

GREATER HUDSON BANK REPORTS EARNINGS FOR THE 2017 FIRST QUARTER

Bardonia, NY, April 24, 2017 – Greater Hudson Bank (the “Bank”) (OTCQX: GHDS), with assets of \$502.4 million, today reported net income of \$664,000 or \$0.05 per common share for the first quarter of 2017 compared to \$930,000 or \$0.09 per common share for the 2016 first quarter. Return on average common stockholders’ equity was 5.82 percent for the three months ended March 31, 2017 compared to 8.14 percent for the three months ended March 31, 2016, respectively.

Edward T. Lutz, president and CEO stated, “First quarter results were impacted by the need to provide reserves for an isolated number of credits and the attainment of a full staffing complement as compared to a year earlier. While addressing the limited credit issues aggressively and effectively, fundamental indicators such as revenue growth, net interest margins and net interest spread remain strong despite external pressures. Management continues to be focused on growing our franchise soundly, building core deposits and further developing customer relationships, which has become the bedrock of this institution.”

Financial highlights as of March 31, 2017 compared to December 31, 2016 are as follows:

- Deposits increased \$3.7 million, or 0.9 percent, to \$401.8 million.
- Borrowings decreased \$8.1 million, or 16.3 percent, to \$41.5 million.
- Total assets decreased \$3.2 million, or 0.6 percent, to \$502.4 million.
- Loans, net of unearned income, decreased \$4.2 million or 1.2 percent, to \$328.0 million.

Performance highlights for the three months ended March 31, 2017 compared to the March 31, 2016 period are as follows:

- Net interest income increased \$568,000, or 15.6 percent, to \$4.2 million.
- Non-interest income increased \$188,000 or 197.9 percent to \$283,000.
- Non-interest expense increased \$702,000 or 29.7 percent to \$3.1 million.
- The provision for loan losses increased \$363,000.

Kenneth J. Torsoe, chairman of the board stated that, “The Board, while looking for improvement in future results, believes that the Bank’s earnings momentum has demonstrated the ability to weather temporary setbacks. We view the Bank’s condition as fundamentally sound with strong levels of capital, liquidity and a well-balanced interest rate position. The Board has the utmost confidence in the Bank’s direction and eagerly awaits future results.”

EARNINGS

***Results Unaudited**

Three months Ended March 31, (in thousands, except ratios)

SUMMARY OF OPERATIONS DATA:

	2017	2016
Net interest income	\$ 4,206	\$ 3,638
Provision for loan losses	461	98
Noninterest income	283	95
Gains on securities transactions	-	91
Noninterest Expense	3,069	2,367
Income before income taxes	959	1,359
Provision for income taxes	295	429
Net income	\$ 664	\$ 930

Efficiency Ratio	68.4%	63.4%
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AVERAGE BALANCE SHEET DATA:

	2017	2016
Earning Assets	\$ 485,458	\$ 416,436
Total Interest Bearing Liabilities	380,061	332,949
Net interest spread	3.41%	3.39%
Net interest margin	3.47%	3.49%

The decrease in net income for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, is primarily attributable to an increase in non-interest expense of \$702,000 and an increase of \$363,000 to the provision for losses compared to the three months ended March 31, 2016. The increase in non-interest expense is primarily related to the Bank’s initiatives to invest in personnel and facilities resulting in salary/benefits and occupancy increases. The increase in the provision for loan losses is primarily the result of an increase in specific reserves for nonperforming loans. The increases to non-interest expense and the provision for loan losses were partially offset by an increase in both net interest income of \$568,000, primarily due to an increase in average earning assets outstanding along with an increase of \$188,000 in non-interest income, primarily due to an increase in prepayment penalties, assignment fees, and non-conversion fees collected.

BALANCE SHEET & CREDIT QUALITY

SELECTED BALANCE SHEET DATA – Unaudited:

(in thousands, except ratios)

	March 31, 2017	As of December 31, 2016	March 31, 2016
Total Investments	\$ 144,145	\$ 144,433	\$ 136,929
Loans, net of unearned income	328,024	332,175	282,667
Allowance for loan losses	5,020	4,746	3,653
Total assets	502,439	505,601	437,709
Total deposits	401,843	398,161	343,448
Borrowings	41,537	49,624	44,270
Nonperforming assets	13,569	7,977	5,538
Allowance for loan losses to total net loans	1.53%	1.43%	1.29%
Nonperforming assets to total assets	2.70%	1.58%	1.27%

The Bank increased total deposits by \$3.7 million as of March 31, 2017 compared to December 31, 2016. The Bank's total loans, net of unearned income decreased by \$4.2 million to \$328.0 million as of March 31, 2017 compared to December 31, 2016, primarily due to loan prepayments. Additionally, the Bank reduced borrowings by \$8.1 million, primarily due to the maturity of a \$5.0 million repurchase agreement and FHLB borrowings, which were partially replaced with core deposits.

Nonperforming assets increased \$5.6 million to \$13.6 million as of March 31, 2017 from \$8.0 million as of December 31, 2016. The nonperforming assets are comprised of a limited number of relationships that the Bank's management is aggressively attempting to resolve and are monitored closely.

CAPITAL

EQUITY – Unaudited (in thousands, except ratios)

	March 31, 2017	As of March 31, 2016
Tier 1 Capital	\$ 55,613	\$44,146
Total Stockholders' Equity	55,815	46,302
Book value per common share	4.53	4.62
Tier 1 Leverage Ratio	11.0%	10.2%

The Bank's leverage ratio was 11.0 percent at March 31, 2017 compared to 10.2 percent at March 31, 2016. The increase in stockholders' equity is primary attributable to the Bank's \$9.2 million capital raise in the second quarter of last 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.