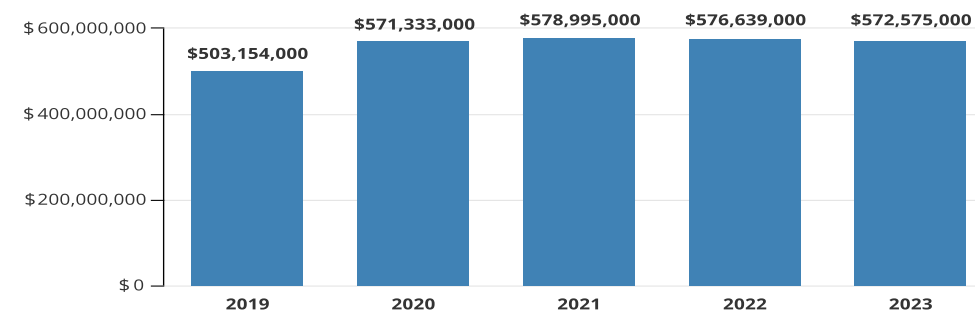


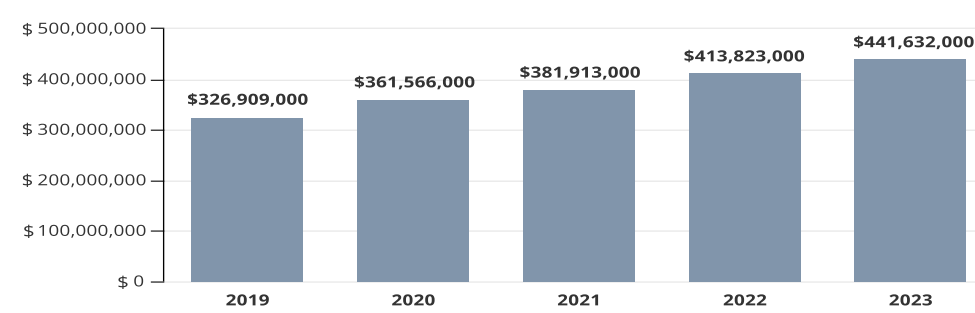
Catskill Hudson Bancorp, Inc.

Selected Financial Highlights

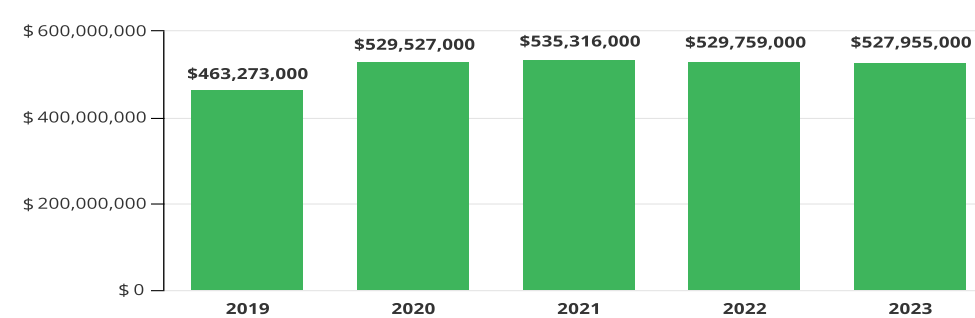
Total Assets



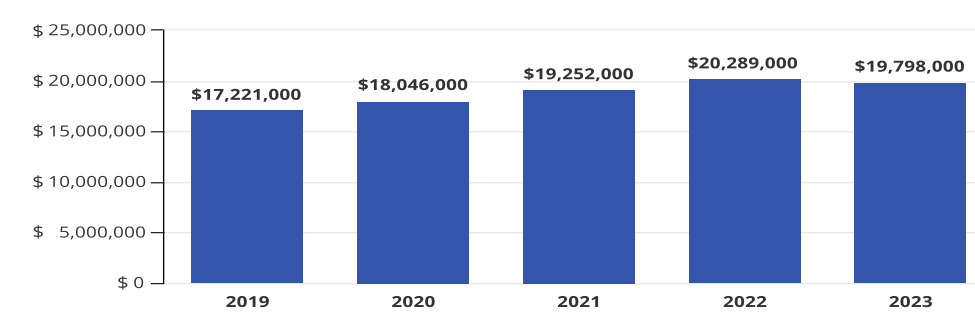
Total Loans



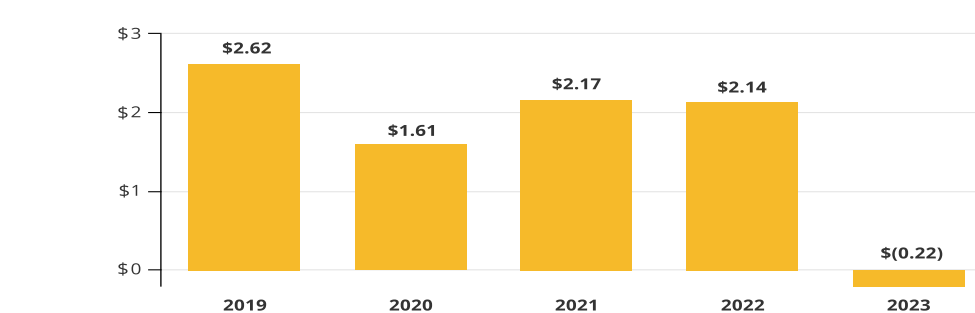
Total Deposits



Retained Earnings



Earnings Per Common Share



Shareholder Information

Consolidated Financial Statements

The complete December 31, 2023 and 2022 Consolidated Financial Statements can be viewed on the Investors Page at www.chbny.com.

Annual Meeting of Shareholders

A special shareholders meeting was held on April 8, 2024 to approve the pending merger with Hudson Valley Credit Union which was approved by 77% of outstanding shares.

The need for another Shareholders meeting in 2024 will depend on the closing of the merger. You will be notified as necessary.

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 2023

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
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 - 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
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 Corporate Offices

2511 Route 9
Malta, NY 12020
518-400-1303

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

Kingston Corporate Offices

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

Operations Center

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

2023 Annual Report



**Helping You Save
Helping You Grow**

Catskill Hudson Bancorp, Inc.



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

After months of negotiations, on January 10, 2024, we announced that Catskill Hudson Bank (CSKL), entered into a definitive merger agreement with Hudson Valley Credit Union (HVCU). Subject to regulatory approval, the shareholders of Catskill Hudson Bancorp, Inc. (CHB) would receive \$40.50 per share in an all-cash transaction. Once complete, all branches and offices will be branded Hudson Valley Credit Union.

The board of directors of CHB, CSKL and HVCU approved the transaction and on April 8, 2024, a special shareholders meeting was held in which CHB shareholders approved the merger.

This decision was not made lightly. During 2023 a search was initiated to find a partner that would be beneficial to all our stakeholders. The decision to enter into a definitive merger agreement with HVCU was the result of a prudent and thorough process undertaken by the board of directors of CHB, which concluded that the merger with HVCU was in the best interest of shareholders, customers, employees, and other constituencies.

Once combined with HVCU, we will be part of a financial institution with assets of approximately \$8 billion dollars and an increased footprint of 40 full-service branches with a deep breath of financial products and services. Our customers will have additional opportunities to thrive with a financial partner that puts their well-being at the forefront, just as we have for the past 30 years.

We have applied for and now await regulatory approval to complete the merger. We anticipate closing in the 4th quarter of 2024.

HVCU shares the same values and principles that we do. They look forward to continuing to bring the best financial services and products to our customers and to providing a healthy and productive workplace for our employees. HVCU and CHB are aligned in their desire to continue their combined lending in low-to-moderate income areas and, as result, the merger will increase the level of qualifying community development lending and investment. In that regard, HVCU has committed to preserving and enhancing the existing branch network, products and services of the Bank, and intends to keep the employees of CHB, including Mario Martinez, Chairman and Chief Executive Officer, Kevin McLaren, President, and existing lending and branch personnel.

Regarding products and services, HVCU will continue CHB's "no money down" residential program and investment in the Community Loan Fund of the Capital District, which provides business loans to start-up businesses that do not qualify for traditional bank financing. Additionally, HVCU has requested approval from NYS Department of Financial Services to expand its field of membership to include Sullivan County in New York (which is contiguous to HVCU's current field of

membership geography) so that its field of membership will include all counties currently serviced by CHB. This will enable the customer base of Sullivan County to have full access to all products and services of both institutions.

HVCU's strategic desire for the merger is not just to expand but rather to invest in the local communities by leveraging CHB's commercial lending expertise. The combined entity will deliver greater access to banking services for consumer and business customers through higher lending limits and enhanced products, services and facilities. HVCU is also in the process of acquiring eight branches from Berkshire Bank, subject to regulatory approval, which will geographically complement the existing branch network.

CHB assets at year-end were \$572.5 million compared to \$576.6 million at the prior year end. Net loans grew to \$441.6 million at year end as compared to \$413.8 million at year end 2022. Deposits at year end totaled \$527.9 million as compared to \$529.7 million at year end 2022. Retained earnings at year end were \$19.8 million as compared to \$20.3 million at the prior year end. We continue to be well capitalized and maintain adequate loan loss reserves with historically strong asset quality.

Net income was <\$ 152,000> compared to \$1.5 million in 2022 or < \$.022> and \$2.14 per share, respectively. We attribute the reduction in net income in large part to an increase in interest expense on our deposits, putting pressure on net interest income. The increase in deposit rates corresponds with the quickest pace of interest rate tightening since the early 1980's. This rapid interest rate increase has affected much of the industry.

We look forward to a bright future becoming part of HVCU. We would like to thank all our stakeholders for allowing us the opportunity to provide our services for over 30 years and are grateful to have become a part of your communities and lives. We look forward to continuing to do that.



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 and success of our Residential Lending program established in 2018 known as "Simple Mortgage" has surpassed our expectations. We continuously seek investment opportunities in the communities we serve and are recognized as a reliable source for lending.

Due to the growth in several departments, we relocated in September 2023 to our new 11,000 sq. ft. Corporate Offices at 2511 Route 9 in Malta. The office is home to our mortgage department, lenders, HR, Compliance, Marketing, IT and some Executive Management. This second Corporate location in the Capital District allows us to better serve the expansive area that our Bank covers.

Our future plans have recently been made public with the announcement of a merger with Hudson Valley Credit Union. HVCU is a \$7 billion financial cooperative with just over 1,000 employees and more than 355,000 members (customers) that is headquartered in Poughkeepsie. The closing is expected in the second half of 2024. The credit union offers financial services - everything from savings and loan products, to mortgages, credit cards, commercial accounts, wealth management, and even auto, home and business insurance services. Our customers will have more opportunities to thrive with a financial partner that puts their well-being at the forefront – just as we have done for the past 30 years. Furthermore... The credit union is committed to retaining our employees. We are confident that the people you have come to rely on for years will continue to serve you as we move forward.

Board & Senior Management

MARIO L. MARTINEZ
Chairman of the Board
Chief Executive Officer

KEVIN S. McLAREN
President
Director
(Bank Only)

JAN S. VAN ETTEN
Director
Chairman Audit Committee

DAWN M. MARTINEZ
Director
Vice President
Marketing Manager

JONATHAN M. FARROW
Director

ROBERT S. GREEN
Director

GARY C. SCHMIDT
Director

EILEEN O WIEBICKE, CPA
Director
(Bank Only)

LUCIA DeGREGORIO
Senior Vice President
Chief Financial Officer

DARLENE JAHRLING
Senior Vice President
Chief Retail Officer

ROBI KOMALAN
Chief Information
Security Officer

REBECCA LaFOUNTAIN
Senior Vice President
Chief Compliance Officer

STEPHANIE ZACCO
Senior Vice President
Chief Operating Officer

2023 Financials

Catskill Hudson Bancorp, Inc.

Consolidated Balance Sheet

(In Thousands)

December 31	2023	2022
Assets		
Cash & Cash Equivalents	\$ 20,021	\$ 14,087
Securities Available for Sale, at Fair Value	81,432	122,786
Securities Held to Maturity, at Amortized Cost	5,735	6,235
Loans, Net of Allowance for Credit Losses	441,632	413,823
Restricted Investment in Bank Stocks	881	920
Premises & Equipment, Net	14,815	10,590
Right of Use Assets	2,406	2,791
Life Insurance at Cash Surrender Value	1,972	1,954
Other Assets	3,681	3,453
Total Assets	\$ 572,575	\$ 576,639
Liabilities & Stockholders' Equity		
Liabilities		
Deposits: Interest Bearing	440,659	412,136
Noninterest Bearing	87,296	117,623
Total Deposits	\$ 527,955	\$ 529,759
Subordinated Debentures	12,159	12,109
Junior Subordinated Debentures	3,299	3,299
Accrued Expenses & Other Liabilities	1,303	3,879
Lease Liability	2,573	2,950
Total Liabilities	\$ 547,289	\$ 551,996
Stockholders' Equity		
Common Stock	711	711
Treasury Stock (8,416 shares at cost)	(152)	(152)
Additional Paid-in Capital	7,348	7,348
Retained Earnings	19,798	20,289
Accumulated Other Comprehensive Loss	(2,419)	(3,553)
Total Stockholders' Equity	\$ 25,286	\$ 24,643
Total Liabilities & Stockholders' Equity	\$ 572,575	\$ 576,639

Consolidated Statement of Net Income

(In Thousands, Except Per Share Data)

Years Ended December 31	2023	2022
Interest and Dividend Income		
Loans	\$ 19,698	\$ 15,902
Securities: Taxable	2,695	1,574
Tax-exempt	384	422
Other	703	334
Total Interest & Dividend Income	\$ 23,480	\$ 18,232
Interest Expense		
Deposits	8,737	1,760
Borrowings	860	646
Total Interest Expense	\$ 9,597	\$ 2,406
Net Interest Income	13,883	15,826
Provision for Credit Losses	(5)	495
Net Interest Income, after Provision for Credit Losses	\$ 13,888	\$ 15,331
Noninterest Income		
Service Fees	808	826
Other	92	180
Total Noninterest Income	\$ 900	\$ 1,006
Noninterest Expenses		
Salaries and Employee Benefits	8,337	7,902
Occupancy	1,771	1,915
Depreciation & Amortization	708	694
Amortization of Subordinated Debentures	50	50
Data Processing Fees	972	773
Stationery, Supplies & Printing	160	158
Professional Fees	803	674
FDIC Insurance Premiums	406	338
Office	306	440
ATM and Debit Card	332	302
Other Operating Expenses	1,167	1,298
Total Operating Expenses	\$ 15,012	\$ 14,544
(Loss) Income before Income Tax Expense	(224)	1,793
Income Tax Expense	(72)	287
Net (Loss) Income	\$ (152)	\$ 1,506
Earnings per Common Share (Basic & Diluted)	\$ (0.22)	\$ 2.14

