

COMMUNITY NATIONAL BANK

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FOR IMMEDIATE RELEASE

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COMMUNITY NATIONAL BANK EXCEEDS \$500 MILLION IN TOTAL ASSETS AND SHOWS CONTINUED GROWTH IN NET INCOME, LOANS AND DEMAND DEPOSITS COMPARED TO THE PRIOR YEAR

Great Neck, N.Y. – July 18, 2011 – Community National Bank (OTC BB: CBNY.OB) today announced second quarter results for 2011. Highlights for the quarter include:

- Net income of \$635 thousand for the second quarter of 2011 compared to net income of \$323 thousand for the same period in 2010.
- Net interest income grew \$638 thousand or 18% over 2010 to \$4.2 million for the quarter. The net interest margin was 3.50%.
- Commercial loans increased 20% or \$34.3 million to \$208.3 million compared to June 30, 2010.
- Deposits increased 12% or \$45.7 million to \$418 million compared to the same quarter in the prior year, including Demand Deposit growth of \$33 million or 49%.
- \$0.6 million in gains on the sale of Small Business Administration Loans (SBA) during the quarter.
- The Bank hosted the Grand Opening of its eighth branch location in Bayside, New York in May.

Chairman, President and CEO, Stuart Lubow commented "We are proud that Community National Bank exceeded the \$500 million in total asset plateau for the first time since opening in April 2005. We expect this growth to continue as we celebrated the grand opening of our eighth branch location in Bayside, New York in May and will open our ninth branch location in Melville, New York by the end of the year. We continue to develop banking relationships with small and medium sized business as evident by the growth in business demand deposits. The Bank's commercial loan pipeline remains robust and we expect continued loan growth during the second half of 2011. The Bank's growth in assets, capital and branch locations has enabled us to become a key business partner and an alternative choice for many local businesses that have become frustrated by the lack of service from the larger financial institutions. We are able to help our customers by providing quality customer service so that they can remain focused on growing their own business."

Net Earnings and Net Interest Income

Net income for the quarter ended June 30, 2011 was \$635 thousand or \$0.10 basic earnings per share as compared to net income of \$323 thousand or \$0.06 basic earnings per share for the comparable period in 2010.

For the quarter ended June 30, 2011, net interest income and net interest margin were \$4.2 million and 3.50%, respectively, compared to \$3.5 million and 3.28% for the prior 2010 quarter. The \$0.7 million or 20% increase in net interest income was primarily due to the growth in our commercial and residential loan portfolios which were funded through \$23 million in sales proceeds and principal repayments from the securities portfolio and an increase of \$33 million in demand deposits and \$11.8 million in certificate of deposits. The net interest margin increased 22 basis points from the prior year quarter due to the increase in higher yielding loan products as well as reductions in the cost of funds on core deposits and certificate of deposits.

Loans and Asset Quality

Loans held-for-investment increased \$16.3 million for an annualized growth rate of 19% to \$355.1 million at June 30, 2011 compared to \$338.8 million at March 31, 2011. The commercial loan portfolio increased \$34.3 million or 20% when compared to the prior year quarter.

Non-Performing loans remained stable at \$4.9 million or 1.39% of total loans at June 30, 2011, significantly below the Bank's peer group average. The Bank's provision for loan losses was \$473 thousand during the second quarter of 2011 compared to \$410 thousand for quarter ended March 31, 2011. The increase in the provision was due to two loans that were classified as non-accrual during the quarter and an increase in the amount of general valuation reserves due to growth in the loan portfolio. The allowance for loan losses to total loans was 1.35% at June 30, 2011, a slight decrease from 1.38% at March 31, 2011. The Bank had \$370 thousand in charged off loans during the second quarter.

Further information about the financial condition and performance of Community National Bank is available from its Call Reports filed by the Bank with the FDIC and available on the FDIC website at: http://www2.fdic.gov/idasp/main_bankfind.asp. The Bank expects to file its June 30, 2011 Call Report on or around July 30, 2011.

ABOUT COMMUNITY NATIONAL BANK

Community National Bank is a Long Island based independent commercial bank and operates eight locations in Nassau, Suffolk and Queen 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. Examples of forward-looking statements include but are not limited to, CNB's financial condition, capital ratios, results of operations and outlook. 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 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 Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Interest Income:				
Commercial Loans	\$2,994,023	\$2,645,591	\$5,923,463	\$5,067,096
Residential and Consumer Loans	1,724,763	1,590,295	3,288,745	3,306,109
Securities	685,455	781,066	1,371,483	1,644,522
Money Market Investments	2,970	13,771	5,760	18,960
Total Interest Income	<u>5,407,211</u>	<u>5,030,723</u>	<u>10,589,451</u>	<u>10,036,687</u>
Interest Expense:				
NOW, Savings & Money Market	132,960	207,256	276,691	426,227
Certificates of Deposit	950,174	1,101,180	1,918,262	2,158,943
Borrowed Funds	165,868	202,800	384,314	342,023
Total Interest Expense	<u>1,249,002</u>	<u>1,511,236</u>	<u>2,579,267</u>	<u>2,927,193</u>
Net Interest Income	<u>4,158,209</u>	<u>3,519,487</u>	<u>8,010,184</u>	<u>7,109,494</u>
Provision For Loan Losses	473,000	410,000	1,233,000	717,000
Net Interest Income After Provision for Loan Losses	<u>3,685,209</u>	<u>3,109,487</u>	<u>6,777,184</u>	<u>6,392,494</u>
Non-Interest Income:				
Service Charges	123,880	92,503	238,927	164,286
Loan Fees & Servicing Income	111,319	24,245	181,196	89,387
Gain on Sale of Investments	21,597	52,915	31,381	54,983
Gain on Sale of Loans	598,101	517,409	1,937,566	522,121
BOLI Income	156,972	39,509	292,217	39,509
Total Non-Interest Income	<u>1,011,869</u>	<u>726,581</u>	<u>2,681,287</u>	<u>870,286</u>
Non-Interest Expense:				
Compensation and Benefits	1,797,948	1,490,136	3,652,390	2,893,372
Occupancy and Equipment	951,748	901,056	1,886,244	1,828,066
Advertising	27,838	39,885	89,544	53,679
Other Expenses	927,290	866,416	1,851,814	1,725,644
Total Non-Interest Expense	<u>3,704,824</u>	<u>3,297,493</u>	<u>7,479,992</u>	<u>6,500,761</u>
Income Before Income Taxes	<u>992,254</u>	<u>538,575</u>	<u>1,978,479</u>	<u>762,019</u>
Provision For Income Taxes	357,302	215,701	720,800	305,062
Net Income	<u>\$634,952</u>	<u>\$322,874</u>	<u>\$1,257,679</u>	<u>\$456,957</u>
Earnings Per Share:				
Basic	\$0.10	\$0.06	\$0.19	\$0.09
Diluted	\$0.09	\$0.06	\$0.19	\$0.09
Weighted Average Shares Outstanding ó Basic	6,673,181	5,179,954	6,673,181	5,026,351
Weighted Average Shares Outstanding ó Diluted	6,701,982	5,179,954	6,692,901	5,026,351

COMMUNITY NATIONAL BANK
STATEMENTS OF INCOME
Unaudited

	For the Three Months Ended			
	June 30, 2011	March 31, 2011	December, 31 2010	June 30, 2010
Interest Income:				
Commercial Loans	\$2,994,023	\$2,929,441	\$2,910,143	\$2,645,591
Residential and Consumer Loans	1,724,763	1,563,982	1,583,430	1,590,295
Securities	685,455	686,028	680,427	781,066
Money Market Investments	2,970	2,790	5,916	13,771
Total Interest Income	<u>5,407,211</u>	<u>5,182,241</u>	<u>5,179,916</u>	<u>5,030,723</u>
Interest Expense:				
NOW, Savings & Money Market	132,960	143,731	152,376	207,256
Certificates of Deposit	950,174	968,088	1,046,475	1,101,180
Borrowed Funds	165,868	218,446	226,753	202,800
Total Interest Expense	<u>1,249,002</u>	<u>1,330,265</u>	<u>1,425,604</u>	<u>1,511,236</u>
Net Interest Income	<u>4,158,209</u>	<u>3,851,976</u>	<u>3,754,312</u>	<u>3,519,487</u>
Provision For Loan Losses	473,000	760,000	300,000	410,000
Net Interest Income After Provision for Loan Losses	<u>3,685,209</u>	<u>3,091,976</u>	<u>3,454,312</u>	<u>3,109,487</u>
Non-Interest Income:				
Service Charges	123,880	115,047	120,992	92,503
Loan Fees & Servicing Income	111,319	69,877	61,917	24,245
Gain on Sale of Investments	21,597	9,784	215,228	52,915
Gain on Sale of Loans	598,101	1,339,465	159,106	517,409
BOLI Income	156,972	135,245	108,306	39,509
Total Non-Interest Income	<u>1,011,869</u>	<u>1,669,418</u>	<u>665,549</u>	<u>726,581</u>
Non-Interest Expense:				
Compensation and Benefits	1,797,948	1,854,442	1,559,078	1,490,136
Occupancy and Equipment	951,748	934,496	911,585	901,056
Advertising	27,838	61,706	60,199	39,885
Other Expenses	927,290	924,524	702,532	866,416
Total Non-Interest Expense	<u>3,704,824</u>	<u>3,775,168</u>	<u>3,233,394</u>	<u>3,297,493</u>
Income Before Income Taxes	<u>992,254</u>	<u>986,226</u>	<u>886,467</u>	<u>538,575</u>
Provision For Income Taxes	357,302	363,499	274,007	215,701
Net Income	<u>\$634,952</u>	<u>\$622,727</u>	<u>\$612,460</u>	<u>\$322,874</u>
Earnings Per Share:				
Basic	\$0.10	\$0.09	\$0.09	\$0.06
Diluted	\$0.09	\$0.09	\$0.09	\$0.06
Weighted Average Shares Outstanding ó Basic	6,673,181	6,673,181	6,673,181	5,179,954
Weighted Average Shares Outstanding ó Diluted	6,701,982	6,684,195	6,681,994	5,179,954

COMMUNITY NATIONAL BANK
STATEMENTS OF CONDITION
Unaudited

	June 30, 2011	March 31, 2011	December, 31 2010	June 30, 2010
Assets:				
Cash and Due From Banks	\$4,308,554	\$4,733,264	\$3,690,489	\$4,654,965
Money Market Investments	46,961,011	3,036,235	2,215,083	42,477,882
Securities - Available-for-Sale	83,719,729	99,466,280	110,857,926	107,508,416
Restricted Stock	4,140,100	4,245,250	4,472,200	3,367,750
Total Securities	<u>87,859,829</u>	<u>103,711,530</u>	<u>115,330,126</u>	<u>110,876,166</u>
Loans Held-For-Sale	-	-	7,518,629	5,065,700
Commercial Loans	208,386,201	205,180,420	194,518,041	174,102,694
Residential & Consumer Loans	146,673,520	133,616,246	130,020,381	115,901,584
Gross Loans Held-For-Investment	355,059,721	338,796,666	324,538,422	290,004,278
Less: Allowance For Loans Losses	(4,784,505)	(4,681,642)	(3,956,864)	(3,263,027)
Net Loans Held-For-Investment	<u>350,275,216</u>	<u>334,115,024</u>	<u>320,581,558</u>	<u>286,741,251</u>
Premises and Equipment, net	8,126,007	7,704,607	7,620,331	8,024,599
Bank Owned Life Insurance (öBOLIö)	15,552,223	15,336,213	10,260,005	10,039,509
Other Assets	7,295,841	7,248,198	9,628,576	6,713,162
Total Assets	<u>\$520,378,681</u>	<u>\$475,885,071</u>	<u>\$476,844,797</u>	<u>\$474,593,234</u>
Liabilities and Stockholders' Equity:				
Deposits:				
Demand	\$100,564,404	\$70,448,381	\$66,609,198	\$67,506,715
NOW, Savings & Money Market	108,291,294	107,193,520	106,383,448	107,530,296
Certificates of Deposit	209,563,822	192,355,205	186,611,547	197,718,233
Total Deposits	<u>418,419,520</u>	<u>369,997,106</u>	<u>359,604,193</u>	<u>372,755,244</u>
FHLB Borrowings	32,957,800	37,445,600	42,930,582	30,892,157
Secured Borrowings - SBA Loans	-	-	6,570,004	3,060,000
Accrued Expenses and Other Liabilities	2,329,922	2,875,920	2,978,842	3,494,005
Total Liabilities	<u>453,707,242</u>	<u>410,318,626</u>	<u>412,083,621</u>	<u>410,201,406</u>
Stockholders' Equity:				
Common Stock, par value \$5.00; authorized 10,000,000 shares; issued 6,673,181 shares at June 30, 2011 and 6,627,981 shares at June 30, 2010	33,365,905	33,365,905	33,365,905	33,139,905
Additional Paid in Capital	33,775,379	33,732,805	33,693,112	33,421,447
Retained Deficit	(454,231)	(1,089,183)	(1,711,910)	(2,727,942)
Unrealized (Loss)/Gain on Securities	(15,614)	(443,082)	(585,931)	558,418
Total Stockholders' Equity	<u>66,671,439</u>	<u>65,566,445</u>	<u>64,761,176</u>	<u>64,391,828</u>
Total Liabilities and Stockholders' Equity	<u>\$520,378,681</u>	<u>\$475,885,071</u>	<u>\$476,844,797</u>	<u>\$474,593,234</u>

COMMUNITY NATIONAL BANK
SELECTED FINANCIAL DATA & BALANCE SHEET COMPONENTS
Unaudited

	For The Three Months Ended		For The Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Per Share:				
Net Income-Basic	\$0.10	\$0.06	\$0.19	\$0.09
Average Shares Outstanding ó Basic	6,673,181	5,179,954	6,673,181	5,026,351
Net Income ó Diluted	\$0.09	\$0.06	\$0.19	\$0.09
Average Shares Outstanding ó Diluted	6,701,982	5,179,954	6,692,901	5,026,351
Book Value	\$9.99	\$9.72	\$9.99	\$9.72
Performance:				
Return on Average Assets	0.52%	0.29%	0.52%	0.21%
Return on Average Equity	3.85%	2.61%	3.86%	1.92%
Efficiency Ratio	71.66%	77.66%	69.96%	81.47%
Yield on Average Earning Assets	4.56%	4.70%	4.63%	4.88%
Cost on Average Interest Bearing Liabilities	1.45%	1.77%	1.50%	1.77%
Cost of Deposits	1.12%	1.43%	1.17%	1.47%
Net Interest Spread	3.11%	2.93%	3.13%	3.11%
Net Interest Margin	3.50%	3.28%	3.50%	3.45%
	June 30, 2011	March 31, 2011	December 31, 2011	June 30, 2010
Risk Based Capital:				
Leverage Ratio	13.19%	13.32%	13.45%	14.06%
Tier 1	19.50%	19.75%	20.54%	21.79%
Total Risk Based	20.75%	21.00%	21.79%	22.91%
Asset Quality:				
Allowance for Loan Losses to Total Loans	1.35%	1.38%	1.22%	1.13%
Allowance for Loan Losses to Non-Performing Loans	97%	95%	94%	5516%
Non-Performing Loans to Total Loans	1.39%	1.45%	1.30%	0.02%
Non-Performing Assets to Total Assets	0.95%	1.03%	0.88%	0.01%
Annualized Quarterly Net Charge offs to Avg. Loans	0.42%	0.04%	0.01%	0.91%