### For Release to the Press

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## GREATER HUDSON BANK, N.A. REPORTS EARNINGS FOR BOTH THE THREE AND SIX MONTHS ENDED JUNE 30, 2012

**Middletown, NY, July 24, 2012** – Greater Hudson Bank, N.A. (the "Bank") (OTCQB: GHDS), with assets of \$330.1 million, today reported net income for the 2012 second quarter of \$391,000 or \$0.04 per common share, compared to \$594,000 or \$0.06 per common share for the 2011 second quarter, a decrease of \$203,000 or 34.2 percent. Return on average common stockholders' equity was 4.15 percent for the second quarter of 2012 compared to 7.03 percent for the 2011 second quarter.

For the six months ended June 30, 2012, net income was \$1.100 million, or \$0.11 per common share compared to \$1.032 million or \$0.10 per common share for the six months ended June 30, 2011, an increase of approximately \$68,000, or 6.6 percent. Return on average common stockholders' equity was 5.87 percent for the six months ended June 30, 2012 compared to 6.17 percent for the 2011 six month period.

"As a community bank, our staff has spent time meeting with and listening to local businesses and consumers in our market place, and as a result we have put in place additional resources to assist us in our mission to be the Bank of choice in the Hudson Valley," said Kenneth J. Torsoe, chairman of the board of directors of Greater Hudson Bank. Mr. Torsoe added, "The addition of our newest location in Monroe for example, allows us to further meet the needs of our present and future client base while expanding our footprint. We strongly believe that the investments we have made will have long term value for our institution."

# Financial highlights as of and for the three months ended June 30, 2012 compared to the June 30, 2011 period are as follows:

- Total assets increased \$29.9 million, or 10.0 percent, to \$330.1 million.
- Net loans increased \$46.4 million, or 33.7 percent, to \$184.0 million.
- Investments decreased \$20.2 million, or 14.3 percent, to \$120.8 million.
- Deposits increased \$12.3 million, or 4.8 percent, to \$267.4 million.
- Net interest income increased \$251,000, or 10.1 percent, to \$2.7 million.
- Provision for loan losses increased \$136,000, or 174.4 percent, to \$214,000.
- Non-interest expense increased \$512,000, or 34.2 percent, to \$2.0 million.
- Provision for income taxes decreased \$160,000, or 42.1 percent, to \$221,000.

# Financial highlights as of and for the six months ended June 30, 2012 compared to the June 30, 2011 period are as follows:

- Net interest income increased \$787,000, or 16.4 percent, to \$5.6 million.
- Provision for loan losses increased \$203,000 or 87.3 percent, to \$435,000.
- Non-interest expense increased \$723,000, or 24.2 percent, to \$3.7 million.
- Provision for income taxes decreased \$3,000, or 0.5 percent, to \$659,000.

Eric J. Wiggins, president and CEO of Greater Hudson Bank stated, "As the Bank continued to grow in the second quarter, our earnings were impacted by additional costs related to our newest branch and loan center opening and staffing additions needed to support the Bank's growth. In addition, the sizable increase in our loan portfolio required us to set aside additional funds in our loan loss provision during the second quarter." Mr. Wiggins further stated, "The Bank has seen good loan demand this year evidenced by our strong growth for the first six months of the year. Net loans outstanding increased over 33% from last year's second quarter and over 17% year to date. As a result, we have been able to re-deploy our funds in higher yielding assets and reduce our investment securities thus creating the ability to grow our net interest income in the second quarter by over 16% from the same period in 2011."

"Our asset quality remains very strong and our ratios surpass those of many of our peers. The Bank's non-performing assets declined \$336 thousand or 19% since the first quarter of 2012 as we disposed of the only OREO property on the Bank's balance sheet. We had no additional non-performing loans during the second quarter," added Mr. Wiggins.

#### **EARNINGS**

Three months Ended June 30.				Six months Ended June 30.				
2012		2011		2012		2011		
\$	2,743	\$	2,492	\$	5,590	\$	4,803	
	214		78		435		232	
	41		58		65		109	
	51		-		247		-	
	2,009		1,497		3,708		2,986	
	612		975		1,759		1,694	
	221		381		659		662	
\$	391	\$	594	\$	1,100	\$	1,032	
72.2%		58.7%		65.6%			60.8%	
2012		2011		2012		2011		
\$	310,775	\$	270,617	\$	303,282	\$	261,003	
	265,929		238,533		261,052		227,526	
	3.41%		3.58%		3.57%		3.57%	
	3.53%		3.68%		3.69%		3.68%	
	\$	\$ 2,743 214 41 51 2,009 612 221 \$ 391 72.2% \$ 310,775 265,929 3.41%	June 30, (in  2012  \$ 2,743	June 30, (in thousands, or 2012 2011  \$ 2,743 \$ 2,492 214 78 41 58 51 - 2,009 1,497 612 975 221 381 \$ 391 \$ 594  72.2% 58.7%  2012 2011  \$ 310,775 \$ 270,617 265,929 238,533 3,41% 3,58%	June 30, (in thousands, exception 2012 2011  \$ 2,743 \$ 2,492 \$ 214 78 41 58 51 2,009 1,497 612 975 221 381 \$ 391 \$ 594 \$ \$ 72.2% 58.7%  2012 2011  \$ 310,775 \$ 270,617 \$ 265,929 238,533 3.41% 3.58%	June 30, (in thousands, except ratios)       2012     2011     2012       \$ 2,743     \$ 2,492     \$ 5,590       214     78     435       41     58     65       51     -     247       2,009     1,497     3,708       612     975     1,759       221     381     659       \$ 391     \$ 594     \$ 1,100       72.2%     58.7%     65.6%       2012     2011     2012       \$ 310,775     \$ 270,617     \$ 303,282       265,929     238,533     261,052       3.41%     3.58%     3.57%	June 30,       (in thousands, except ratios)       2012     2011     2012       \$ 2,743     \$ 2,492     \$ 5,590     \$       214     78     435       41     58     65       51     -     247       2,009     1,497     3,708       612     975     1,759       221     381     659       \$ 391     \$ 594     \$ 1,100     \$       72.2%     58.7%     65.6%     6       2012     2011     2012       \$ 310,775     \$ 270,617     \$ 303,282     \$       265,929     238,533     261,052       3.41%     3.58%     3.57%	

Net interest income increased for both the three and six months ended June 30, 2012 compared to the 2011 comparable periods as a result of an increase in the balance of the Bank's average earning assets. The increase in net interest income was partially offset by the increase in average interest bearing liabilities for both the three and six months ended June 30, 2012 compared to the 2011 comparable periods.

The provision for credit losses increased \$136,000 for the 2012 second quarter compared to the 2011 second quarter and increased \$203,000 for the six months ended June 30, 2012 compared to the six months ended June 30, 2011, primarily due to stronger loan growth and an increase in nonperforming assets in 2012 compared to the 2011 comparable periods.

Non-interest expense increased \$512,000 and \$723,000 for the three and six months ended June 30, 2012 compared to the prior year periods. The increase was driven by increases in salaries, occupancy, supplies, and marketing expenses associated with the opening of the new branch and loan center in Monroe, NY in the second quarter of 2012, as well as to support the Bank's overall growth in its balance sheet.

The provision for income taxes decreased \$160,000 and \$3,000 for the three and six months ended June 30, 2012 compared to the prior year periods as a result of lower net income for the second quarter of 2012 and a change in the Bank's tax position for both the three and six months ended June 30, 2012 compared to the prior year periods.

### **BALANCE SHEET & CREDIT QUALITY**

SELECTED BALANCE SHEET DATA – Unaudited:	As of						
(in thousands, except ratios)	June 30,		Dec. 31, 2011		June 30, 2011		
Tr. d. I.	2012						
Total Investments	\$	120,755	\$	130,645	\$	140,946	
Federal funds sold		45		64		1,011	
Loans, net of unearned income		183,997		156,830		137,618	
Allowance for loan losses		2,574		2,148		1,959	
Total assets		330,092		299,185		300,180	
Total deposits		267,426		245,810		255,150	
Nonperforming assets		1,562		910		963	
Allowance for loan losses to total net loans		1.40%		1.37%		1.42%	
Nonperforming assets to total assets		0.47%		0.30%		0.32%	

The Bank increased loans, net of unearned income \$46.4 million as of June 30, 2012 compared to the prior year period. The increase in the loan portfolio was funded primarily by net security sales and redemptions in the investment portfolio, which decreased by \$20.2 million as of June 30, 2012, as well as the \$12.3 million, or 4.8 percent increase in deposits to \$267.4 million and the increase of \$13.7 million in Federal Home Loan Bank of New York advances as of June 30, 2012 compared to June 30, 2011.

The Bank's total assets and non-performing assets have increased over the past year from \$300.2 million to \$330.1 million and \$1.0 million to \$1.6 million from June of 2011 to June of 2012, respectively. As a result, the Bank's nonperforming assets to total assets ratio has increased from 0.32 percent to 0.47 percent over the past year.

#### **CAPITAL**

EQUITY – Unaudited	As of					
(in thousands, except ratios)		June 30,				
	2012		2011			
Tier 1 Capital	\$	37,175	\$33,007			
Total Stockholders' Equity		37,801	34,425			
Book value per common share		3.78	3.44			
Tier 1 Leverage Ratio		11.4%	11.3%			

At June 30, 2012, the Bank had \$37.8 million in stockholders' equity, representing an increase of \$3.4 million from June 30, 2011. As of June 30, 2012, the Bank's leverage ratio was 11.4 percent and as a result, the Bank continues to be considered a well-capitalized institution under Federal regulatory requirements.

Greater Hudson Bank, N.A. founded in 2002, is headquartered in Middletown, New York and was the first community bank chartered in Orange County, New York in over fifty years. The Bank has 5 branches which are located in Middletown, Warwick and Monroe, Orange County, New York, Bardonia, Rockland County, New York, and White Plains, Westchester County, New York. The Bank is chartered by the Office of the Comptroller of the Currency and its deposits are insured by the Federal Deposit Insurance Corporation. Further information can be found on the Bank's website at www.GreaterHudsonBank.com.

Forward-Looking Statements: This Press Release may contain certain statements which are not historical facts or which concern the Bank's future operations or economic performance and which are to be considered forward-looking statements. Any such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Bank cautions that all forward-looking statements involve risk and uncertainties, and that actual results may differ from those indicated in the forward-looking statements as a result of various factors, such as changing economic and competitive conditions and other risk and uncertainties. In addition, any statements in this news release regarding historical stock price performance are not indicative of or guarantees of future price performance.