

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, 2013**

**FIFTH STRAIGHT PROFITABLE YEAR  
LOAN PORTFOLIO INCREASES 22.6% FOR THE YEAR**

**Middletown, NY, January 22, 2014** – Greater Hudson Bank, N.A. (the “Bank”) (OTCQB: GHDS), with assets of \$335.8 million, today reported net income of \$369,000 or \$0.04 per common share for the fourth quarter of 2013 and \$1.5 million or \$0.15 per common share for the twelve months ended December 31, 2013. This marks the fifth straight year of profitable operations for the Hudson Valley, N.Y. based Bank.

Return on average common stockholders’ equity was 3.70 percent and 3.89 percent for the three and twelve months ended December 31, 2013 compared to 6.38 percent and 6.56 percent, for the 2012 comparable periods. Net income declined \$260,000 and \$967,000 for the three and twelve months ended December 31, 2013, compared to the three and twelve months ended December 31, 2012, respectively.

Despite the change in net income for both the three and twelve months ended December 31, 2013, the Bank increased loans outstanding for the year by \$40.7 million. The Bank also increased its net interest margin from 3.73 percent for the year ended December 31, 2012 to 3.83 percent for the year ended December 31, 2013. For the second year in a row, the Bank is proud to report that it paid on December 23, 2013 another special cash dividend of \$0.05 per share to shareholders with a record date of December 10, 2013.

Mr. Edward T. Lutz, President and CEO of Greater Hudson Bank stated, “There are many positives that the Bank will be building on going into 2014. We continue to make loans in the Hudson Valley, assisting local businesses and individuals obtain the credit they need to grow while also offering competitive deposit products to help our clients save for the future. We are also extremely pleased to have been able to reward our loyal shareholders with a dividend for the second year in a row. While our overall numbers for the year were below our original projections, we feel that we have a strong handle on these issues and can move past them to obtain even greater financial results in the coming year.” Mr. Lutz added, “I am excited to begin 2014 with the team that we have built at the Bank. I truly feel we have *Greater* bankers who have the ability to provide *Greater* access to decision makers, which can build *Greater* relationships, and provide *Greater* service and satisfaction to the businesses and individuals in the local markets we serve.”

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

- Total assets increased \$26.6 million, or 8.6 percent, to \$335.8 million.
- Loans, net of unearned income, increased \$40.7 million, or 22.6 percent, to \$220.7 million.
- Investments decreased \$16.9 million, or 15.6 percent, to \$91.1 million.
- Deposits increased \$22.2 million, or 9.1 percent, to \$267.2 million.

**Performance highlights for the three months ended December 31, 2013 compared to the December 31, 2012 period are as follows:**

- Net interest income increased \$248,000, or 9.0 percent, to \$3.0 million.
- Non-interest expense increased \$483,000, or 24.5 percent, to \$2.5 million.
- Non-interest income increased \$94,000, or 120.5 percent, to \$172,000.
- Provision for loan losses increased \$107,000 to \$158,000.
- Provision for income taxes decreased \$168,000, or 45.3 percent, to \$203,000.

**Performance highlights for the twelve months ended December 31, 2013 compared to the December 31, 2012 period are as follows:**

- Net interest income increased \$153,000, or 1.3 percent, to \$11.6 million.
- Provision for loan losses increased \$784,000 to \$1.3 million.
- Gains on securities transactions decreased \$401,000, or 92.0 percent, to \$35,000.
- Non-interest income increased \$372,000, or 197.9 percent, to \$560,000.
- Non-interest expense increased \$955,000, or 12.7 percent, to \$8.5 million.
- Provision for income taxes decreased \$648,000, or 43.3 percent, to \$849,000.

“We are encouraged by the growth in our 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. The Board is pleased with the plans and direction that Mr. Lutz and our management team have put in place and look forward to seeing our organization grow and flourish in 2014.”

## EARNINGS

<b>*Results Unaudited</b>	<b>Three months Ended</b>		<b>Twelve months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>(in thousands, except ratios)</b>			
<b>SUMMARY OF OPERATIONS DATA:</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net interest income	\$ 3,015	\$ 2,767	\$ 11,550	\$ 11,397
Provision for loan losses	158	51	1,302	518
Noninterest income	172	78	560	188
Gains on securities transactions	-	180	35	436
Noninterest Expense	2,457	1,974	8,454	7,499
Income before income taxes	572	1,000	2,389	4,004
Provision for income taxes	203	371	849	1,497
<b>Net income</b>	<b>\$ 369</b>	<b>\$ 629</b>	<b>\$ 1,540</b>	<b>\$ 2,507</b>
Efficiency Ratio	77.1%	69.4%	69.8%	64.7%
<b>AVERAGE BALANCE SHEET DATA:</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Earning Assets	\$ 306,114	\$ 303,093	\$ 301,324	\$ 305,592
Total Interest Bearing Liabilities	248,031	255,380	246,441	260,303
Net interest spread	3.79%	3.51%	3.77%	3.66%
Net interest margin	3.94%	3.65%	3.83%	3.73%

Results for the 2013 fourth quarter were adversely affected by costs associated with non-performing assets, provision for loan losses associated with loan growth and increases in marketing and certain personnel expenditures.

Results for 2013 were impacted by a large provision for loan losses booked in the third quarter of 2013. Net income also declined for the twelve months ended December 31, 2013 compared to the twelve months ended December 31, 2012, due to an increase in non-interest expense of \$955,000 associated with increases in salary, occupancy, marketing, data processing, and legal expenses, as well as a decrease in security gains of \$401,000, which were partially offset by a decrease in the provision for income taxes of \$648,000 and an increase to non-interest income of \$372,000.

## BALANCE SHEET & CREDIT QUALITY

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

(in thousands, except ratios)

	<b>Dec. 31,</b>	<b>Dec. 31,</b>
	<b>2013</b>	<b>2012</b>
Total Investments	\$ 91,080	\$ 107,974
Federal funds sold	-	25
Loans, net of unearned income	220,742	180,084
Allowance for loan losses	3,861	2,572
Total assets	335,787	309,175
Total deposits	267,245	245,041
Borrowings	27,667	22,720
Nonperforming assets	3,666	629
Allowance for loan losses to total net loans	1.75%	1.43%
Nonperforming assets to total assets	1.09%	0.20%

The Bank increased loans, net of unearned income, by \$40.7 million as of December 31, 2013 compared to December 31, 2012. The increase in the loan portfolio was funded primarily by a combination of the \$22.2 million increase in deposits and pay downs/redemptions in the investment portfolio totaling \$16.9 million. The Bank also borrowed an additional \$5.0 million in Federal Home Loan Bank of New York advances.

Nonperforming assets increased to \$3.7 million as of December 31, 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**

<b>EQUITY - Unaudited</b> (in thousands, except ratios)	<b>As of</b>	
	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
Tier 1 Capital	\$ 39,146	\$38,090
Total Stockholders' Equity	38,975	\$38,997
Book value per common share	3.89	3.90
Tier 1 Leverage Ratio	12.2%	11.9%

At December 31, 2013, the Bank had \$39.0 million in stockholders' equity. The Bank's leverage ratio was 12.2 percent at December 31, 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 guidelines.

###

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.