

GREATER HUDSON BANK, N.A. REPORTS 2013 THIRD QUARTER RESULTS

Middletown, NY, October 30, 2013 – Greater Hudson Bank, N.A. (the “Bank”) (OTCQB: GHDS), with assets of \$318.9 million, today reported net income of \$138,916 or \$0.01 per common share for the third quarter of 2013 compared to \$777,148 or \$0.08 per common share for the third quarter 2012. The Bank’s net interest margin increased from 3.89 percent to 3.91 percent for the three months ended September 30, 2013 over the same period last year.

For the nine months ended September 30, 2013, net income was \$1.171 million, or \$0.12 per common share compared to \$1.877 million, or \$0.19 per common share for the nine months ended September 30, 2012, a decrease of approximately \$706,000, or 37.6 percent. Return on average common stockholders’ equity was 3.95 percent for the nine months ended September 30, 2013 compared to 6.62 percent for the 2012 nine month period.

The decline in net income for both the three and nine months ended September 30, 2013 compared to the prior year periods was primarily a result of an increase in the provision for loan losses, which is primarily attributable to one loan relationship. That relationship is being carefully managed with the objective of remediating the issues associated with the credit.

“The third quarter of this year was disappointing given the increase to the provision for loan losses, primarily related to one loan relationship. Nevertheless, we are encouraged by the growth in net interest margin and the growth in the loan portfolio which should have a positive impact on future results,” stated Kenneth J. Torsoe, chairman of the board of directors of Greater Hudson Bank. Mr. Torsoe further stated that, “We continue to serve and support our communities by providing credit to businesses located here in the Hudson Valley. In addition, we now offer residential mortgage and SBA loans. We believe these products will help meet the credit needs of our customers and local community members.”

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

- Total assets increased \$9.7 million, or 3.1 percent, to \$318.9 million.
- Loans, net of unearned income, increased \$25.1 million, or 13.9 percent, to \$205.1 million.
- Investments decreased \$15.9 million, or 14.8 percent, to \$92.0 million.
- Deposits increased \$10.0 million, or 4.1 percent, to \$255.0 million.

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

- Net interest income decreased \$59,000, or 1.9 percent, to \$3.0 million.
- Non-interest expense increased \$244,000, or 13.4 percent, to \$2.1 million.
- Non-interest income increased \$131,000, or 284.8 percent, to \$177,000.
- Provision for loan losses increased \$874,000 to \$906,000.
- Provision for income taxes decreased \$416,000, or 88.9 percent, to \$52,000.

Financial highlights for the nine months ended September 30, 2013 compared to the September 30, 2012 period are as follows:

- Net interest income decreased \$86,000, or 1.0 percent, to \$8.5 million.
- Provision for loan losses increased \$677,000, or 145.0 percent, to \$1.1 million.
- Net gains on securities transactions decreased \$220,000, or 86.3 percent, to \$35,000.
- Non-interest income increased \$269,000, or 226.1 percent, to \$388,000.
- Non-interest expense increased \$472,000, or 8.5 percent, to \$6.0 million.

Mr. Edward T. Lutz, President and CEO of Greater Hudson Bank stated, “While the results for the third quarter are unsatisfactory, we are encouraged that loans, net of unearned income, are up \$25.1 million this year. The majority of the increase in the loan portfolio has been in C&I lending, which is up 42 percent and is the result of the Bank’s initiative of diversifying the loan portfolio.”

Mr. Lutz also stated, “We were pleased to share our recent announcement that the Bank will be paying a special cash dividend for the second consecutive year, which is a reflection of how far the Bank has come and where we are striving to take it in the future.”

EARNINGS

***Results Unaudited**

| | Three months Ended September 30, | | Nine months Ended September 30, | |
|--------------------------------------|---|---------------|--|-----------------|
| | (in thousands, except ratios) | | | |
| SUMMARY OF OPERATIONS DATA: | 2013 | 2012 | 2013 | 2012 |
| Net interest income | \$ 2,981 | \$ 3,040 | \$ 8,535 | \$ 8,621 |
| Provision for loan losses | 906 | 32 | 1,144 | 467 |
| Noninterest income | 177 | 46 | 388 | 119 |
| Net gains on securities transactions | - | 8 | 35 | 255 |
| Noninterest Expense | 2,061 | 1,817 | 5,997 | 5,525 |
| Income before income taxes | 191 | 1,245 | 1,817 | 3,003 |
| Provision for income taxes | 52 | 468 | 646 | 1,126 |
| Net income | <u>\$ 139</u> | <u>\$ 777</u> | <u>\$ 1,171</u> | <u>\$ 1,877</u> |
| Efficiency Ratio | 65.3% | 58.9% | 67.2% | 63.2% |
| AVERAGE BALANCE SHEET DATA: | 2013 | 2012 | 2013 | 2012 |
| Earning Assets | \$ 304,785 | \$ 312,662 | \$ 299,709 | \$ 306,431 |
| Total Interest Bearing Liabilities | 244,789 | 263,743 | 245,905 | 261,956 |
| Net interest spread | 3.77% | 3.74% | 3.69% | 3.62% |
| Net interest margin | 3.91% | 3.89% | 3.80% | 3.75% |

The decrease in net income for the three months ended September 30, 2013 compared to the prior year period was primarily attributed to increases in the provision for loan losses and non-interest expense offset by a decrease to the provision for income taxes and higher non-interest income. Non-interest expense increased predominantly as a result of increases in marketing, salary, loan, and the reserve for unfunded commitments expenses, reflecting our continued growth.

Net income for the nine months ended September 30, 2013 was down compared to the nine months ended September 30, 2012, primarily due to increases in the provision for loan losses of \$677,000 and non-interest expense of \$472,000 combined with a decrease in net gains on securities transactions of \$220,000, which was partially offset by a decrease in the provision for income taxes of \$480,000 and an increase to non-interest income of \$269,000.

BALANCE SHEET & CREDIT QUALITY

SELECTED BALANCE SHEET DATA – Unaudited:

(in thousands, except ratios)

| | Sept. 30, 2013 | As of Dec. 31, 2012 | Sept. 30, 2012 |
|--|---------------------------|------------------------------------|---------------------------|
| Total Investments | \$ 92,045 | \$ 107,974 | \$115,285 |
| Federal funds sold | - | 25 | - |
| Loans, net of unearned income | 205,139 | 180,084 | 185,479 |
| Allowance for loan losses | 3,655 | 2,572 | 2,598 |
| Total assets | 318,860 | 309,175 | 328,166 |
| Total deposits | 254,993 | 245,041 | 263,804 |
| Borrowings | 22,680 | 22,720 | 15,000 |
| Nonperforming assets | 3,781 | 629 | 725 |
| Allowance for loan losses to total net loans | 1.78% | 1.43% | 1.40% |
| Nonperforming assets to total assets | 1.19% | 0.20% | 0.22% |

The Bank increased loans, net of unearned income, by \$25.1 million as of September 30, 2013 compared to December 31, 2012. The increase in the loan portfolio was funded primarily by security sales, pay downs and redemptions in the investment portfolio totaling \$15.9 million combined with a nearly \$10.0 million increase in deposits.

Nonperforming assets increased to \$3.8 million as of September 30, 2013 from \$0.6 million as of December 31, 2012. The increase is related to a limited number of loan relationships that the Bank is actively attempting to remediate and is closely monitoring.

CAPITAL

EQUITY – Unaudited

(in thousands, except ratios)

| | September 30, 2013 | As of Dec. 31, 2012 | September 30, 2012 |
|-----------------------------|-------------------------------|------------------------------------|-------------------------------|
| Tier 1 Capital | \$ 39,278 | \$ 38,090 | \$ 37,956 |
| Total Stockholders' Equity | 39,321 | 38,997 | 39,113 |
| Book value per common share | 3.93 | 3.90 | 3.91 |
| Tier 1 Leverage Ratio | 12.2% | 11.9% | 11.5% |

At September 30, 2013, the Bank had \$39.3 million in stockholders' equity. The Bank's leverage ratio was 12.2 percent at September 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.

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.