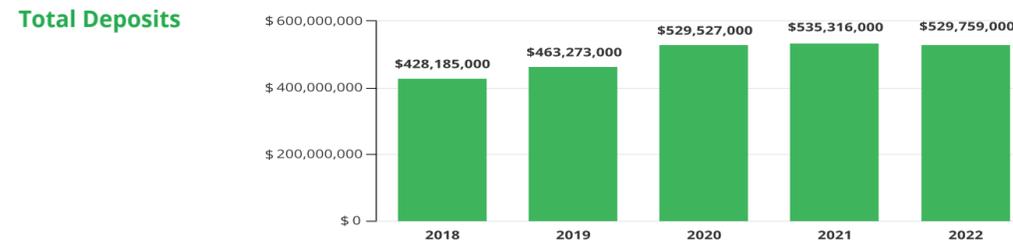
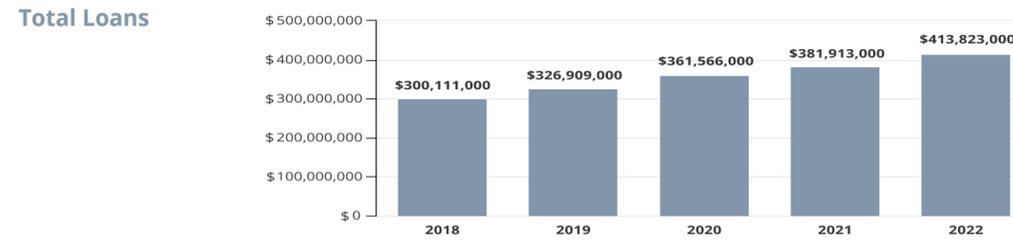
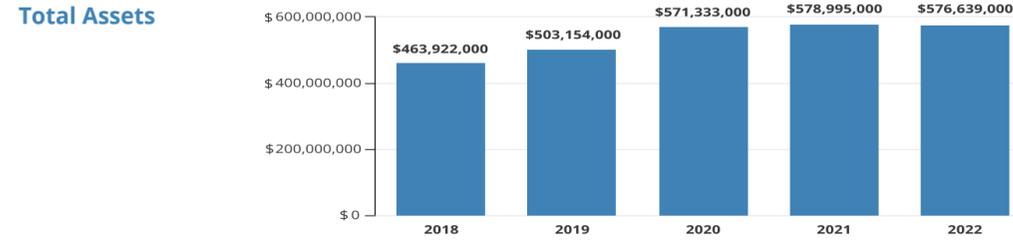


Catskill Hudson Bancorp, Inc.

Selected Financial Highlights



Shareholder Information

Consolidated Financial Statements

The complete December 31, 2022 and 2021 Consolidated Financial Statements can be viewed on the Investors Page at www.chbny.com.

Annual Meeting of Shareholders

The Company's Annual Meeting of shareholders will convene at or about 4:00 PM on Tuesday, May 16, 2023 at Catskill Hudson Bank Corporate Headquarters, 95 Schwenk Drive, Kingston, New York. Only holders of common stock at the close of business on April 14, 2023 will be eligible to vote.

Transfer Agent Information

Please contact the person listed below for further information if you wish to:

- Change your mailing address
- Report lost or stolen stock certificates
- Transfer stock
- Deposit dividend directly into a bank account



We are thankful to our Employees, Customers, Stockholders and Communities for their dedication, teamwork and support in 2022

Yvonne Maxwell

Catskill Hudson Bancorp, Inc.

95 Schwenk Drive
Kingston, New York 12401
(845) 334-0050

Branch & Office Locations

Mid-Hudson Region

Callicoon

9 Lower Main Street/CR 133
PO Box 423
Callicoon, NY 12723
845-334-0118

Liberty

Colonial Square Mall
1987 State Route 52 East
PO Box 26
Liberty, NY 12754
845-334-0136

Ellenville

103 Canal Street
PO Box 627
Ellenville, NY 12428
845-334-0104

Middletown

643 Route 211 East - Suite 1
PO Box 4832
Middletown, NY 10941
845-334-0142

Grahamsville

279 Main Street
PO Box 225
Grahamsville, NY 12740
845-985-3055

Monticello

4445 State Route 42 North
PO Box 1258
Monticello, NY 12701
845-334-0109

Kingston

101 Kings Mall Court
Kingston, NY 12401
845-334-0124

Capital Region

Green Island

148 George Street
Green Island, NY 12183
518-400-1280

Halfmoon

1685 State Route 9
Halfmoon, NY 12065
518-373-7080

Malta

Residential Mortgage Center
Bluth Building
2452 Route 9 - Suite 104
Malta, NY 12020
877-CHBANY15

Narrowsburg

Pete's Market
122 Kirks Road
Narrowsburg, NY 12764
845-334-0115

Rock Hill

244 Rock Hill Drive
PO Box 855
Rock Hill, NY 12775
845-334-0130

Corporate Headquarters

95 Schwenk Drive
Kingston, NY 12401
845-334-0050

Operations Center

643 Route 211 East
Middletown, NY 10941
845-334-0070

CHB IT Department

Saratoga Technology Park
107 Hermes Road - Suite 105
Malta, NY 12020



Building a Future Together

Catskill Hudson Bancorp, Inc.



A message from Mario L. Martinez, Chairman & CEO and Kevin S. McLaren, President

Now that the bank has returned to a certain level of post-covid normalcy, we reflect on the year 2022. We learned a great deal about customer expectations and adapting our business to the ever-changing requirements during these past few years. We are most appreciative of the opportunity to continue to service our customers and will continue to work hard to maintain a high level of customer satisfaction.

2022 began with higher levels of liquidity due to the impacts of government stimulus during the pandemic. We experienced a modest decline in total deposits as we ended the year at \$529.9M, a reduction of \$5.9M. We experienced a reduced level of loan demand for commercial loans, but continued to grow our residential loan portfolio.

We will continue to manage the balance sheet during this period of rising interest rates, while being sensitive to the needs of our depositors, as well as our borrowers. Our Credit quality remains strong as we continue to underwrite loans in a safe, consistent and sound manner. Our investment portfolio is conservatively managed with no excessive reliance on longer maturities to generate income and allow for liquidity when needed. We do not get involved with Cryptocurrency, High-Risk Startups or any other "non-traditional" forms of banking. Our bank remains financially strong, and our earnings continue to

improve going into 2023. We experienced an increase in our loan portfolio of \$31M, or 8.2%. For the year we experienced a decrease in our Commercial loan portfolio, with our loan portfolio increase occurring in our residential loan area. We were number 15 on the Albany Business Review Book of Lists for residential lenders. We are forecasting continued growth in Commercial and Residential lending in 2023, albeit at reduced levels. We will continue to review and follow local and national economic conditions and indicators as they unfold to best understand their impacts on our loan portfolio.

Cybersecurity remains a focus for us. Keeping our customer data safe and secure remains of paramount importance to the bank. We made changes to our Information Technology Department during the year which we believe further secures our network and sensitive customer data. Management will continue to focus on technology as a key component of our growth and appeal to our customers going forward, without losing sight of our heritage of personal customer contact.

Assets at year-end were \$576.6 million as compared to \$578.9 million in the prior year. Net loans grew to \$413.8 million at year end as compared to \$381.9 million in 2021. Deposits at year end totaled \$529.8 million as compared to \$535.3 million in 2021. Retained earnings at year end were \$20.29 million as compared to \$19.25 million the prior year. We continue to be a well-capitalized bank while maintaining adequate loan loss reserves.

The company had Net Income of \$ 1.51 million compared to \$1.52 million in 2021, while the bank had a Net Income of \$2,057,000 as compared to \$2,314,000 the prior year. Earnings per common shares were \$2.14 and \$2.17 in 2021.

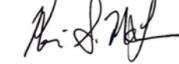
Included in this report is our Statement of Financial Condition and Income Statement. Our full 2022 Consolidated Financial Statements are available on our website at www.chbnyc.com

Reflecting on the past year, we remain proud of the work we have done to support our local communities. What we have learned over the past several years is that especially during times of uncertainty, our services and support are even more critical to our customers and our local communities. We remain focused on providing an exceptional level of service and on continuing to earn our customer's trust and continued patronage. We will continue to pursue ways to make banking easier and more efficient for our customers. We look forward to the completion of our new mortgage center and offices in Malta NY this summer.

The past several years have been unprecedented and will be remembered as among the most challenging we have faced in our history. But in the face of these unexpected events we have responded as we always have – with determination and resolve. On behalf of all of us at Catskill Hudson Bank – our Board of Directors, executive management, and all of our dedicated employees, we look forward to continuing to honor that commitment in the years ahead.



MARIO L. MARTINEZ
Chairman & CEO



KEVIN S. MCLAREN
President, Director (Bank)

Past ■ Present ■ Future

Established in 1993 in Sullivan County NY, Catskill Hudson Bank opened its first branch in Monticello located in the heart of the Catskill Mountain Range. The stock is traded under the symbol CSKL. The direction and goal of Catskill Hudson Bank has been to maximize growth opportunities, by expanding its market beyond Sullivan County to Orange, Ulster, Saratoga and Albany Counties which has proven to be a successful and profitable strategy.

As we celebrate our 30th Anniversary in 2023, the Bank is comprised of eleven branches: nine in the Mid-Hudson Region and two in the Capital District. The opening of our new State-of-the-Art Monticello branch in March 2020 marked a milestone of us reinvesting in our Sullivan County roots.

The Bank continues to offer traditional, online and mobile banking services to both consumers and businesses. The introduction in 2018 of our Residential Lending program known as "Simple Mortgage" has surpassed our expectations. Our Mortgage Center located in Malta, NY reflects the success of our program. We continuously seek investment opportunities in the communities we serve and are recognized as a reliable source for lending.

Due to the growth in our Residential Lending division, we are currently under construction of a new 11,000 sq. ft. Mortgage Center on Route 9 in Malta with an estimated completion date of July 2023. This center will be the home to our mortgage department, lenders, HR, Compliance, Marketing and some Management offices. While our Corporate Office remains in Kingston, NY, having a second location in the Capital District allows us to better serve the expansive area that our Bank covers.

Our IT Department is located in the Malta Luther Forest Technology Campus which is a 1400 acre site specifically designed for semiconductor and nanotechnology manufacturing and other innovative technologies. This gives us access to the latest technology upgrades available in a secure setting.

2022 Financials

Catskill Hudson Bancorp, Inc.

Consolidated Balance Sheets
(Unaudited - in thousands)

December 31	2022	2021
Assets		
Cash & Cash Equivalents	\$ 14,087	\$ 44,973
Certificates of Deposit	-	-
Securities Available for Sale, at Fair Value	122,786	128,607
Securities Held to Maturity, at Amortized Cost	6,235	6,514
Loans, Net of Allowance for Loan Losses	413,823	381,913
Restricted Investment in Bank Stocks	920	735
Premises & Equipment, Net	13,381	11,038
Bank-owned Life Insurance	1,954	1,931
Accrued Interest Receivable & Other Assets	3,453	3,284
Total Assets	\$ 576,639	\$ 578,995
Liabilities & Stockholders' Equity		
Liabilities		
Deposits: Interest Bearing	412,136	428,514
Noninterest Bearing	117,623	106,802
Total Deposits	\$ 529,759	\$ 535,316
Subordinated Debentures	12,109	12,060
Junior Subordinated Debentures	3,299	3,299
Accrued Expenses & Other Liabilities	6,829	971
Total Liabilities	\$ 551,996	\$ 551,646
Stockholders' Equity		
Common Stock	711	711
Treasury Stock	(152)	(152)
(8,416 shares at December 31, 2022 and 2021)		
Additional Paid-in Capital	7,348	7,348
Retained Earnings	20,289	19,252
Accumulated Other Comprehensive Income (Loss)	(3,553)	190
Total Stockholders' Equity	\$ 24,643	\$ 27,349
Total Liabilities & Stockholders' Equity	\$ 576,639	\$ 578,995

We recognize that much of the future of banking rests on technology but our philosophy remains knowing our customers. We pride ourselves on interaction and understanding the daily needs of the communities we serve. Therefore, we continue to make investments that will carry us forward offering the best options to our personal and business customers.

Board & Senior Management

MARIO L. MARTINEZ
Chairman of the Board
Chief Executive Officer

GARY C. SCHMIDT
Director

JAN S. VAN ETEN
Director
Chairman Audit Committee

JONATHAN M. FARROW
Director

ROBERT S. GREEN
Director
KEVIN S. MCLAREN
President
Director (Bank)

DAWN M. MARTINEZ
Director
Vice President
Marketing Manager

LUCIA DeGREGORIO
Senior Vice President
Chief Financial Officer

ROBI KOMALAN
Chief Information Security Officer

Consolidated Statements of Net Income
(Unaudited - in thousands, except per share data)

Years Ended December 31	2022	2021
Interest Income		
Loans	\$ 15,902	\$ 14,559
Securities: Taxable	1,574	456
Tax-exempt	422	448
Other	334	40
Total Interest & Dividend Income	\$ 18,232	\$ 15,503
Interest Expense		
Deposits	1,760	1,424
Borrowings	646	830
Total Interest Expense	\$ 2,406	\$ 2,254
Net Interest Income	15,826	13,249
Provision for Loan Losses	495	338
Net Interest Income, after Provision for Loan Losses	\$ 15,331	\$ 12,911
Noninterest Income		
Service Fees	826	844
Net Realized Gains on Sales of Securities Available for Sale	-	-
Other	180	1,155
Total Noninterest Income	\$ 1,006	\$ 1,999
Noninterest Expenses		
Salaries and Employee Benefits	7,902	7,123
Occupancy	1,915	1,732
Depreciation & Amortization of Premises & Equipment	724	627
Data Processing Fees	773	680
Stationery, Supplies & Printing	158	183
Professional Fees	674	404
FDIC Insurance	338	328
Other Operating Expense	2,060	2,042
Total Operating Expenses	\$ 14,544	\$ 13,119
Income before Income Tax Expense	1,793	1,791
Income Tax Expense	287	269
Net Income	\$ 1,506	\$ 1,522
Earnings per Common Share (Basic & Diluted)	\$ 2.14	\$ 2.17

1993

Community Bank of Sullivan County established in Monticello, NY.

2006

July 31, reorganized into Catskill Hudson Bancorp, Inc. In December, name changed to Catskill Hudson Bank.



2012

Corporate offices are relocated to Kingston, NY.

2013

Catskill Hudson Bank expands to the Capital Region with the first branch in Malta, NY.

2016

Operations Center moved to Middletown, NY

2018

Further expansion with Capital Region branch opening in Green Island. New Residential Mortgage Department debuts.

2019

IT Department opens in Malta, NY.



2020

In March, Monticello flagship branch opens. A dedicated Residential Mortgage Center opens in Malta, NY.

2021

IT Department relocates to Luther Forest Technology Campus in Malta, NY.

2022

Construction of the Mortgage Center in Malta, NY begins.

2023

CHB celebrates their 30th Anniversary. July 31, projected completion of the Mortgage Center.