



CEOCFO

Interviews & News!

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Having Just Opened Their Third Branch Since April 2005, With Plans To Open Up 3 More Over The Next 3 Months And Over \$200 Million In Assets, Community National Bank Is Filling Needs Created By Consolidation In The Long Island And NY Metropolitan Area



**Financial
Commercial Bank
(CBNY-OTC: BB)**

Community National Bank

**200 Middle Neck Road
Great Neck, NY 11021
Phone: 516-498-3888**



**Stuart H. Lubow
Chairman, President and CEO**

BIO:

Stuart H. Lubow

Mr. Lubow has been a banking executive for over 28 years and was a Founder, President and Chief Executive Officer of Community National Bank since its inception. Mr. Lubow was responsible for the entire regulatory application process at Community National Bank, as well as the initial capital raising. Prior to Community National Bank, Mr. Lubow was Founder, President & CEO of Community State Bank. Mr.

Lubow was responsible for managing every aspect of this 4 branch, \$145 million organization. Community State Bank opened for business in 1997 and was profitable from its second full year of operation until its acquisition by Lakeland Bank in August 2003.

Before accepting the position of President and Chief Executive Office of Community State Bank, Mr. Lubow was Executive Vice President and Chief Operating Officer of Garden State Bank. Mr. Lubow was instrumental in the bank's dramatic turnaround. He implemented a new retail concept and reengineered the bank's organization. At the end of Mr. Lubow's tenure in 1996, Garden State Bank was profitable enough to attract a substantial acquisition offer from Summit Bank.

During the late 1980's and early 1990's Mr. Lubow was Senior Vice President and Chief Operations Office at Dollar Dry Dock Bank in New York. It was during this time that Dollar Dry Dock received national acclaim for its innovative retail banking approach and retail network. Mr. Lubow has also served as Senior Vice President for Peoples Bank, N.A. in Fairfield, New Jersey and has held official positions at First Fidelity Bank and Chase Manhattan Bank, N.A.

Mr. Lubow is a past Chairman of the Community Bankers Association of New Jersey, as well as the former Chairman of the Teaneck Economic Development Corporation. Mr. Lubow has chaired and participated in many conferences on banking-related topics at both regional and national levels. Additionally, he has served as an instructor at the New York

University School of Continuing Education. He is involved in a number of not-for-profit organizations, including The Lustgarten Foundation for Pancreatic Cancer Research. In 2006 Mr. Lubow was honored by the United Community Fund of Great Neck as Business Person of the Year and by the Long Island Chapter of Multiple Sclerosis as Financial Executive of the Year. Mr. Lubow is a graduate of Moravian College, Bethlehem, Pennsylvania, where he received a Bachelor of Arts degree in Accounting. Mr. Lubow resides with his wife Susan and daughter Sarah in Mill Neck, New York.

Company Profile:

Community National Bank is a Long Island-based, independent commercial bank offering a full range of modern financial services, backed by state-of-the-art technology. In addition to residential mortgages, home equity lines of credit, commercial mortgages, business loans and lines of credit, SBA loans, the bank provides a complete selection of traditional personal and commercial banking products such as no-fee individual and business checking accounts, IRA accounts, and statement and passbook savings.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Lubow, what was your vision when Community National Bank started and where are you today?

Mr. Lubow: "The vision was to create a community commercial bank that was customer centric to fill the void left by the larger institutions that so dominated the

Long Island, Queens, Nassau, and Suffolk marketplace. We wanted to provide community commercial banking services from the standpoint of creating long-term relationships on both the lending side as well as the depository side. We believe that there was a void for those kinds of services, and that there were many middle-market, small business customers and individuals who were falling through the cracks and not being serviced appropriately.

There has been a lot of consolidation over the last year or so with a number of larger institutions being acquired, most recently Commerce and prior to that Capital One taking over Northfork and Sovereign taking over Independence, and of course the Chase and Bank of New York branch merger. Consolidation has created an opportunity for community commercial banks, and us in particular, to show the public and businesses what we can do. We opened for our first branch in April of 2005 and our third branch in September of 2007. We will be opening up three more branches over the next three months. In addition, we have over \$200 million in assets. We are very pleased with our growth so far and we plan to continue to grow."

CEOCFO: How do you attract new business?

Mr. Lubow: "Attracting new business is all about building relationships, so everyone in our organization is sales and service minded, whether it is myself, our loan officers, the branch managers, or my CFO. We are always available to go out and meet clients. Banking is a commodity. Our checking account is no different than the checking account from another institution. What makes us different is that we are local and because we make decisions locally, we can act more quickly than a larger bank to fulfill our customers' needs. It is about making quick decisions and providing great service. The reality is that we are competitive in rates and in fees; we do not try to nickel and dime people. My view is we make money the old-fashioned way, we take in deposits, and we lend money. We do not have a

huge infrastructure or bureaucracy that I have to support by charging for every ancillary service. What we do is build relationships."

CEOCFO: What might a customer find at Community National that would not be found elsewhere?

Mr. Lubow: "We had a commercial loan customer who came to us on a Friday needing a close by the following Monday on a real estate transaction. Luckily, he already had a lot of the necessary information, but he still needed a very fast turnaround. We worked over the weekend, got the approval on Monday, gave it to our attorneys, got a commitment letter and by the following Monday we closed the loan. *That* is fast service. You are talking about closing a \$1 million loan in a week. Since then that customer has

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come back and given us other transactions to process -- within a more reasonable time frame. That's how you build relationships.

Basically our technology is such that we are on the cutting-edge, so we will have customers who want to open accounts and we make it a very smooth transition. We had an event last night here for a lawyers association holiday party, and someone wanted to open up accounts, so my staff took their information and this morning they printed out all the paperwork. We delivered it to the attorney; they opened the accounts, got all the papers signed in their offices, ordered their checks, and they funded the account. That's how fast we do it. We had another large real estate company that was trying to open up a significant amount of escrow deposits, lease security accounts, and had been

working with a large institution, Money Center Bank, for a month trying to get these accounts open. My staff met with them and convinced them to look at us. They said, "How long will it take you to get this thing open?" We said "Ten minutes." They laughed and said, "We will believe it when we see it, but we will still move with you." My staff went back to their offices, opened the accounts and literally drove right back to the customer with all the account information and they were up and running. Those are just two examples of several."

CEOCFO: That is what makes the difference!

Mr. Lubow: "Absolutely! We have to be there for them. I like to say we are private banking for everyone. That's what community banking was when it began; it was private banking. Everyone knew your name, and it was customer centric. If we don't do that, then we're just like every other large institution that we are trying to compete with. So far, our community service, our philosophy, and our culture has proven to be successful. We are seeing the results in our growth."

CEOCFO: Are you having any fall-out from the current real estate decline?

Mr. Lubow: "About 40% of our lending is residential. We are a portfolio lender as it relates to home mortgages. We have never done sub-prime. It is a matter of knowing your customer and knowing your area. We are lending to either people we know or areas that we know. We have actually had a positive fall-out from all this because we didn't really change the way we do business. We were not stretching and qualifying people on teaser rates. We were giving out loans based on good, strong credit. Now a lot of those players who were in that market have dropped out because they were originating as much as they could and they were dealing with making the mortgages a commodity. We were looking at it as we are going to make these loans and service them and they are going to be on our books and our balance sheet. We are not creating securities. The reality is our

business actually picked up and the spreads are a little more attractive now because there are fewer players, fewer non-portfolio bankers in the market who are just trying to push out volume. That part of the market has stayed relatively strong for us. There certainly has been somewhat of a slow-down, but our lending criteria has always been strong, so it hasn't been a problem. Currently we have virtually no delinquencies or non-performing loans. We are conservative lenders and we underwrite appropriately so the sub prime debacle has had little effect on us."

CEOCFO: Are many of your customers taking advantage of the variety of services or do they need to be encouraged?

Mr. Lubow: "You always need to cross-sell. Our staff is trained to develop a relationship and a relationship is more than one account, more than someone coming in looking for the highest rate. It is a blend of issues including customer service, comfort, convenience, and technology. We are always looking to enhance that relationship. Our technology is such that we have a great online system that is very user-friendly and something that is very attractive to our customer base. Both our online system and bill-pay are free. If people are looking for the convenience of online yet they still want to have a friendly, customer centric, service oriented community bank experience, that's Community National Bank."

CEOCFO: Are there products and services that you would like to offer that are not available today?

Mr. Lubow: "There is not too much that we don't offer. The only thing we don't offer now is investment services and non-traditional banking products such as mutual funds and annuities, trusts, and insurance. As a community bank, we don't plan to offer those services at this point. Virtually everything else we do. We are one of the leading SBA lenders in our area, we are in the top-ten in SBA loans, we are a commercial real estate, corporate

C&I residential, consumer, so there is not a lot that we don't do."

CEOCFO: What do you look for in your people; what are the intangibles?

Mr. Lubow: "We are looking for highly motivated sales and service-oriented people. The days of just being an order-taker and sitting behind a desk and having someone walk in to open accounts are over. It is about building relationships, so not only do you have to be knowledgeable from a compliant standpoint and from a banking standpoint, but you have to be engaging, and service and sales driven and that takes some work. There are so many new outlets for banking services, whether it is the multitude of in-branch locations, the internet or non-traditional outlets for banking related services that you need to be a much more sales and service driven than ever before. We are looking for someone who is excited about being in a upscale community bank, high-tech, high-touch environment; someone looking for long-term growth potential in a growing organization."

CEOCFO: What are your plans for new branches?

Mr. Lubow: "Right now we are opening a branch in mid-January in Oceanside Long Island on the south shore. We are opening a branch in Huntington in Suffolk County about a month later on Main Street. That location is about six thousand square feet and we will have several loan officers there. We are also planning to open branches in New Hyde Park in March. The Oceanside, New Hyde Park, and our recently opened Woodbury branches are all former gas stations that we have converted to freestanding banking locations. The branches themselves are very attractive; they have coffee bars, and plasma screen TVs and places to sit and relax as well as do banking. We are open seven days a week in all of our locations. All of our locations have a very upscale look, yet are welcoming and comfortable."

CEOCFO: Is seven days a week typical for your area?

Mr. Lubow: "There is at least one other institution open seven days a week. What makes us different is service and part of service is convenient hours. These days people have very busy schedules, so seven days a week is what banking is now. It's about providing service and availability to customers. It makes sense for us and sets us apart."

CEOCFO: What is the financial picture like for you today?

Mr. Lubow: "We are 2½ years old. We are over \$200 million in assets and growing nicely. We are right on our initial business plan and projections in terms of growth, asset size and continued growth. We had always expected to do two to three branches a year for several years and we expect to continue to do that over the next year or so."

CEOCFO: With so many financial institutions to choose from, why should potential investors pick Community National out of the crowd?

Mr. Lubow: "The management, the board and our founders are all highly experienced professionals. This is actually the second de novo bank I have opened. I opened Community State Bank in Bergen County in 1997, and grew it over five-and-a-half years to about \$150 million. We sold it in 2003 to Lakeland Bank at about three times book. We think we are doing the right thing; we are growing a franchise that in time will maximize the value for our shareholders and our investors. We have a great story and we are hitting the market. We thought we were hitting the market at the right time in terms of a new institution but the reality is that with all of the consolidation over the last year and three of the larger institutions now being acquired, it has even gotten better. Our prospects are very good in terms of the future value of our organization."

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