

**GREATER HUDSON BANK, N.A.
REPORTS NET INCOME FOR
THE 2013 FIRST QUARTER**

Middletown, NY, April 29, 2013 – Greater Hudson Bank, N.A. (the “Bank”) (OTCQB: GHDS), with assets of \$316.0 million, today reported net income of \$519,000 or \$0.05 per common share for the first quarter of 2013 compared to \$709,000 or \$0.07 per common share for the 2012 first quarter. Return on average common stockholders’ equity was 5.28 percent for the first quarter ended March 31, 2013 compared to 7.61 percent for the first quarter ended March 31, 2012.

“Our first quarter numbers reflect a profitable start to 2013,” stated Kenneth J. Torsoe, chairman of the board of directors of Greater Hudson Bank. Mr. Torsoe further stated, “We continue to receive positive feedback from our clients in recognition of our commitment to the Hudson Valley. Listening to the needs of our clients and seeing opportunities in our markets, we are planning on making additional investments in our lending and retail areas by increasing our lending staff and enhancing our technology over the next year. We hope that these new additions and endeavors will continue to highlight us as the banking choice in the Hudson Valley.”

Financial highlights as of and for the three months ended March 31, 2013 compared to the March 31, 2012 period are as follows:

- Total assets decreased \$7.9 million, or 2.4 percent, to \$316.0 million.
- Net loans increased \$13.2 million, or 7.9 percent, to \$182.0 million.
- Investments decreased \$21.7 million, or 16.8 percent, to \$107.3 million.
- Deposits decreased \$18.2 million, or 6.7 percent, to \$251.8 million.
- Net interest income decreased \$174,000, or 6.1 percent, to \$2.7 million.
- Non-interest expense increased \$318,000, or 18.7 percent, to \$2.0 million.
- Provision for income taxes decreased \$139,000, or 31.8 percent, to \$298,000.

Eric J. Wiggins, President and CEO of Greater Hudson Bank stated, “On a year over year basis we have reported net loan growth of nearly 8% and as we focus on businesses located within the Hudson Valley, our C&I loan portfolio has increased over 16% since year end.” Mr. Wiggins added, “We are seeing early success in 2013 from our small business initiatives. We are very encouraged by our pipeline and expect our loan portfolio to continue to grow as we remain focused on the Hudson Valley.”

Mr. Wiggins added, “We continue to experience margin compression given the extended low interest rate environment. Also, earnings in the first quarter of 2013 were not aided by any

securities gains compared with \$196 thousand in gains in the first quarter of 2012. We are working to offset the effects of the current interest rate environment by continuing to capitalize on banking relationship opportunities in our markets, expand our loan portfolio, manage our cost of funds and augment our earnings with fee income.”

Mr. Wiggins further commented, “During the quarter we saw an increase in our non-performing loans represented primarily by one loan relationship. The Bank’s overall credit quality remains strong evidenced by our ratio of non-performing assets to total assets of 0.59% for the quarter which compares favorably to many of our peers.”

EARNINGS

*Results Unaudited	Three months Ended March 31,	
	(in thousands, except ratios)	
SUMMARY OF OPERATIONS DATA:	2013	2012
Net interest income	\$ 2,673	\$ 2,847
Provision for loan losses	(34)	222
Noninterest income	127	24
Net gains on securities transactions	-	196
Noninterest Expense	2,017	1,699
Income before income taxes	817	1,146
Provision for income taxes	298	437
Net income	<u>\$ 519</u>	<u>\$ 709</u>
Efficiency Ratio	72.0%	59.2%
AVERAGE BALANCE SHEET DATA:	2013	2012
Earning Assets	\$ 299,142	\$ 295,789
Total Interest Bearing Liabilities	249,721	256,175
Net interest spread	3.50%	3.73%
Net interest margin	3.57%	3.85%

The decrease in net income from the prior period was primarily attributed to a decrease in net interest income of \$174,000 as a result of a lower rate environment than the prior year as well as an increase to non-interest expense of \$318,000 and a decrease to security gains over the prior period of \$196,000, as no securities were sold in the 2013 first quarter. The overall decrease was offset by a \$103,000 increase in fee income for the first quarter of 2013, a decrease to the provision to loan losses of \$256,000 and a decline in the tax provision over the prior period of \$139,000 as a result of lower net income compared to the previous year.

The \$318,000 increase in non-interest expense for the three months ended March 31, 2013 compared to the prior year period was predominantly driven by increases in salaries and payroll taxes, occupancy expense, data processing, FDIC insurance, communications expense and the reserve for unfunded commitments. These increases were partially offset by decreases in other outside services expense and marketing expense.

BALANCE SHEET & CREDIT QUALITY

SELECTED BALANCE SHEET DATA – Unaudited: (in thousands, except ratios)

	March 31, 2013	As of Dec. 31, 2012	March 31, 2012
Total Investments	\$ 107,264	\$ 107,974	\$ 128,967
Federal funds sold	-	25	1,875
Loans, net of unearned income	182,024	180,084	168,774
Allowance for loan losses	2,531	2,572	2,372
Total assets	315,962	309,175	323,860
Total deposits	251,751	245,041	269,920
Borrowings	22,707	22,720	15,000
Nonperforming assets	1,861	629	1,928
Allowance for loan losses to total net loans	1.39%	1.43%	1.41%
Nonperforming assets to total assets	0.59%	0.20%	0.60%

The Bank increased loans, net of unearned income, by \$13.2 million as of March 31, 2013 compared to the prior year period. The increase in the loan portfolio was funded primarily by security sales, principal pay downs, and redemptions in the investment portfolio, which decreased by \$21.7 million as of March 31, 2013. The Bank also increased Federal Home Loan Bank of New York advances by \$7.7 million as of March 31, 2013 compared to March 31, 2012.

The Bank's total deposits have decreased over the past year from \$269.9 million to \$251.8 million as a result of the Bank's efforts to control its cost of funds. As a result, the Bank's total assets have declined \$7.9 million from March 31, 2012 to March 31, 2013.

CAPITAL

EQUITY – Unaudited (in thousands, except ratios)

	As of March 31,	
	2013	2012
Tier 1 Capital	\$ 38,614	\$36,737
Total Stockholders' Equity	39,362	37,154
Book value per common share	3.93	3.72
Tier 1 Leverage Ratio	12.2%	11.7%

At March 31, 2013, the Bank had \$39.4 million in stockholders' equity, representing an increase of \$2.2 million from March 31, 2012. As of March 31, 2013, the Bank's leverage ratio was 12.2 percent and as a result, the Bank continues to be considered a well-capitalized institution under Federal regulatory requirements.

Greater Hudson Bank's annual Stockholder's Meeting will be held Thursday, May 23, 2013 at 10:00 a.m. at the Salvation Army Conference Center in West Nyack, NY. All shareholders and interested parties are invited to attend.

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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.