010 compared to \$284.2 million at December 31, 2009. The commercial loan portfolio increased \$39.4 million or 25% from \$155.1 million at December 31, 2009 to \$194.5 million at December 31, 2010. The residential and consumer loan portfolio was flat when compared to the prior year period.

Non-performing loans were \$4.2 million at December 31, 2010, an increase \$0.6 million from the prior quarter and a decline of \$1.8 million from the prior year. Non-performing loans to total loans were 1.30%, significantly below our peer group. The Bank's allowance for loan losses was \$4.0 million or 1.22% of total loans at December 31, 2010, an increase of \$0.7 million from \$3.3 million at December 31, 2009.

ABOUT COMMUNITY NATIONAL BANK

Community National Bank is a Long Island based independent commercial bank and operates seven locations in Nassau and Suffolk counties. We offer a full range of modern financial services, backed by state-of-the-art technology. In addition to commercial loans, commercial mortgages, small business loans and lines of credit, residential mortgages, CNB also provides a complete selection of traditional personal and commercial deposit products such as no fee individual and business checking accounts, IRA accounts and statement savings.

Cautionary Statement about Forward-Looking Statements

This release contains certain "forward looking statements" about CNB which, to the extent applicable, are intended to be covered by the safe harbor for forward looking statements provided under the Federal securities laws and, regardless of such coverage, you are cautioned about. Forward-looking statements are not historical facts. Such statements may be identified by the use of such words as "may," "believe," "expect," "anticipate," "plan," "continue," or similar terminology. These statements relate to future events or our future financial performance and involve risks and uncertainties that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we caution you not to place undue reliance on these forward-looking statements. Factors which may cause our forward looking statements to be materially inaccurate include, but are not limited to, a failure to sell SBA loans, unexpected deterioration in our loan portfolio, unexpected increases in our expenses, greater than anticipated growth, unanticipated regulatory action, unexpected changes in interest rates, a loss of key personnel, an unanticipated loss of existing customers, competition from other institutions causing us unanticipated changes in our deposit or loan rates, increases in FDIC insurance costs and unanticipated adverse changes in our customers' economic conditions or economic conditions in our local area generally.

Forward-looking statements speak only as of the date of this press release. We do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

COMMUNITY NATIONAL BANK
STATEMENTS OF INCOME
(Unaudited)

	For The Three Months Ended		For The Twelve Months Ended	
	December 31		December 31,	
	2010	2009	2010	2009
Interest Income:				
Commercial Loans	\$2,910,143	\$2,644,016	\$10,645,404	\$9,301,548
Residential and Consumer Loans	1,583,430	1,667,446	6,433,098	7,105,198
Securities	680,427	900,699	3,111,866	2,939,632
Money Market Investments	5,916	11,902	44,743	34,793
Total Interest Income	5,179,916	5,224,063	20,235,111	19,381,171
Interest Expense:				
NOW, Savings & Money Market	152,376	214,780	743,996	1,075,806
Certificates of Deposit	1,046,475	1,186,575	4,288,220	5,578,102
Borrowed Funds	226,753	115,191	782,936	147,690
Total Interest Expense	1,425,604	1,516,546	5,815,152	6,801,598
Net Interest Income	3,754,312	3,707,517	14,419,959	12,579,573
Provision For Loan Losses	300,000	860,000	1,602,000	1,865,000
Net Interest Income After Provision for Loan Losses	3,454,312	2,847,517	12,817,959	10,714,573
Non-Interest Income:				
Service Charges	120,992	94,515	374,693	367,106
Loan Fees & Servicing Income	61,917	58,882	260,774	184,045
Gain on Sale of Investments	215,228	352,086	499,368	626,015
Gain on Sale of Loans	159,106	246,346	1,025,284	479,718
BOLI Income	108,306	-	260,005	-
Total Non-Interest Income	665,549	751,829	2,420,124	1,656,884
Non-Interest Expense:				
Compensation and Benefits	1,559,078	1,305,651	5,879,056	5,088,306
Occupancy and Equipment	911,585	908,670	3,628,254	3,533,273
Advertising	60,199	9,682	157,885	129,633
Other Expenses	702,532	863,037	3,273,529	3,119,886
Total Non-Interest Expense	3,233,394	3,087,040	12,938,724	11,871,098
Income Before Income Taxes	886,467	512,306	2,299,359	500,369
Provision For Income Taxes	274,007	(1,833,650)	826,369	(1,833,650)
Net Income	\$612,460	\$2,345,956	\$1,472,990	\$2,334,009
Earnings Per Share:				
Basic	\$0.09	\$0.48	\$0.25	\$0.48
Weighted Average Shares Outstanding ó Basic	6,673,181	4,871,041	5,854,800	4,871,041

COMMUNITY NATIONAL BANK
BALANCE SHEETS
(Unaudited)

	December 31,	December 31,
	2010	2009
Assets:		
Cash and Due From Banks	\$3,690,489	\$4,335,020
Money Market Investments	2,215,083	9,051,659
Securities - Available-for-Sale	110,857,926	91,863,141
Restricted Stock	4,472,200	2,711,100
Total Securities	<u>115,330,126</u>	<u>94,574,241</u>
Loans Held-For-Sale	7,518,629	-
Commercial Loans	194,518,041	155,145,009
Residential & Consumer	130,020,381	129,076,051
Gross Loans Held-For-Investment	<u>324,538,422</u>	<u>284,221,060</u>
Less: Allowance For Loans Losses	<u>(3,956,864)</u>	<u>(3,281,793)</u>
Net Loans Held-For-Investment	320,581,558	280,939,267
Premises and Equipment, net	7,620,331	8,348,810
Other Assets	19,888,581	6,842,718
Total Assets	<u><u>\$476,844,797</u></u>	<u><u>\$404,091,715</u></u>
Liabilities and Stockholders' Equity:		
Deposits:		
Demand	\$66,609,198	\$46,821,171
NOW, Savings & Money Market	106,383,448	104,404,401
Certificates of Deposit	186,611,547	185,867,790
Total Deposits	<u>359,604,193</u>	<u>337,093,362</u>
FHLB Borrowings	42,930,582	19,842,652
Secured Borrowings - SBA Loans	6,570,004	-
Accrued Expenses and Other Liabilities	2,978,842	1,520,650
Total Liabilities	<u>412,083,621</u>	<u>358,456,664</u>
Stockholders' Equity:		
Common Stock	33,365,905	24,355,205
Additional Paid in Capital	33,693,112	24,637,796
Retained Deficit	(1,711,910)	(3,184,900)
Unrealized (Loss) on Securities	(585,931)	(173,050)
Total Stockholders' Equity	<u>64,761,176</u>	<u>45,635,051</u>
Total Liabilities and Stockholders' Equity	<u><u>\$476,844,797</u></u>	<u><u>\$404,091,715</u></u>

