

May 18, 2009

To our Shareholders:

We are pleased to report that at the April 21st annual meeting of the shareholders of Catskill Hudson Bancorp, Inc. (Company), the proposed board of directors was elected to serve until the next annual meeting.

Included in this quarterly comparative report are the unaudited, consolidated financial statements for the Company and its wholly-owned subsidiary, Catskill Hudson Bank (Bank), for the three months ended March 31, 2009 compared with the three months ended March 31, 2008.

The Company increased its total assets to \$244,227,000 at March 31, 2009 compared to \$174,045,000 at March 31, 2008, an increase of \$70,182,000 or 40.3%. Investment securities increased to \$97,309,000 at March 31, 2009 compared to \$43,627,000 at March 31, 2008, an increase of \$53,682,000 or 123.1%. Net loans increased to \$137,156,000 at March 31, 2009 compared to \$121,241,000 at March 31, 2008, an increase of \$15,915,000 or 13.1%. The growth in investment securities and net loans was primarily funded through increased deposits, which aggregated \$222,268,000 at March 31, 2009 compared to \$156,521,000 at March 31, 2008, an increase of \$65,747,000 or 42.0%. Total stockholders' equity was \$14,807,000 at March 31, 2009 compared to \$9,784,000 at March 31, 2008, an increase of \$5,023,000 or 51.3%.

For the first quarter of 2009, the Company achieved a net income of \$240,000 compared to \$76,000 in 2008, an increase of \$164,000 or 215.8%. Income before income taxes was \$298,000 compared to \$75,000 in 2008, an increase of \$223,000 or 297.3%. Net interest income after provision for loan losses was \$1,892,000 compared to \$1,397,000 in 2008, an increase of \$495,000 or 35.4%. The provision for loan losses was \$135,000 compared to \$91,000 in 2008, an increase of \$44,000 or 48.4%. During the first three months of 2009, non-interest income increased by \$23,000 and non-interest expense increased by \$295,000 as compared to 2008. The results of operations continue to be impacted by interest rate competition and the expense of building additional infrastructure for an eleven banking office organization.

As discussed at the Annual Meeting of Shareholders, the Company opted to participate in the Capital Purchase Program under the Emergency Economic Stabilization Act of 2008 in the amount of \$3,000,000. This transaction was completed and funded by the U. S. Treasury on February 27, 2009. As part of this investment by the U. S. Treasury, the Company made commitments to (1) expand the flow of credit to U. S. consumers and businesses on competitive terms to promote the sustained growth and vitality of the U. S. economy and (2) work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U. S. housing market. Quite frankly, that is what we have been doing in the normal course of serving our customers in our targeted market area.

We wish to thank each of you as a shareholder for your continued support of the Company and "YOUR COMMUNITY BANK."

Sincerely,

Mario L. Martinez
Chairman of the Board

Glenn B. Sutherland
President and CEO