

For Release to the Press

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**GREATER HUDSON BANK, N.A. REPORTS
EARNINGS FOR BOTH THE
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012**

Middletown, NY, November 6, 2012 – Greater Hudson Bank, N.A. (the “Bank”) (OTCQB: GHDS), with assets of \$328.2 million, today reported net income for the 2012 third quarter of \$777,000 or \$0.08 per common share, compared to \$918,000 or \$0.09 per common share for the 2011 third quarter, a decrease of \$141,000 or 15.4 percent. Return on average common stockholders’ equity was 8.07 percent for the third quarter of 2012 compared to 10.38 percent for the 2011 third quarter.

For the nine months ended September 30, 2012, net income was \$1.877 million, or \$0.19 per common share compared to \$1.950 million, also \$0.19 per common share for the nine months ended September 30, 2011, a decrease of approximately \$73,000, or 3.7 percent. Return on average common stockholders’ equity was 6.62 percent for the nine months ended September 30, 2012 compared to 7.63 percent for the 2011 nine month period.

Excluding security gains, earnings from operations increased \$462,000 or 17.8 percent and \$1.0 million or 13.8 percent for the three and nine months ended September 30, 2012, respectively, compared to the prior year periods.

The Bank is also very proud to report that since the October 2008 recapitalization, it has earned back all of the \$8.8 million in losses incurred since the Bank opened in 2002 and now has \$396,000 in retained earnings.

Commenting on the third quarter of 2012, Kenneth J. Torsoe, chairman of the board of directors of Greater Hudson Bank stated, “We understand that the environment in which we are operating continues to be a challenging one for not only the economy in general, but the banking industry as well. However, in spite of the low interest rate environment, limited small and-medium sized business loan demand, and the need for increased resources focused on ever-changing government regulations, we have made progress as a community bank. We want those in our communities to know that we are here to help them and we have money to lend, especially for those severely affected by Hurricane Sandy. Our Greater Hudson Bank team is working hard to attract new quality loans, as we understand that it is the health and growth of our small and-medium sized businesses that will help to rebuild and sustain the communities we serve.”

Mr. Torsoe also stated that, “We do not believe that Hurricane Sandy will have a material effect on the Bank’s financial statements.”

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

- Total assets increased \$26.1 million, or 8.6 percent, to \$328.2 million.
- Net loans increased \$42.7 million, or 29.9 percent, to \$185.5 million.
- Investments decreased \$27.9 million, or 19.5 percent, to \$115.3 million.
- Deposits increased \$14.7 million, or 5.9 percent, to \$263.8 million.
- Net interest income increased \$482,000, or 18.9 percent, to \$3.0 million.
- Non-interest expense increased \$271,000, or 17.5 percent, to \$1.8 million.
- Provision for income taxes decreased \$100,000, or 17.6 percent, to \$467,000.

Financial highlights as of and for the nine months ended September 30, 2012 compared to the September 30, 2011 period are as follows:

- Net interest income increased \$1.3 million, or 17.3 percent, to \$8.6 million.
- Provision for loan losses increased \$202,000 or 76.6 percent, to \$466,000.
- Non-interest expense increased \$996,000, or 22.0 percent, to \$5.5 million.
- Provision for income taxes decreased \$103,000, or 8.4 percent, to \$1.1 million.

Eric J. Wiggins, president and CEO of Greater Hudson Bank stated, “Our earnings this year have been impacted primarily by additional expansion and staffing costs, however, the extended low interest rate environment has placed further pressure on margins. In spite of this, we have been successful in maintaining our net interest margin as we have transitioned our balance sheet from lower yielding investment securities into additional loans to local businesses and property owners. Our efforts have resulted in net loans outstanding increasing 30% year-over-year and enabled us to grow our net interest income over 17% year-over-year. Excluding security gains, the Bank’s pre-tax operating income has increased 18% when compared with the 3rd quarter in 2011.”

“In addition, our efficiency ratio of 58.9% for the 3rd quarter 2012 has improved from the 2nd quarter 2012 ratio of 72.2% as earnings have begun to absorb the additional expenses related to our new branch and loan center, as well as staffing added in the first half of the year.”

Mr. Wiggins further commented, “The Bank’s non-performing assets declined significantly since the 2nd quarter as the Bank received payment in full on a large loan relationship during the 3rd quarter. Non-performing assets declined from \$1.56 million to \$725 thousand and the ratio of non-performing assets to total assets improved from 0.47% to 0.22% for the same period. The Bank had no additional OREO properties following the disposal of its only OREO in the second quarter.”

EARNINGS

*Results Unaudited

	Three months Ended September 30,		Nine months Ended September 30,	
	(in thousands, except ratios)			
SUMMARY OF OPERATIONS DATA:	2012	2011	2012	2011
Net interest income	\$ 3,039	\$ 2,557	\$ 8,630	\$ 7,360
Provision for loan losses	32	31	466	264
Noninterest income	45	64	110	173
Net gains on securities transactions	8	440	255	440
Noninterest Expense	1,816	1,545	5,526	4,530
Income before income taxes	1,244	1,485	3,003	3,179
Provision for income taxes	467	567	1,126	1,229
Net income	\$ 777	\$ 918	\$ 1,877	\$ 1,950
Efficiency Ratio	58.9%	58.9%	63.2%	60.1%
AVERAGE BALANCE SHEET DATA:	2012	2011	2012	2011
Earning Assets	\$ 312,662	\$ 267,074	\$ 306,431	\$ 269,185
Total Interest Bearing Liabilities	263,743	247,398	261,956	234,279
Net interest spread	3.74%	3.77%	3.63%	3.53%
Net interest margin	3.89%	3.83%	3.75%	3.65%

Net interest income increased for both the three and nine months ended September 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 nine months ended September 30, 2012 compared to the 2011 comparable periods.

As a result of market conditions, net gains on securities transactions decreased \$432,000 and \$185,000 for the three and nine months ended September 30, 2012 compared to the three and nine months ended September 30, 2011, respectively.

The provision for credit losses increased \$202,000 for the nine months ended September 30, 2012 compared to the 2011 comparable period, primarily due to an increase in net loans outstanding for 2012 of \$28.6 million compared to an increase of \$18.4 million in 2011.

Non-interest expense increased \$271,000 and \$996,000 for the three and nine months ended September 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, as well as to support the Bank's overall growth in its balance sheet.

The provision for income taxes decreased \$100,000 and \$103,000 for the three and nine months ended September 30, 2012 compared to the prior year periods as a result of lower net income.

BALANCE SHEET & CREDIT QUALITY

SELECTED BALANCE SHEET DATA – Unaudited:

(in thousands, except ratios)

	September 30, 2012	As of Dec. 31, 2011	September 30, 2011
Total Investments	\$ 115,285	\$ 130,645	\$ 143,219
Federal funds sold	-	64	67
Loans, net of unearned income	185,479	156,830	142,760
Allowance for loan losses	2,598	2,148	1,998
Total assets	328,166	299,185	302,076
Total deposits	263,804	245,810	249,096
Borrowings	22,733	15,000	15,000
Nonperforming assets	725	910	1,108
Allowance for loan losses to total net loans	1.40%	1.37%	1.40%
Nonperforming assets to total assets	0.22%	0.30%	0.37%

The Bank increased loans, net of unearned income \$42.7 million as of September 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 \$27.9 million as of September 30, 2012, a \$14.7 million, or 5.9 percent increase in deposits to \$263.8 million, and an increase of \$7.7 million in Federal Home Loan Bank of New York advances as of September 30, 2012 compared to September 30, 2011.

The Bank's total assets have increased over the past year from \$302.1 million to \$328.2 million and the Bank's total non-performing assets have decreased from \$1.1 million to \$0.7 million from September of 2011 to September of 2012, respectively. As a result, the Bank's nonperforming assets to total assets ratio has decreased from 0.37 percent to 0.22 percent over the past year.

CAPITAL

EQUITY – Unaudited

(in thousands, except ratios)

	As of September 30,	
	2012	2011
Tier 1 Capital	\$ 37,956	\$34,400
Total Stockholders' Equity	39,113	36,095
Book value per common share	3.91	3.61
Tier 1 Leverage Ratio	11.5%	11.3%

At September 30, 2012, the Bank had \$39.1 million in stockholders' equity, representing an increase of \$3.0 million from September 30, 2011. As of September 30, 2012, the Bank's leverage ratio was 11.5 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.