

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

**Middletown, NY, July 22, 2013** – Greater Hudson Bank, N.A. (the “Bank”) (OTCQB: GHDS), with assets of \$316.4 million, today reported net income of \$513,000 or \$0.05 per common share for the second quarter of 2013 compared to \$391,000 or \$0.04 per common share for the second quarter 2012, an increase of \$122,000 or 31.2 percent. Return on average common stockholders’ equity was 5.16 percent for the second quarter ended June 30, 2013 compared to 4.15 percent for the second quarter ended June 30, 2012.

For the six months ended June 30, 2013, net income was \$1.032 million, or \$0.10 per common share compared to \$1.100 million, or \$0.11 per common share for the six months ended June 30, 2012, a decrease of approximately \$68,000, or 6.2 percent. Return on average common stockholders’ equity was 5.22 percent for the six months ended June 30, 2013 compared to 5.87 percent for the 2012 six month period.

“We are pleased with our results for the second quarter, especially the increase in net loans of approximately \$20 million,” stated Kenneth J. Torsoe, chairman of the board of directors of Greater Hudson Bank. Mr. Torsoe further stated that, “Supporting the communities we serve is what I enjoy most about banking and we continue to do so in part by providing credit to businesses located here in the Hudson Valley. In addition, we now offer residential mortgage options that our customers and local community members will benefit greatly from as well.”

**Financial highlights as of June 30, 2013 compared to December 31, 2012 are as follows:**

- Total assets increased \$7.2 million, or 2.3 percent, to \$316.4 million.
- Net loans increased \$21.9 million, or 12.2 percent, to \$202.0 million.
- Investments decreased \$10.2 million, or 9.5 percent, to \$97.8 million.
- Deposits increased \$7.8 million, or 3.2 percent, to \$252.9 million.

**Financial highlights for the three months ended June 30, 2013 compared to the June 30, 2012 period are as follows:**

- Net interest income increased \$138,000, or 5.0 percent, to \$2.9 million.
- Non-interest expense decreased \$90,000, or 4.5 percent, to \$1.9 million.
- Non-interest income increased \$42,000, or 102.4 percent, to \$83,000.
- Provision for loan losses increased \$58,000, or 27.1 percent, to \$272,000.
- Provision for income taxes increased \$74,000, or 33.5 percent, to \$295,000.

**Financial highlights for the six months ended June 30, 2013 compared to the June 30, 2012 period are as follows:**

- Provision for loan losses decreased \$197,000, or 45.3 percent, to \$238,000.
- Net gains on securities transactions decreased \$212,000, or 85.8 percent, to \$35,000.
- Non-interest income increased \$146,000, or 224.6 percent, to \$211,000.
- Non-interest expense increased \$229,000, or 6.2 percent, to \$3.9 million.

Eric J. Wiggins, President and CEO of Greater Hudson Bank stated, “As loan demand has increased this year, we have been successful in transitioning our balance sheet and re-deploying funds from lower yielding investment securities into higher yielding loans to local businesses. As a result, we have seen net loan outstandings grow over 12% year to date and investments decline nearly 10%.” Mr. Wiggins added, “The most significant growth has been in our C&I portfolio with outstandings increasing by 27% year to date. Our focus on the Hudson Valley and our determination to provide exceptional service is enabling us to generate a healthy pipeline of loan opportunities.”

Mr. Wiggins commented, “The growth in our loan portfolio along with managing our cost of funds has enabled the Bank to improve its net interest margin, which was 3.91% for the second quarter of 2013 versus 3.53% for the second quarter of 2012. In addition to an improved margin, the ability to provide SBA loans and residential mortgages will not only enhance our sources of interest income, but also the potential for increased fee income as well.”

**EARNINGS**

**\*Results Unaudited**

	<b>Three months Ended June 30,</b>		<b>Six months Ended June 30,</b>	
	<small>(in thousands, except ratios)</small>			
<b>SUMMARY OF OPERATIONS DATA:</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net interest income	\$ 2,881	\$ 2,743	\$ 5,554	\$ 5,590
Provision for loan losses	272	214	238	435
Noninterest income	83	41	211	65
Net gains on securities transactions	35	51	35	247
Noninterest Expense	1,919	2,009	3,937	3,708
Income before income taxes	808	612	1,625	1,759
Provision for income taxes	295	221	593	659
Net income	<u>\$ 513</u>	<u>\$ 391</u>	<u>\$ 1,032</u>	<u>\$ 1,100</u>
Efficiency Ratio	64.7%	72.2%	68.3%	65.6%
<b>AVERAGE BALANCE SHEET DATA:</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Earning Assets	\$ 295,139	\$ 310,775	\$ 297,129	\$ 303,282
Total Interest Bearing Liabilities	243,259	265,929	246,472	261,052
Net interest spread	3.79%	3.41%	3.65%	3.57%
Net interest margin	3.91%	3.53%	3.74%	3.69%

The increase in net income for the three months ended June 30, 2013 compared to the prior year period was primarily attributed to increases in net interest income and non-interest income combined with decreases in the provision for loan losses and non-interest expense. The Bank's net interest margin increased and allowance for loan losses to total net loans ratio declined to 1.36 percent. Non-interest expense decreased as a result of declines in salary and marketing expenses.

Net income for the six months ended June 30, 2013 was down slightly compared to the six months ended June 30, 2012. An increase in non-interest income of \$146,000 combined with a decrease in the provision for loan losses of \$197,000 helped offset the increase in non-interest expense of \$228,000 related to increases in occupancy, data processing, and the reserve for unfunded commitments combined with the decline in security gains of \$212,000.

## **BALANCE SHEET & CREDIT QUALITY**

### **SELECTED BALANCE SHEET DATA – Unaudited:**

(in thousands, except ratios)

	<b>June 30, 2013</b>	<b>As of Dec. 31, 2012</b>	<b>June 30, 2012</b>
Total Investments	\$ 97,756	\$ 107,974	\$ 120,755
Federal funds sold	-	25	45
Loans, net of unearned income	201,977	180,084	183,997
Allowance for loan losses	2,745	2,572	2,574
Total assets	316,402	309,175	330,092
Total deposits	252,850	245,041	267,426
Borrowings	22,694	22,720	15,000
Nonperforming assets	1,777	629	1,562
Allowance for loan losses to total net loans	1.36%	1.43%	1.40%
Nonperforming assets to total assets	0.56%	0.20%	0.47%

The Bank increased loans, net of unearned income, by \$21.9 million as of June 30, 2013 compared to December 31, 2012. The increase in the loan portfolio was funded primarily by security sales, principal pay downs, and redemptions in the investment portfolio totaling \$10.2 million combined with an increase in deposits of \$7.8 million.

Nonperforming assets increased to \$1.8 million as of June 30, 2013 from \$0.6 million as of December 31, 2012. The increase is primarily related to one loan relationship that the Bank is actively attempting to remediate and closely monitoring.

## **CAPITAL**

### **EQUITY – Unaudited**

(in thousands, except ratios)

	<b>June 30, 2013</b>	<b>As of Dec. 31, 2012</b>	<b>June 30, 2012</b>
Tier 1 Capital	\$ 39,133	\$ 38,090	\$ 37,175
Total Stockholders' Equity	38,879	38,997	37,801
Book value per common share	3.88	3.90	3.78
Tier 1 Leverage Ratio	12.6%	11.9%	11.4%

At June 30, 2013, the Bank had \$38.9 million in stockholders' equity. The Bank's leverage ratio was 12.6 percent at June 30, 2013 compared to 11.9 percent at December 31, 2012. As a result, the Bank continues to be considered a well-capitalized institution under current Federal regulatory requirements.

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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](http://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.