

COMMUNITY NATIONAL BANK

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FOR IMMEDIATE RELEASE

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COMMUNITY NATIONAL BANK ANNOUNCES THIRD QUARTER EARNINGS

Great Neck, N.Y. – October 19, 2011 – Community National Bank (SYMBOL: CBNY.OB) today announced third quarter results for 2011. Highlights for the quarter include:

- Net income of \$611 thousand for the third quarter of 2011 compared to net income of \$404 thousand for the same quarter in 2010.
- Net interest income grew \$791 thousand or 22% over 2010 to \$4.3 million for the quarter. The net interest margin increased to 3.61%.
- Commercial loans increased 21% or \$38.7 million to \$223.4 million at September 30, 2011 compared to \$184.7 million at September 30, 2010.
- Deposits increased 8% or \$29.0 million to \$400 million compared to the same quarter in the prior year, including Demand Deposit growth of \$22 million or 34%.
- \$0.6 million in gains on the sale of Small Business Administration Loans (SBAö) during the quarter.
- The hiring of four new commercial lending officers, two lending officers will spearhead our New York City lending team, while the other two officers will continue our market place expansion in Nassau and Suffolk counties.

Chairman, President and CEO, Stuart Lubow commented "We continue to focus on increasing our core earnings and deposits through the development of relationships with both consumers and businesses in our marketplace. The addition of four lending officers and the Bank's expansion into New York City will help continue our asset growth and support the 2011 branch expansion."

Net Earnings and Net Interest Income

Net income for the quarter ended September 30, 2011 was \$611 thousand or \$0.09 basic earnings per share as compared to net income of \$404 thousand or \$0.06 basic earnings per share for the comparable period in 2010. Net income for the nine months ended September 30, 2011 was \$1.9 million or \$0.28 basic earnings per share as compared to net income of \$0.9 million or \$0.15 basic earnings per share for the nine months ended September 30, 2010.

For the quarter ended September 30, 2011, net interest income and net interest margin were \$4.3 million and 3.61%, respectively, compared to \$3.6 million and 3.21% for the 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 liquidity held in money market investments. The net interest margin increased 40 basis points from the 2010 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.

Non-Interest Income

Non-Interest income increased \$0.1 million or 14% to \$1.0 million for the three months ended September 30, 2011 compared to \$0.9 million for the 2010 quarter. For the nine months ended September 30, 2011, non-interest income increased \$1.9 million or 110% to \$3.7 million compared to \$1.8 million for the comparable prior period. The increase in non-interest income was attributable to gains on the sale of SBA loans and income from Bank Owned Life Insurance ("BOLI"). During 2010, the SBA expanded the eligibility requirements to encourage lending to small businesses. The SBA has ended this program and we anticipate the SBA loan origination pipeline and associated gains will decrease in the fourth quarter of 2011 and in 2012. During 2010 and 2011, the Bank purchased approximately \$15 million in BOLI.

Non-Interest Expense

Non-interest expense increased \$0.6 million or 18% to \$3.8 million for the three months ended September 30, 2011 compared to \$3.2 million for the 2010 quarter. The increase is mainly due to additional compensation and occupancy expenses relating to our branch expansion. We expect non-interest expense to increase in the near term with the opening of our Melville branch in the fourth quarter and recent addition of loan officers and support staff.

Loans and Asset Quality

Loans held-for-investment increased \$65.6 million or 21% to \$372.1 million at September 30, 2011 compared to \$306.5 million at September 30, 2010. The commercial loan portfolio increased \$38.6 million or 21% when compared to the prior year quarter. The residential loan portfolio increased \$27 million or 22% compared to the prior year quarter.

Non-Performing loans were \$1.6 million or 0.42% of total loans at September 30, 2011, significantly below the Bank's peer group average. Non-performing loans decreased \$3.3 million from the linked quarter due to the sale of a building collateralized by a \$2.6 million non-accrual commercial real estate loan. The Bank had annualized quarterly net charge offs to average loans of 1.16% during the third quarter. The provision for loan losses was \$610 thousand during the third quarter of 2011 compared to \$473 thousand for the linked quarter ended June 30, 2011. The allowance for loan losses to total loans was 1.16% at September 30, 2011, a decrease from 1.35% at June 30, 2011. The allowance for loan losses to non-performing loans was 276% at September 30, 2011. The Bank had no other real estate owned at September 30, 2011.

Deposits

Total deposits decreased \$17.7 million or 4.2% to \$400.7 million at September 30, 2011 compared to \$418.4 million at June 30, 2011. Mr. Lubow commented further "Due to the continued decline in interest rates during the quarter, the Bank deleveraged the balance sheet by reducing interest rates on maturing certificate of deposits and removing excess liquidity held in lower yielding money market investments. Our strategy is to grow the Bank's assets through loan originations funded primarily by core deposits from new and existing customers."

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 September 30, 2011 Call Report on or around October 28, 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 Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Interest Income:				
Commercial Loans	\$3,224,839	\$2,664,411	\$9,148,301	\$7,731,507
Residential and Consumer Loans	1,766,392	1,547,315	5,055,137	4,853,424
Securities	576,097	786,915	1,947,580	2,431,438
Money Market Investments	18,762	19,868	24,522	38,828
Total Interest Income	<u>5,586,090</u>	<u>5,018,509</u>	<u>16,175,540</u>	<u>15,055,197</u>
Interest Expense:				
NOW, Savings & Money Market	146,285	165,394	422,976	591,620
Certificates of Deposit	933,213	1,082,801	2,851,475	3,241,745
Borrowed Funds	159,332	214,162	543,646	556,184
Total Interest Expense	<u>1,238,830</u>	<u>1,462,357</u>	<u>3,818,097</u>	<u>4,389,549</u>
Net Interest Income	<u>4,347,260</u>	<u>3,556,152</u>	<u>12,357,443</u>	<u>10,665,648</u>
Provision For Loan Losses	610,000	585,000	1,843,000	1,302,000
Net Interest Income After Provision for Loan Losses	<u>3,737,260</u>	<u>2,971,152</u>	<u>10,514,443</u>	<u>9,363,648</u>
Non-Interest Income:				
Service Charges	112,896	89,416	351,823	253,702
Loan Fees & Servicing Income	70,620	109,471	251,815	198,858
Gain on Sale of Investments	99,447	229,158	130,829	284,141
Gain on Sale of Loans	565,406	344,056	2,502,973	866,178
BOLI Income	159,713	112,189	451,930	151,698
Total Non-Interest Income	<u>1,008,082</u>	<u>884,290</u>	<u>3,689,370</u>	<u>1,754,577</u>
Non-Interest Expense:				
Compensation and Benefits	1,821,239	1,426,607	5,473,629	4,319,978
Occupancy and Equipment	984,176	888,602	2,870,420	2,716,669
Advertising	35,222	44,006	124,766	97,686
Other Expenses	941,942	845,356	2,793,756	2,571,000
Total Non-Interest Expense	<u>3,782,579</u>	<u>3,204,571</u>	<u>11,262,571</u>	<u>9,705,333</u>
Income Before Income Taxes	<u>962,763</u>	<u>650,871</u>	<u>2,941,242</u>	<u>1,412,892</u>
Provision For Income Taxes	351,800	247,299	1,072,600	552,362
Net Income	<u>\$610,963</u>	<u>\$403,572</u>	<u>\$1,868,642</u>	<u>\$860,530</u>
Earnings Per Share:				
Basic	\$0.09	\$0.06	\$0.28	\$0.15
Diluted	\$0.09	\$0.06	\$0.28	\$0.15
Weighted Average Shares Outstanding ó Basic	6,673,181	6,666,303	6,673,181	5,579,008
Weighted Average Shares Outstanding ó Diluted	6,709,187	6,666,303	6,698,389	5,579,008

COMMUNITY NATIONAL BANK
STATEMENTS OF INCOME
Unaudited

For the Three Months Ended

	September 30, 2011	June 30, 2011	December, 31 2010	September 30, 2010
Interest Income:				
Commercial Loans	\$3,224,839	\$2,994,023	\$2,910,143	\$2,664,411
Residential and Consumer Loans	1,766,392	1,724,763	1,583,430	1,547,315
Securities	576,097	685,455	680,427	786,915
Money Market Investments	18,762	2,970	5,916	19,868
Total Interest Income	<u>5,586,090</u>	<u>5,407,211</u>	<u>5,179,916</u>	<u>5,018,509</u>
Interest Expense:				
NOW, Savings & Money Market	146,285	132,960	152,376	165,394
Certificates of Deposit	933,213	950,174	1,046,475	1,082,801
Borrowed Funds	159,332	165,868	226,753	214,162
Total Interest Expense	<u>1,238,830</u>	<u>1,249,002</u>	<u>1,425,604</u>	<u>1,462,357</u>
Net Interest Income	<u>4,347,260</u>	<u>4,158,209</u>	<u>3,754,312</u>	<u>3,556,152</u>
Provision For Loan Losses	610,000	473,000	300,000	585,000
Net Interest Income After Provision for Loan Losses	<u>3,737,260</u>	<u>3,685,209</u>	<u>3,454,312</u>	<u>2,971,152</u>
Non-Interest Income:				
Service Charges	112,896	123,880	120,992	89,416
Loan Fees & Servicing Income	70,620	111,319	61,917	109,471
Gain on Sale of Investments	99,447	21,597	215,228	229,158
Gain on Sale of Loans	565,406	598,101	159,106	344,056
BOLI Income	159,713	156,972	108,306	112,189
Total Non-Interest Income	<u>1,008,082</u>	<u>1,011,869</u>	<u>665,549</u>	<u>884,290</u>
Non-Interest Expense:				
Compensation and Benefits	1,821,239	1,797,948	1,559,078	1,426,607
Occupancy and Equipment	984,176	951,748	911,585	888,602
Advertising	35,222	27,838	60,199	44,006
Other Expenses	941,942	927,290	702,532	845,356
Total Non-Interest Expense	<u>3,782,579</u>	<u>3,704,824</u>	<u>3,233,394</u>	<u>3,204,571</u>
Income Before Income Taxes	<u>962,763</u>	<u>992,254</u>	<u>886,467</u>	<u>650,871</u>
Provision For Income Taxes	351,800	357,302	274,007	247,299
Net Income	<u>\$610,963</u>	<u>\$634,952</u>	<u>\$612,460</u>	<u>\$403,572</u>
Earnings Per Share:				
Basic	\$0.09	\$0.10	\$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	6,666,303
Weighted Average Shares Outstanding ó Diluted	6,709,187	6,701,982	6,681,994	6,666,303

COMMUNITY NATIONAL BANK
STATEMENTS OF CONDITION
Unaudited

	September 30, 2011	June 30, 2011	December, 31 2010	September 30, 2010
Assets:				
Cash and Due From Banks	\$4,754,537	\$4,308,554	\$3,690,489	\$3,635,741
Money Market Investments	8,067,065	46,961,011	2,215,083	12,722,625
Securities - Available-for-Sale	85,004,338	83,719,729	110,857,926	119,832,800
Restricted Stock	4,028,000	4,140,100	4,472,200	3,360,650
Total Securities	<u>89,032,338</u>	<u>87,859,829</u>	<u>115,330,126</u>	<u>123,193,450</u>
Loans Held-For-Sale	510,000	-	7,518,629	3,119,359
Commercial Loans	223,355,521	208,386,201	194,518,041	184,736,869
Residential & Consumer Loans	148,764,403	146,673,520	130,020,381	121,763,547
Gross Loans Held-For-Investment	372,119,924	355,059,721	324,538,422	306,500,416
Less: Allowance For Loans Losses	(4,329,596)	(4,784,505)	(3,956,864)	(3,664,619)
Net Loans Held-For-Investment	<u>367,790,328</u>	<u>350,275,216</u>	<u>320,581,558</u>	<u>302,835,797</u>
Premises and Equipment, net	8,280,874	8,126,007	7,620,331	7,831,395
Bank Owned Life Insurance (öBOLiö)	15,711,935	15,552,223	10,260,005	10,151,699
Other Assets	8,017,628	7,295,841	9,628,576	7,949,347
Total Assets	<u>\$502,164,705</u>	<u>\$520,378,681</u>	<u>\$476,844,797</u>	<u>\$471,439,413</u>
Liabilities and Stockholders' Equity:				
Deposits:				
Demand	\$87,948,946	\$100,564,404	\$66,609,198	\$65,495,483
NOW, Savings & Money Market	117,004,236	108,291,294	106,383,448	113,855,744
Certificates of Deposit	195,792,324	209,563,822	186,611,547	192,449,661
Total Deposits	<u>400,745,506</u>	<u>418,419,520</u>	<u>359,604,193</u>	<u>371,800,888</u>
FHLB Borrowings	30,467,164	32,957,800	42,930,582	30,412,763
Secured Borrowings - SBA Loans	-	-	6,570,004	1,386,109
Accrued Expenses and Other Liabilities	3,207,408	2,329,922	2,978,842	2,785,119
Total Liabilities	<u>434,420,078</u>	<u>453,707,242</u>	<u>412,083,621</u>	<u>406,384,879</u>
Stockholders' Equity:				
Common Stock, par value \$5.00; authorized 10,000,000 shares; issued 6,673,181 shares at September 30, 2011 and 6,673,181 shares at September 30, 2010	33,365,905	33,365,905	33,365,905	33,365,905
Additional Paid in Capital	33,823,722	33,775,379	33,693,112	33,652,389
Retained Earnings (Deficit)	156,732	(454,231)	(1,711,910)	(2,324,370)
Unrealized (Loss)/Gain on Securities	398,268	(15,614)	(585,931)	360,610
Total Stockholders' Equity	<u>67,744,627</u>	<u>66,671,439</u>	<u>64,761,176</u>	<u>65,054,534</u>
Total Liabilities and Stockholders' Equity	<u>\$502,164,705</u>	<u>\$520,378,681</u>	<u>\$476,844,797</u>	<u>\$471,439,413</u>

COMMUNITY NATIONAL BANK
SELECTED FINANCIAL DATA & BALANCE SHEET COMPONENTS
Unaudited

	For The Three Months Ended		For The Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Per Share:				
Net Income-Basic	\$0.09	\$0.06	\$0.28	\$0.15
Average Shares Outstanding ó Basic	6,673,181	6,666,303	6,673,181	5,579,008
Net Income ó Diluted	\$0.09	\$0.06	\$0.28	\$0.15
Average Shares Outstanding ó Diluted	6,709,187	6,666,303	6,698,389	5,579,008
Book Value	\$10.15	\$9.75	\$10.15	\$9.75
Performance:				
Return on Average Assets	0.48%	0.34%	0.50%	0.26%
Return on Average Equity	3.65%	2.49%	3.79%	2.15%
Efficiency Ratio	70.63%	72.17%	70.19%	78.14%
Yield on Average Earning Assets	4.64%	4.53%	4.63%	4.76%
Cost on Average Interest Bearing Liabilities	1.42%	1.73%	1.47%	1.76%
Cost of Deposits	1.05%	1.36%	1.13%	1.43%
Net Interest Spread	3.23%	2.80%	3.16%	3.00%
Net Interest Margin	3.61%	3.21%	3.54%	3.37%
	September 30, 2011	June 30, 2011	December 31, 2010	September 30, 2010
Risk Based Capital:				
Leverage Ratio	12.79%	13.19%	13.45%	13.63%
Tier 1	18.68%	19.50%	20.54%	21.58%
Total Risk Based	19.92%	20.75%	21.79%	22.82%
Asset Quality:				
Allowance for Loan Losses to Total Loans	1.16%	1.35%	1.22%	1.20%
Allowance for Loan Losses to Non-Performing Loans	276%	97%	94%	101%
Non-Performing Loans to Total Loans	0.42%	1.39%	1.30%	1.19%
Non-Performing Assets to Total Assets	0.31%	0.95%	0.88%	0.77%
Annualized Quarterly Net Charge offs to Avg. Loans	1.16%	0.42%	0.01%	0.25%