

**GREATER HUDSON BANK
REPORTS EARNINGS FOR BOTH THE
THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2016**

TOTAL ASSETS INCREASE 16.8% to \$505.6 MILLION

LOAN PORTFOLIO INCREASES 17.6% FOR THE YEAR

INVESTMENTS INCREASE 13.3% FOR THE YEAR

DEPOSITS INCREASE 17.1% FOR THE YEAR

Bardonia, NY, January 26, 2017 – Greater Hudson Bank (the “Bank”) (OTCQX: GHDS), with assets of \$505.6 million, today reported net income of \$217,000 or \$0.02 per common share for the fourth quarter of 2016 compared to \$836,000 or \$0.08 per common share for the 2015 fourth quarter. For the twelve months ended December 31, 2016, net income was \$3.0 million or \$0.27 per common share compared to \$3.2 million or \$0.32 per common share for the twelve months ended December 31, 2015. Return on average common stockholders’ equity was 1.91 percent and 6.58 percent for the three and twelve months ended December 31, 2016 compared to 7.42 percent and 7.24 percent for the three and twelve months ended December 31, 2015, respectively.

Edward T. Lutz, president and CEO stated, “The results for our 4th quarter, while trailing prior quarterly operations, reflect the fact that loan growth was robust in the quarter and reserves were augmented substantially in recognition of deterioration in collateral coverage of performing loans. This effected the results for the full year. The Bank’s fundamental variables driving future results – increased loans, and deposits and attendant top line revenue and cost control – are quite favorable and we expect future quarterly results to mirror historical outcomes.”

Financial highlights as of December 31, 2016 compared to December 31, 2015 are as follows:

- Total assets increased \$72.9 million, or 16.8 percent, to \$505.6 million.
- Loans, net of unearned income, increased \$49.6 million or 17.6 percent, to \$332.2 million.
- Investments increased \$17.0 million, or 13.3 percent, to \$144.4 million.
- Deposits increased \$58.2 million, or 17.1 percent, to \$398.2 million.
- Borrowings increased \$4.3 million, or 9.5 percent, to \$49.6 million.
- Stockholders’ equity increased \$10.6 million, or 23.9 percent to \$55.0 million.

Performance highlights for the three months ended December 31, 2016 compared to the December 31, 2015 period are as follows:

- Net interest income increased \$270,000, or 7.6 percent, to \$3.8 million.
- Non-interest expense increased \$360,000 or 15.0 percent to \$2.8 million.
- The provision for loan losses increased \$855,000.

Performance highlights for the twelve months ended December 31, 2016 compared to the December 31, 2015 period are as follows:

- Net interest income increased \$1.2 million, or 8.9 percent, to \$14.9 million.
- Non-interest expense increased \$755,000 or 7.8 percent to \$10.4 million.
- The provision for loan losses increased \$958,000.
- Gains on securities transactions increased \$113,000.

Kenneth J. Torsoe, chairman of the board stated that, “The Board acknowledges the effects of the 4th quarter on the overall earnings outcome for 2016, however, we are greatly encouraged by the growth in loans, the Bank reaching the \$500 million milestone in total assets, the building of market share in our three county markets and, particularly, the substantial increase in demand deposits. The management team continues to build the Bank soundly and add incrementally to shareholder value.”

EARNINGS

***Results Unaudited**

*Results Unaudited	Three months Ended December 31,		Twelve months ended December 31,	
	(in thousands, except ratios)			
SUMMARY OF OPERATIONS DATA:	2016	2015	2016	2015
Net interest income	\$ 3,842	\$ 3,572	\$ 14,919	\$ 13,702
Provision for loan losses	983	128	1,196	238
Noninterest income	170	113	531	451
Gains on securities transactions	-	62	518	405
Noninterest Expense	2,754	2,394	10,408	9,653
Income before income taxes	275	1,225	4,364	4,667
Provision for income taxes	58	389	1,363	1,489
Net income	\$ 217	\$ 836	\$ 3,001	\$ 3,178
Efficiency Ratio	68.6%	65.0%	67.4%	68.2%

AVERAGE BALANCE SHEET DATA:	2016	2015	2016	2015
Earning Assets	\$ 457,810	\$ 414,551	\$ 433,829	\$ 391,763
Total Interest Bearing Liabilities	355,257	332,253	342,456	315,529
Net interest spread	3.23%	3.32%	3.38%	3.44%
Net interest margin	3.36%	3.45%	3.44%	3.50%

The decrease in net income for the three months ended December 31, 2016 compared to the three months ended December 31, 2015, is primarily attributable to an increase in the provision for loan losses of \$855,000 as a result of an increase in loans, net of unearned income of \$38.5 million for the quarter, as well as an increase in specific reserves primarily due to collateral deterioration of performing loans. The increase in the provision was partially offset by an increase in net interest income of \$270,000, primarily due to an increase in average earnings assets outstanding.

The decrease in net income for the twelve months ended December 31, 2016 compared to the twelve months ended December 31, 2015, is primarily attributable to an increase in the provision for loan losses of \$958,000 as a result of an increase in loans, net of unearned income of \$49.6 million for the year, as well as an increase in specific reserves for classified assets. The increase in the provision was partially offset by an increase in net interest income of \$1.2 million as a result in an increase in average earning assets outstanding, as well as an increase in security gains of \$113,000.

BALANCE SHEET & CREDIT QUALITY

SELECTED BALANCE SHEET DATA – Unaudited:

(in thousands, except ratios)

	As of	
	December 31, 2016	December 31, 2015
Total Investments	\$ 144,433	\$ 127,460
Loans, net of unearned income	332,175	282,548
Allowance for loan losses	4,746	3,555
Total assets	505,601	432,701
Total deposits	398,161	340,011
Borrowings	49,624	45,335
Nonperforming assets	7,977	3,185
Allowance for loan losses to total net loans	1.43%	1.26%
Nonperforming assets to total assets	1.58%	0.74%

The Bank increased total investments by \$17.0 million to \$144.4 million and loans, net of unearned income by \$49.6 million to \$332.2 million as of December 31, 2016 compared to December 31, 2015. The increases were funded by increases in total deposits of \$58.2 million, stockholders' equity of \$10.6 million, and borrowings of \$4.3 million.

Nonperforming assets increased \$4.8 million to \$8.0 million as of December 31, 2016 from \$3.2 million as of December 31, 2015. The increase in nonperforming loans is primarily attributable to one loan relationship. The nonperforming loan balance 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)

	As of	
	December 31, 2016	December 31, 2015
Tier 1 Capital	\$ 54,813	\$43,093
Total Stockholders' Equity	54,972	44,352
Book value per common share	4.46	4.42
Tier 1 Leverage Ratio	11.4%	10.0%

The Bank's leverage ratio was 11.4 percent at December 31, 2016 compared to 10.0 percent at December 31, 2015. The increase in stockholders' equity is primary attributable to the Bank's \$9.2 million capital raise in the second quarter of this year. The Bank continues to be considered a well-capitalized institution under current Federal regulatory guidelines.

Greater Hudson Bank's annual Stockholders' Meeting will be held Thursday, April 27, 2017 at 10:00 a.m. at the Crestview Conference Center, 440 West Nyack Road, West Nyack, NY 10994. All shareholders and interested parties are invited to attend.

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Greater Hudson Bank, founded in 2002, is headquartered in Bardonia, NY. The Bank, which specializes in providing customized banking services to Hudson Valley based businesses, non-profits and municipal agencies is chartered by the New York State Department of Financial Services and its deposits are insured by the FDIC. As evidence of the Bank's financial strength, Greater Hudson Bank has been recognized with a superior rating by the country's leading independent bank rating and research firm, BauerFinancial, Inc. Further information can be found on the Bank's website at www.GreaterHudsonBank.com or by calling 844-GREAT-11.

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.