

For Release to the Press

Contact: Jon Lieb
(914) 741-2770

**GREATER HUDSON BANK, N.A. REPORTS
EARNINGS FOR BOTH THE
THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2012**

**NET INCOME OF \$629,000 FOR THE 2012 FOURTH QUARTER
AND \$2.5 MILLION FOR THE YEAR
LOAN PORTFOLIO INCREASES 14.8% FOR THE YEAR**

Middletown, NY, January 31, 2013 – Greater Hudson Bank, N.A. (the “Bank”) (OTCQB: GHDS), with assets of \$309.2 million, today reported net income of \$629,000 or \$0.06 per common share for the fourth quarter of 2012 and \$2.5 million or \$0.25 per common share for the twelve months ending December 31, 2012. Both the quarterly and annual results are consistent with those reported for the 2011 comparable periods, despite continued economic weakness and the low interest rate environment. This marks the fourth straight year of profitable operations for the Hudson Valley, N.Y. based Bank.

Return on average common stockholders’ equity was 6.38 percent and 6.56 percent for the fourth quarter and twelve months ended December 31, 2012, respectively. The Bank is very proud to report that its first ever special cash dividend of \$0.05 per share was paid to shareholders with a record date of December 10, 2012 on December 21, 2012. Since the Bank’s recapitalization in October of 2008, the Bank has turned an accumulated deficit of \$8.8 million into \$525,000 in retained earnings net of the dividend payment.

“We are very pleased that we were able to provide our first ever cash dividend in the Bank’s ten year history. Many of our loyal shareholders have expressed gratitude in receiving this special cash dividend,” said Kenneth J. Torsoe, chairman of the board of directors of Greater Hudson Bank. Mr. Torsoe added, “We are committed to maximizing our return to investors while seeking opportunities to position ourselves as the banking choice in the Hudson Valley.”

Financial highlights as of and for the three months ended December 31, 2012 compared to the December 31, 2011 period are as follows:

- Total assets increased \$10.0 million, or 3.3 percent, to \$309.2 million.
- Net loans increased \$23.3 million, or 14.8 percent, to \$180.1 million.
- Investments decreased \$22.7 million, or 17.4 percent, to \$108.0 million.
- Deposits decreased \$769,000, or 0.3 percent, to \$245.0 million.
- Net interest income increased \$194,000, or 7.5 percent, to \$2.8 million.
- Non-interest expense increased \$437,000, or 28.4 percent, to \$2.0 million.

- Provision for income taxes decreased \$24,000, or 6.0 percent, to \$371,000.

Financial highlights as of and for the twelve months ended December 31, 2012 compared to the December 31, 2011 period are as follows:

- Net interest income increased \$1.5 million, or 14.7 percent, to \$11.4 million.
- Provision for loan losses increased \$114,000 or 28.2 percent, to \$518,000.
- Non-interest expense increased \$1.4 million, or 23.6 percent, to \$7.5 million.
- Provision for income taxes decreased \$127,000, or 7.8 percent, to \$1.5 million.

Eric J. Wiggins, president and CEO of Greater Hudson Bank stated, “Our fourth year of profitability was highlighted with the payment of our first ever cash dividend. We were also successful increasing our net interest income by nearly 15% year over year. We accomplished this in part by re-positioning our earning assets from lower yielding investment securities into higher yielding loans with loans outstanding growing nearly 15% year over year to \$180 million. Our loan to deposit ratio increased significantly from 62.9% to 72.4% and our loan to asset ratio increased from 51.7% to 57.4%.” Mr. Wiggins continued, “Additional expenses related to our new branch location, a new loan operations center and other staffing additions impacted the year’s net earnings.”

“Our balance sheet remains very solid with Tier 1 leverage of 11.9% at yearend. In addition, we saw improvement in the Bank’ non-performing assets which declined nearly 31% year over year while our non-performing assets to total assets ratio improved from 0.30% to 0.20%.”

Mr. Wiggins further commented, “As we enter 2013, we continue to see opportunities within our markets to provide our personalized, friendly and responsive service to the businesses and consumers who call the Hudson Valley their home. With the addition of new products and services, including SBA lending and other business services, we are creating more reasons for local businesses to make Greater Hudson their banking choice in the Hudson Valley.”

EARNINGS

***Results Unaudited**

	Three months Ended December 31,		Twelve months Ended December 31,	
	2012	2011	2012	2011
	(in thousands, except ratios)			
SUMMARY OF OPERATIONS DATA:				
Net interest income	\$ 2,767	\$ 2,573	\$ 11,397	\$ 9,933
Provision for loan losses	51	140	518	404
Noninterest income	78	43	188	216
Gains on securities transactions	180	88	436	528
Noninterest Expense	1,974	1,537	7,499	6,067
Income before income taxes	1,000	1,027	4,004	4,206
Provision for income taxes	371	395	1,497	1,624
Net income	\$ 629	\$ 632	\$ 2,507	\$ 2,582
Efficiency Ratio	69.4%	58.8%	64.7%	59.8%

*Results Unaudited	Three months Ended		Twelve months Ended	
	December 31,		December 31,	
	(in thousands, except ratios)			
AVERAGE BALANCE SHEET DATA:	2012	2011	2012	2011
Earning Assets	\$ 303,094	\$ 264,478	\$ 305,592	\$ 272,709
Total Interest Bearing Liabilities	255,380	243,018	260,303	236,482
Net interest spread	3.51%	3.81%	3.66%	3.52%
Net interest margin	3.65%	3.89%	3.73%	3.64%

Net interest income increased for both the three and twelve months ended December 31, 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 an increase in average interest bearing liabilities for both the three and twelve months ended December 31, 2012 compared to the 2011 comparable period.

As a result of market conditions, gains on securities transactions increased \$92,000 for the three months ended December 31, 2012. However, for the year ended December 31, 2012, gains on securities transactions decreased \$92,000.

The provision for credit losses increased \$114,000 for the twelve months ended December 31, 2012 compared to the 2011 comparable period, primarily due to an increase in net loans outstanding for 2012 of \$23.3 million and an increase in charged off loans of \$73,000.

Non-interest expense increased \$437,000 and \$1.4 million for the three and twelve months ended December 31, 2012 compared to the prior year periods. The increase was driven by increases in salaries, occupancy expense, communication expense, supplies, other outside services expense, and marketing expense 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 \$24,000 and \$127,000 for the three and twelve months ended December 31, 2012 compared to the prior year periods as a result of lower net income and a decrease in the effective tax rate for both the fourth quarter and year ended December 31, 2012 compared to the prior year periods.

BALANCE SHEET & CREDIT QUALITY

SELECTED BALANCE SHEET DATA – Unaudited:	As of	
	December 31,	December 31,
(in thousands, except ratios)	2012	2011
Total Investments	\$ 107,974	\$ 130,645
Federal funds sold	25	64
Loans, net of unearned income	180,084	156,830
Allowance for loan losses	2,572	2,148
Total assets	309,175	299,185
Total deposits	245,041	245,810
Nonperforming assets	629	910
Allowance for loan losses to total net loans	1.43%	1.37%
Nonperforming assets to total assets	0.20%	0.30%

The Bank increased loans, net of unearned income \$23.3 million as of December 31, 2012 compared to the prior year period. The increase in the loan portfolio was funded primarily by net security sales, principal pay downs, and redemptions in the investment portfolio, which decreased by \$22.7 million as of December 31, 2012. The Bank also increased Federal Home Loan Bank of New York advances by \$7.7 million as of December 31, 2012 compared to December 31, 2011.

The Bank's total assets have increased over the past year from \$299.2 million to \$309.2 million and the Bank's total non-performing assets have decreased from \$910,000 to \$629,000. As a result, the Bank's nonperforming assets to total assets ratio has decreased from 0.30 percent to 0.20 percent over the past year.

CAPITAL

EQUITY - Unaudited (in thousands, except ratios)	As of	
	December 31, 2012	2011
Tier 1 Capital	\$ 38,090	\$35,727
Total Stockholders' Equity	38,997	36,634
Book value per common share	3.90	3.66
Tier 1 Leverage Ratio	11.9%	11.9%

At December 31, 2012, the Bank had \$39.0 million in stockholders' equity, representing an increase of \$2.4 million from December 31, 2011. As of December 31, 2012, the Bank's leverage ratio was 11.9 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. 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.