

The background of the entire page is a solid blue color. Scattered across this background are several three-dimensional, metallic silver dollar signs (\$). The dollar signs are rendered with a high level of detail, showing highlights and shadows that give them a realistic, 3D appearance. They are positioned at various angles and depths, with some in the foreground being sharper and more prominent than others in the background.

2021

ANNUAL
REPORT

Catskill Hudson Bancorp, Inc.

“**T**HROUGHOUT
ALL THE TURMOIL ...
THE SUN ALWAYS
RISES WITH THE HOPE
OF A BETTER DAY.”

Mario L Martinez,
Chairman & CEO

PAST ► PRESENT ► FUTURE



We continue to acclimate, grow and invest in future advancements and projects.

Catskill Hudson Bank, formerly known as Community Bank of Sullivan County, was established in 1993 in Monticello, NY. On July 31, 2006, the shareholders approved and completed its reorganization into a holding company form of ownership under Catskill Hudson Bancorp, Inc. (the Company). All of the outstanding stock of Community Bank of Sullivan County was acquired on August 1, 2006 by Catskill Hudson Bancorp, Inc. The stock is traded under the symbol CSKL. In December 2006, the name was changed to Catskill Hudson Bank (the Bank) to better reflect its goal of maximizing growth opportunities, by expanding its market beyond Sullivan County to Orange, Ulster, Saratoga and Albany Counties. The Bank represents the sole asset and provides the major portion of the results of operations of the Company.

Currently, the Bank is comprised of eleven branches: nine in the Mid-Hudson Region and two in the Capital District. Our dedicated Residential Mortgage Center in Malta continues to expand due to the surge in the housing market. This expansion has led to the need for additional office space which prompted our plans to construct a Financial Center on Route 9 in Malta. Projected start of construction is Spring of 2022.

Though the challenges of the Covid pandemic has entered its third year, the Bank continues to offer traditional, online and mobile banking services to both consumers and businesses. Our lobbies were closed through the most difficult days of this pandemic protecting both our staff and community.

Flexibility has allowed one-third of our staff to work from home when necessary. However, our Walk-Up windows, drive-thrus and individual appointments were always available which maintained safety protocols while servicing our customers in the manner they have come to expect. We are pleased that our lobbies are now open and our customers are back for the personal service we pride ourselves on offering.

We recognize that the future of banking rests on technology and adapting to an ever changing environment. However, our commitment to personal service will always be our ultimate goal. On that path, we continue to acclimate, grow and invest in future advancements and projects.

- 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 openings in Latham and Green Island
New Residential Mortgage Department debuts
- 2019** • IT Services opens in Malta, NY
- 2020** • New Monticello flagship branch opens in March
A dedicated Residential Mortgage Center opens in Malta, NY
- 2021** • A dedicated Commercial Lending Center opens in Latham
IT Center relocates to Luther Forest Technology Campus in Malta, NY
- 2022** • 2022 Construction expected to begin on the Financial Center, Malta NY

EXECUTIVE ADDRESS

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



2021

saw a continuation of the COVID-19 pandemic and the accompanying economic and social impacts. Although the bank and the world continue to navigate the remaining challenges, the public health crises does appear to be subsiding. The improved ability to treat the virus, and the effectiveness of the vaccine, have hopefully laid a strong foundation for a return to normalcy.

While there was some level of economic recovery in 2021, the pandemic continues to present uncertain economic conditions. The combination of abundant liquidity, a tight labor market and the disruption of supply chains has led to widespread inflationary pressures and other economic concerns. While these issues are national and global in scope, naturally our local markets are not immune from the effects. Whether these issues are temporary or persist has yet to be determined. What is apparent is that companies will need to adapt and grow through innovation and increased productivity.

The near zero short-term interest rate environment continued in 2021. Much like 2020, the banks net interest margin remained at a historically low figure. In 2021 the decline in yield on our earning assets was offset by a reduction in interest expense. The Federal Reserve has given indications that interest rates will increase in 2022. We will continue to manage the balance sheet and the impacts that rising interest rates could have on our net interest income.




MARIO L. MARTINEZ
Chairman & CEO

Our bank remains financially strong, although earnings this year continued to be negatively impacted by the low interest rate environment. We experienced an increase in our loan portfolio of 5.6%. Our Commercial loan portfolio actually declined year on year. Residential loans grew by \$33.5 million due to the strong housing demand in our market and historically low interest rates. We are forecasting continued strong residential loan growth in 2022, with more modest growth in our Commercial loan portfolio. Credit quality remains strong and management is pleased with the loan portfolio performance. We will continue to review and follow economic conditions as they unfold to best understand their impacts on our loan portfolio.

Cybersecurity remains a concern for us, and keeping our customer data safe and secure remains of paramount importance to the bank. We continue to invest in our proprietary network to ensure that we remain current with the technological changes. Management continues to focus on technology as a key component of our growth and appeal to our customers going forward.

In 2020 the CARES Act implemented the Paycheck Protection Act (“PPP”) to help businesses negatively impacted by the pandemic. We participated in the program in 2020, and once again in 2021. The bank made 118 PPP loans totaling \$8.2 million, funds that were used to provide a direct incentive for local businesses to keep their workers on payroll, and support other necessary

business expenses. These funds were vitally important to so many businesses of all sizes in our market, and we were proud to once again provide these loans to our customers. PPP loans were just one way we worked with our customers to help them throughout the pandemic.

Assets at year end were \$579.0 million as compared to \$571.3 million in the prior year. Net loans grew to \$381.9 million at year end as compared to \$361.6 million in 2020. Deposits at year end totaled \$535.3 million compared to \$529.5 million in 2020. Retained earnings at year end were \$19,251,000, compared to \$18,046,000 the prior year. We continue to be a well-capitalized bank while maintaining adequate reserves.

The company had Net Income of \$1,522,000 as compared to \$1,134,000 in 2020, while the Bank had a Net Income of \$2,314,000 as compared to \$1,850,000 the prior year. Earnings per common shares were \$2.17 and \$1.61 in 2020.

Included in this report is our Statement of Financial Condition and Income Statement. Our full 2021 Consolidated Financial Statements are available on our updated website at www.chbny.com

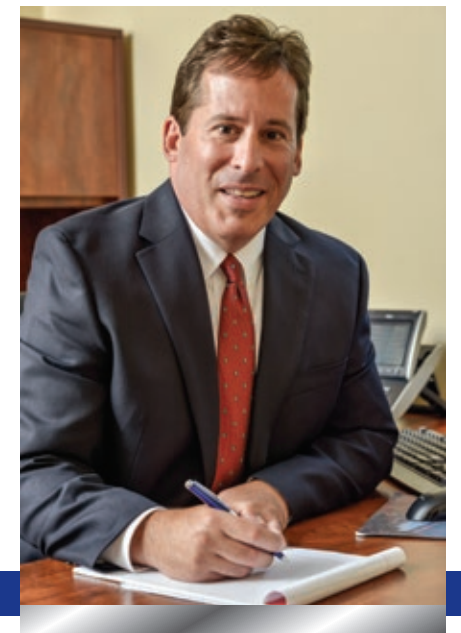
Reflecting on the past year, we are particularly proud of the work we have done to support our local communities.


KEVIN S. McLAREN
President, Director (Bank)

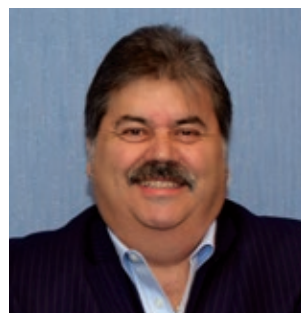
“...during times of uncertainty, our services and support are critical to our customers and the communities we are fortunate to serve.”

What we have learned over the past several years is that especially during times of uncertainty, our services and support are critical to our customers and the communities we are fortunate to serve. We remain focused on providing an exceptional level of service and on continuing to earn our customer’s trust and continued patronage.

The past several years have been unprecedented and will be remembered as among the most difficult we have faced in our history. But in the face of these unexpected challenges we have responded as we always have – with determination and a commitment to make a positive impact on the individuals, businesses and communities we serve. 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.



BOARD & SENIOR MANAGEMENT



MARIO L. MARTINEZ

Chairman of the Board
Chief Executive Officer



GARY C. SCHMIDT

Director



JAN S. VAN ETTEN

Director
Chairman Audit Committee



JONATHAN M. FARROW

Director



ROBERT S. GREEN

Director



DAWN M. MARTINEZ

Director
Vice President
Marketing Manager



KEVIN S. McLAREN

President
Director (Bank)



LUCIA DeGREGORIO

Senior Vice President
Chief Financial Officer



ROBI KOMALAN

Chief Technology Officer

SHAREHOLDER INFORMATION

Consolidated Financial Statements

The complete December 31, 2021 and 2020 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 4:00 PM on Tuesday, May 17, 2022 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, 2022 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

Yvonne Maxwell

Catskill Hudson Bancorp, Inc.

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



**We are thankful
to our Employees,
Customers, Stockholders
& Communities for
their dedication,
teamwork and support
in 2021**



DEPARTMENT LEADERS



DEANNA CLERICI
VP Loan Operations
Manager



VERONICA DUBETSKY
VP BSA Officer



ANN EDSFORTH
VP Residential Lending



DARLENE JAHRLING
SVP Sr. Retail Officer



REBECCA LAFOUNTAIN
VP Compliance &
Risk Management Officer



DAWN M. MARTINEZ
VP Marketing Manager



CATHY MIRANDA
VP Internal Auditor



HELENE PROTSKO
Deposit Operations
Manager



DAWN ROEBER
VP IT Manager



MARKLAND SHAW
SVP Credit Manager



SCOTT SHRINER
Security Officer/
Chief Investigator



LAURIE TOMITA
HR Manager



STEPHANIE ZOCCO
SVP Sr. Operations Officer

Working Through The Pandemic

While the past few years have continued to present many challenges, we used the opportunity to focus on growth, strategic planning and upgrading technology. The commitment by all in the **Catskill Hudson Bank** organization have made the following possible.



Assisted our Customers & Community by processing Paycheck Protection Program (PPP) loans

2020 - 165 loans for \$10.2 mil

2021 - 118 loans for \$8.2 mil



Our Residential Lending program "Simple Mortgage" has seen significant growth reaching \$100 million in loans.



We upgraded technology providing a better customer experience. Our new Website and Mobile App were launched. With these upgrades, we strive for a balance by keeping personal service a priority.



We recognized our dedicated employees during the height of Covid by continuing full employment when branches had reduced hours or closed without any reduction in pay. Our technology was in place to allow 1/3 of our staff to work from home when necessary.



While recognizing all safety protocols, Catskill Hudson Bank instituted a mask & vaccine mandate. Thereby, we can report we're 100% vaccinated.



Though our lobbies were closed for over a year, we continued to hire and train new staff.



Continued revisions for our new Malta Financial Center took place, ultimately finalizing plans to create the office space needed to accommodate our growing staff and consolidate office locations in the Capital District.

Serving Our Community During the Pandemic

Mario L. Martinez Chairman & CEO

INDEPENDENT BANKERS ASSOCIATION NYS
Chair

“IBANYS exclusively represents the interest of independent community banks located throughout New York State. Community banks share a commitment to meeting the financial needs of their respective local communities.”



Kevin S. McLaren President/Director

ULSTER COUNTY HABITAT FOR HUMANITY
Chairman of the Board

“Ulster County Habitat for Humanity, founded in 1996, is a nonprofit organization that helps families build and improve homes. Studies demonstrate that affordable housing plays a critical role in strong and stable communities.

Every person deserves a decent, safe place to live. Together, with our supportive community, Ulster Habitat helps families build homes, ensuring a brighter future that has been demonstrated to be multi-generational. 2021 marks the completion of 20 local homes for 20 local families.”

▶ **Kevin McLaren** photographed with Habitat Executive Director Christine Brady LaValle in front of house # 22 built in Saugerties, NY.



Dawn M. Martinez Director/ VP Marketing Manager

SARATOGA HOSPITAL FOUNDATION BOARD
Board Member

Raise funds and awareness for the Community Health Center & hospital improvements and programs. The Foundation is the philanthropic arm of Saratoga Hospital.

Robert S. Green Director

SULLIVAN COUNTY WORKFORCE DEVELOPMENT BOARD
Chairperson

MONTICELLO KIWANIS CLUB SCHOLARSHIP FOUNDATION
Chairperson

BOARD OF DIRECTORS MONTICELLO KIWANIS CLUB
Board Member

HEBREW DAY SCHOOL OF SULLIVAN, ORANGE AND ULSTER COUNTY
Treasurer and Director

Jonathan Farrow Director

MONTICELLO HIGH SCHOOL ACADEMY OF FINANCE
25 year Advisory Board Member

Mentoring students pursuing a career in business.

THE TREVOR LOUGHLIN FOUNDATION
Volunteer

Raising money for individuals battling blood cancers and catastrophic illnesses.

Brian Garis VP Sales Manager Residential Lending

DIRECTOR OF THE NEW YORK MORTGAGE BANKERS ASSOCIATION (NYMBA)
Board Member

Over the last 15 years, having many different roles within the State and Local MBA, Brian advocates for a strong real estate finance system that supports attainable and sustainable homeownership opportunities throughout New York. Among these efforts, NYMBA fundraising provides annual donations to Habitat for Humanity, an important homeownership resource.

Rebecca LaFountain VP Compliance and Risk Officer

LOCAL YOUTH COMMISSION

Coaching & assisting with various sports and events for kids.

ADOPT-A-FAMILY

Shop, wrap & deliver Christmas gifts for local families in need.

Barbara I. Rustic Sr. Loan Administrator

MONTICELLO FIRE DEPARTMENT AUXILIARY
Vice President

BOARD OF DIRECTORS & GRANT COMMITTEE FOR THE ALLYSON WHITNEY FOUNDATION
Board Member

“An all-volunteer organization that supports young adults (ages 16-36) with rare cancers by providing Life Interrupted Grants to cancer patients to ease their financial burden. The foundation was started by my sister-in-law after her daughter passed away at age 24 from a rare form of cancer. Allyson wanted to help other young adults in the same situation - just graduated from college and about to start her first job in her field when she was diagnosed. We award grants to young adult cancer patients (in 10 years we have awarded over \$474,000 to 436 patients), we have donated at least \$50,000 to MD Anderson Cancer Center for research of small cell cancer, and we provide Hope Comfort Bags to cancer treatment centers at Garnet Health Medical Center - Catskill, Garnet Health Medical Center - Orange, and Crystal Run Healthcare. We also have an advocate in California who delivers Hope Comfort Bags to a cancer center there. The bags have various items for patients going through chemo.”



Charlotte Sevazlian Head Teller, Halfmoon

ST PETER WOMEN'S GUILD IN WATERLIET
Project Warmth Outreach

This very successful outreach project provided donated “warm items” including hats, scarves, socks, mittens and some jackets to five organizations in the capital district. The project benefited Joseph’s House and Unity House in Troy, NY; Equinox in Albany, NY; City Mission in Schenectady, NY and St. Paul’s Center in Rensselaer, NY. Each received two large bags full of hats, scarves, socks, mittens and jackets.

LAP BLANKETS MADE WITH LOVE

“In 2021, I had the idea to crochet lap blankets for the residents of Heritage House Nursing Home in Troy, NY where my mom was a resident. I shared my idea and before I knew it, we had a team of volunteers crocheting! Those that didn’t crochet donated towards the supplies. In December we personally delivered over 40 gift-wrapped blankets along with gifts for the nursing and administrative staff making the holidays during a pandemic a little sweeter for all.”

Stephen J. Sickler VP Commercial Loan Officer

BOYS & GIRLS CLUB OF ULSTER COUNTY
Current Board Chair

“The mission of the Boys & Girls Clubs of Ulster County is to inspire and enable all youth to lead better lives by providing positive opportunities to develop the qualities needed to become responsible citizens and adults.”

Stephanie Zocco SVP Operations Officer

BURNT HILLS BALLSTON LAKE AND SCHUYLERVILLE SCHOOL DISTRICTS

Served various clubs and participated in special activities.

SARATOGA COUNTY ANIMAL SHELTER
Volunteer

THANKSGIVING MEALS FOR FAMILIES IN NEED

Assisted in the assembly and delivery of meals (as we couldn’t serve Thanksgiving meals as in years past).

Colleen Osterhout Residential Loan Officer

SULLIVAN COUNTY CHAMBER OF COMMERCE

THE SULLIVAN COUNTY BOARD OF REALTORS

Active member helping with special events.

GALWAY HIGH SCHOOL

Volunteer with sporting activities .

2021 FINANCIALS

Catskill Hudson Bancorp, Inc.

Consolidated Balance Sheets

(Unaudited - in thousands)

December 31	2021	2020
Assets		
Cash and Cash Equivalents	\$ 44,973	\$ 75,495
Certificates of Deposit	- 0	28
Securities Available for Sale, at Fair Value	128,607	111,062
Securities Held to Maturity, at Amortized Cost	6,514	6,338
Loans, Net of Allowance for Loan Losses	381,913	361,566
Restricted Investment in Bank Stocks	735	749
Premises and Equipment, Net	11,038	11,146
Bank-owned Life Insurance	1,931	1,906
Accrued Interest Receivable and Other Assets	3,284	3,043
Total Assets	\$ 578,995	\$ 571,333
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Interest Bearing	428,514	429,955
Noninterest Bearing	106,802	99,572
Total Deposits	\$ 535,316	\$ 529,527
Subordinated Debentures	12,060	10,867
Junior Subordinated Debentures	3,299	3,299
Accrued Expenses and Other Liabilities	971	808
Total Liabilities	\$ 551,646	\$ 544,501
Stockholders' Equity		
Common Stock	711	711
Treasury Stock	(152)	(152)
(8,416 shares at December 31, 2021 and 2020)		
Additional Paid-in Capital	7,348	7,348
Retained Earnings	19,252	18,046
Accumulated Other Comprehensive Income (Loss)	190	879
Total Stockholders' Equity	\$ 27,349	\$ 26,832
Total Liabilities and Stockholders' Equity	\$ 578,993	\$ 571,333

Catskill Hudson Bancorp, Inc.

Consolidated Statements of Net Income

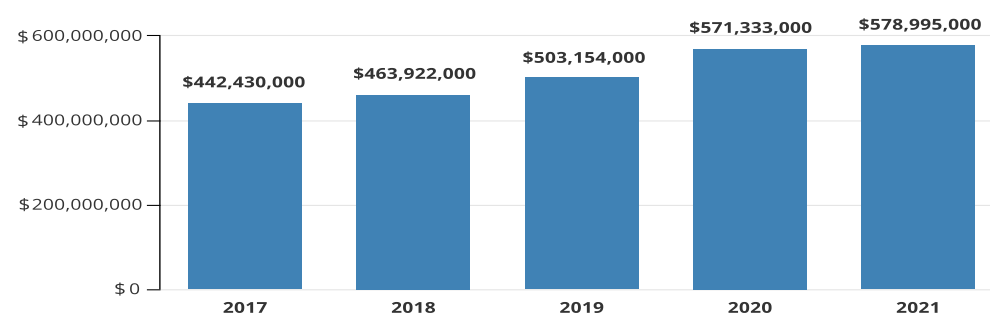
(Unaudited - in thousands, except per share data)

Years Ended December 31	2021	2020
Interest Income		
Loans	\$ 14,559	\$ 14,606
Securities:		
Taxable	456	886
Tax-exempt	448	504
Other	40	173
Total Interest and Dividend Income	\$ 15,503	\$ 16,169
Interest Expense		
Deposits	1,424	2,907
Borrowings	830	880
Total Interest Expense	\$ 2,254	\$ 3,787
Net Interest Income	13,249	12,382
Provision for Loan Losses	338	675
Net Interest Income, after Provision for Loan Losses	\$ 12,911	\$ 11,707
Noninterest Income		
Service Fees	844	821
Net Realized Gains on Sales of Securities		
Available for Sale	- 0	427
Other	1,155	651
Total Noninterest Income	\$ 1,999	\$ 1,899
Noninterest Expenses		
Salaries and Employee Benefits	7,123	6,453
Occupancy	1,732	1,721
Depreciation and Amortization	627	635
Data Processing Fees	680	734
Stationery, Supplies and Printing	183	242
Professional Fees	404	360
FDIC Insurance	328	323
Other Operating Expense	2,042	1,847
Total Operating Expenses	\$ 13,119	\$ 12,315
Income before Income Tax Expense	1,791	1,291
Income Tax Expense	269	157
Net Income	\$ 1,522	\$ 1,134
Earnings per Common Share		
Basic and Diluted	\$ 2.17	\$ 1.61

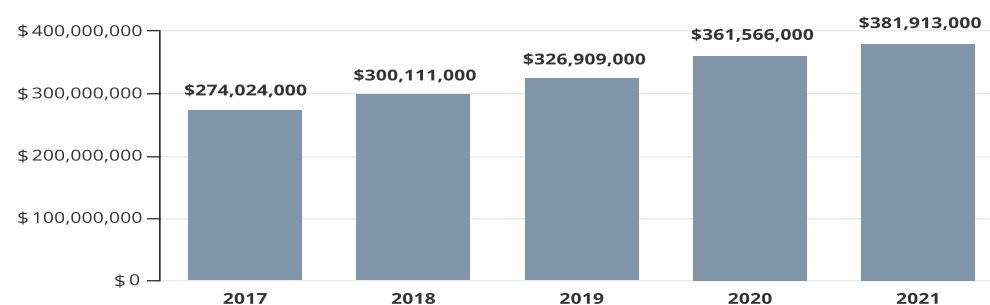
Catskill Hudson Bancorp, Inc.

Selected Financial Highlights

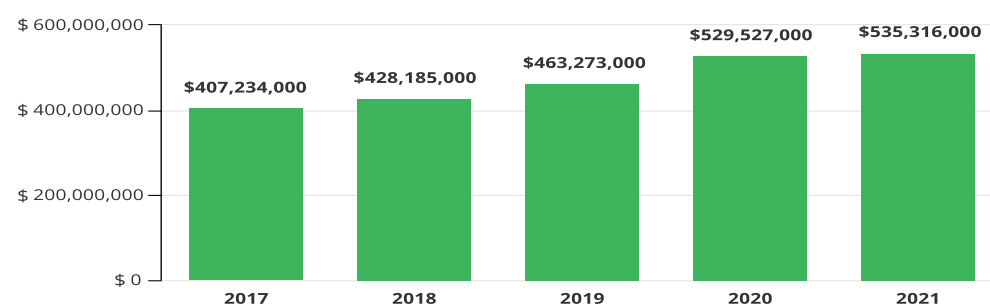
Total Assets



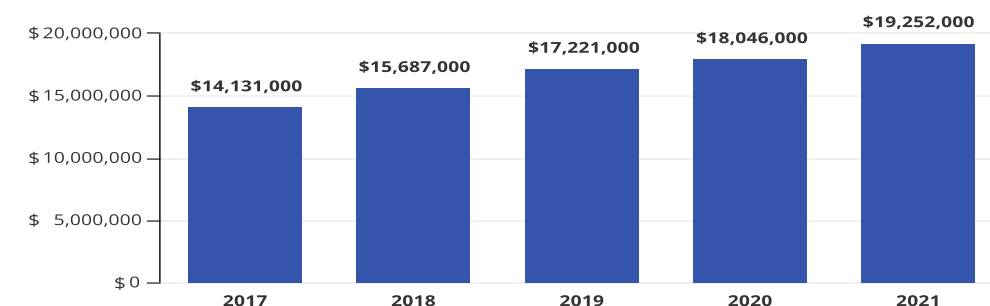
Total Loans



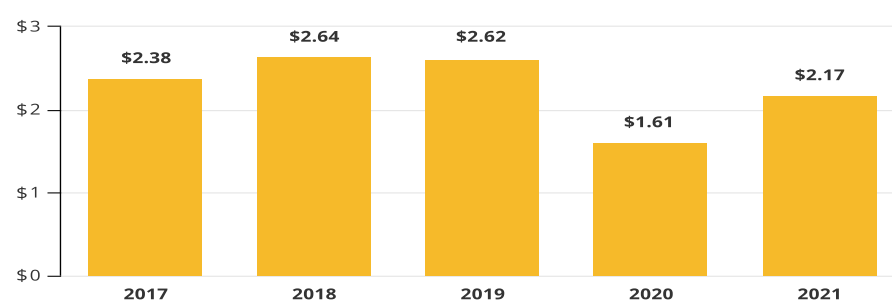
Total Deposits



Retained Earnings



Earnings Per Common Share



Mid-Hudson Region

Callicoon

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

Ellenville

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

Grahamsville

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

Kingston

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

Liberty

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

Middletown

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

Branch & Office Locations

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-CHBNY15

CHB IT Department

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

Monticello

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

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



Our first Residential mortgage loan was closed on May 30, 2018. Since that date, the Residential lending program “SimpleMortgage” has dramatically expanded. As of December 31, 2021 we have closed 338 loans totaling \$97,808,099.

Congratulations to the Residential lending team for their hard work and dedication leading this department to outstanding growth.

Here to help you every step of the way



Efficiency and Guidance are our ultimate goals for our Customers

When you buy a home, you are investing in your future. From start to finish, our residential mortgage team have the expertise to lead, inform and ease you through the process whether you're a first time homeowner or simply refinancing.



Catskill Hudson Bank
Lending Made Simpler

- ▶ Bank Locally
- ▶ Experienced Mortgage Specialists
- ▶ Portfolio Lending

Visit simplemortgage.chbny.com

NMLS# 762902



Catskill Hudson Bancorp, Inc.

95 Schwenk Drive, Kingston, New York 12401

877-CHBNY15 ■ www.CHBNY.com