For Release to the Press

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GREATER HUDSON BANK REPORTS INCREASED EARNINGS FOR THE 2017 SECOND QUARTER

Bardonia, NY, July 18, 2017 – Greater Hudson Bank (the "Bank") (OTCQX: GHDS), with assets of $483.7 million, today reported net income of $1.2 million or $0.10 per common share for the second quarter of 2017 compared to $956,000 or $0.08 per common share for the 2016 second quarter. For the six months ended June 30, 2017, net income was $1.879 million or $0.15 per common share compared to $1.886 million or $0.19 per common share for the six months ended June 30, 2016. Return on average common stockholders' equity was 8.68 percent and 6.76 percent for the three and six months ended June 30, 2017 compared to 8.37 percent and 8.25 percent for the three and six months ended June 30, 2016, respectively.

Edward T. Lutz, president and CEO stated, "Earnings were favorably impacted by our ability to restore a large portion of a nonaccrual loan to current paying status among other positive factors. Consequently, earnings are tracking current budget estimates. The current quarter and first half were highlighted by loan and deposit contraction as loan demand declined, competition intensified and borrowers sought long-term fixed rate terms deemed to be unattractive to the Bank. Rising rates are effecting deposit competition. We are meeting competitive forces by rolling out a reorganization of our loan and deposit staff into geographic market teams, which should enhance customer service, our ability to deliver efficient and effective decisions and engender bolstering of customer relationships."

Financial highlights as of June 30, 2017 compared to December 31, 2016 are as follows:

- Deposits decreased $21.2 million, or 5.3 percent, to $376.9 million.
- Borrowings decreased $4.2 million, or 8.4 percent, to $45.5 million.
- Total assets decreased $21.9 million, or 4.3 percent, to $483.7 million.
- Loans, net of unearned income, decreased $10.4 million or 3.1 percent, to $321.8 million.
- Investments decreased $13.3 million, or 9.2 percent to $131.1 million.

Performance highlights for the three months ended June 30, 2017 compared to the June 30, 2016 period are as follows:

- Net interest income increased $483,000, or 13.2 percent, to $4.1 million.
- Non-interest income increased $237,000 to $355,000.
- Non-interest expense increased $439,000 or 17.1 percent to $3.0 million.
- The provision for loan losses decreased $223,000.
- Security gains declined by $99,000.

Performance highlights for the six months ended June 30, 2017 compared to the June 30, 2016 period are as follows:

- Net interest income increased $1.1 million, or 14.4 percent, to $8.3 million.
- Non-interest expense increased $1.1 million or 23.2 percent to $6.1 million.
- Non-interest income increased $425,000 to $638,000.
- The provision for loan losses increased $139,000.
- Security gains declined by $190,000.

Kenneth J. Torsoe, chairman of the board stated that, “Management continues to perform well in the face of more intense competition and rising short term rates. Although we stay on course to execute our strategic plan, the board supports the adjustments needed to meet competitive challenges. The board is optimistic about the Bank’s direction.”

EARNINGS

***Results Unaudited**	**Three months Ended June 30,**		**Six months ended June 30,**	
	(in thousands, except ratios)			
SUMMARY OF OPERATIONS DATA:	**2017**	**2016**	**2017**	**2016**
Net interest income	$ 4,136	$ 3,653	$ 8,342	$ 7,291
Provision for loan losses	(228)	(5)	232	93
Noninterest income	355	118	638	213
Gains on securities transactions	95	194	95	285
Noninterest Expense	3,004	2,565	6,074	4,932
Income before income taxes	1,810	1,405	2,769	2,764
Provision for income taxes	595	449	890	878
Net income	$ 1,215	$ 956	$ 1,879	$ 1,886
Efficiency Ratio	66.9%	68.0%	67.6%	65.7%
AVERAGE BALANCE SHEET DATA:	**2017**	**2016**	**2017**	**2016**
Earning Assets	$ 468,567	$ 423,237	$476,966	$ 419,836
Total Interest Bearing Liabilities	370,423	340,457	375,215	337,752
Net interest spread	3.44%	3.35%	3.43%	3.38%
Net interest margin	3.53%	3.45%	3.53%	3.47%

The increase in net income for the three months ended June 30, 2017 compared to the three months ended June 30, 2016, is primarily attributable to increases in net interest income of $483,000 and non-interest income of $237,000. The increase in net interest income is primarily due to an increase in average earning assets. The increase in non-interest income is primarily related to bank-owned life insurance, prepayment penalties and assignment fees along with income from other real estate owned. These increases were partially offset by an increase non-interest expense of $439,000 primarily related to investments in personnel and facilities resulting in salary/benefits and occupancy increases. The provision for loan losses decreased $223,000 primarily as a result of a decrease in the specific reserves for nonperforming loans.

The decrease in net income of $7,000 for the six months ended June 30, 2017 compared to the six months ended June 30, 2016, is primarily attributable to an increase non-interest expense of $1.1 million, primarily related to investments in personnel and facilities resulting in salary/benefits and occupancy increases. The provision for loan losses also increased $139,000 primarily as a result of an increase in the specific reserves for nonperforming loans. These increases were partially offset by increases in net interest income of $1.1 million and non-interest income of $425,000. The increase in net interest income is primarily due to an increase in average earning assets. The increase in non-interest income is primarily related to income from bank-owned life insurance, prepayment penalties and assignment fees along with income from other real estate owned.

BALANCE SHEET & CREDIT QUALITY

SELECTED BALANCE SHEET DATA – Unaudited: **(in thousands, except ratios)**	**June 30, 2017**	**As of December 31, 2016**	**June 30, 2016**
Total Investments	$ 131,138	$ 144,433	$ 137,782
Loans, net of unearned income	321,785	332,175	284,268
Allowance for loan losses	3,943	4,746	3,648
Total assets	483,656	505,601	449,917
Total deposits	376,921	398,161	343,249
Borrowings	45,451	49,624	46,255
Nonperforming assets	9,178	7,977	3,910
Allowance for loan losses to total net loans	1.23%	1.43%	1.28%
Nonperforming assets to total assets	1.90%	1.58%	0.87%

The Bank’s investment and loan portfolios decreased $13.3 million and $10.4 million, respectively as of June 30, 2017 compared to December 31, 2016. The Bank used security sales, maturities, and loan prepayments to offset the decrease in borrowings of $4.2 million and the decrease in deposits of $21.2 million of as of June 30, 2017 compared to December 31, 2016.

Nonperforming assets increased $1.2 million to $9.2 million as of June 30, 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)**	**As of June 30, 2017**	**2016**
Tier 1 Capital	$ 56,964	$54,303
Total Stockholders' Equity	57,495	56,672
Book value per common share	4.64	4.60
Tier 1 Leverage Ratio	11.4%	12.3%

The Bank's leverage ratio was 11.4 percent at June 30, 2017 compared to 12.3 percent at June 30, 2016. The Bank continues to be considered a well-capitalized institution under current Federal regulatory guidelines.

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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.