# Consolidated Interim Financial Information March 31, 2024



## To our shareholders -

Ballston Spa Bancorp, Inc., parent company of Ballston Spa National Bank (BSNB), produced strong financial results for the first quarter of 2024. Net income for the three-month period ending March 31, 2024 totaled \$1.2 million, or \$1.65 per share, down from \$1.4 million, or \$1.91 per share reported for the same period in 2023. Growth in loans and deposits during the period exceeded expectations. However, income gains derived from this growth were offset by higher funding costs due to competition for deposits and the sustained period of higher interest rates.

Highlights for the three months ending March 31, 2024 include:

- The commercial and commercial real estate loan portfolios increased \$7.6 million or 2.17% from December 31, 2023. Focus on this market segment has yielded very strong results over recent years;
- Activity in the residential mortgage market was similarly robust. Residential mortgage loans increased \$5.3 million or 1.73% during the first three months of 2024. We anticipate that demand may be negatively impacted in future periods due to higher rates and a shortage of housing inventory in our region;
- Total deposits grew by \$6.9 million, or 1.00% during the first three months of 2024. The increase is primarily attributed to growth in commercial deposits and seasonal fluctuations in municipal deposits.

In addition to these highlights, I am pleased to report that the Company's balance sheet remains strong and well positioned to pursue growth opportunities. Loan quality measures remain at historically low levels. In fact, non-performing loans as a percentage of total loans improved from 0.22% as of year-end 2023 to 0.16% as of March 31,

2024. Capital is at a healthy level as reflected in the Bank's Tier 1 risk-based capital ratio of 10.23%, a level well above regulatory minimums. Furthermore, the Company has various sources from which incremental funding can be pulled to support lending and investment activity. Along with our significant borrowing capacity with the FHLB-NY, the Company is also able to draw funding from the brokered deposits market on both a short- and long-term basis. Our liquidity position, inclusive of liquid assets and borrowing capacity, remains very strong as we head into our next growth phase.

While economic forecasts remain mixed with some anticipating slower growth and a longer period of higher interest rates, we see opportunities for further growth and investment. Management recently completed a new long-term plan calling for additional investment in our technology infrastructure, staff development and solutions to further serve the commercial banking market. During the quarter, we also completed certain organizational changes to better position the Company and support our growth strategies. Given our financial stability and strength, we remain focused on opportunities that deliver value to our customers, shareholders and community. On behalf of the board, staff and management, we thank

Christopher R. Dowd
President and Chief Executive Officer

you for your continued support.





# **BSNB Treasury Management Services**

As part of our continued focus on serving the needs of commercial banking customers, BSNB offers comprehensive solutions designed to improve the payments process, collect receivables more quickly, execute transactions efficiently and also help reduce the risk of fraud. If you would like to learn more, please contact our Treasury Management team for a consultation.

#### Renee Flanders

AVP/Senior Treasury Management Officer (518) 363-8694 | renee.flanders@bsnb.com

#### Austin Jesco

Treasury Management Officer (518) 363-8116 | austin.jesco@bsnb.com

# **SUMMIT Employee of the Year**



Loan Servicing Supervisor, Brittany March, has received BSNB's 2023 SUMMIT Employee of the Year award. The award is given annually to an employee that demonstrated the bank's core values of teamwork, respect, accountability, integrity and leadership. Brittany was recognized for consistently going above and

beyond to provide exceptional customer service.

# **BSNB Locations**

Ballston Spa 87 Front Street

**Burnt Hills** 

770 Saratoga Road

Clifton Park 1714 Route 9

Corporate

990 State Route 67

Galway

5091 Sacandaga Road

Greenfield Center 3060 Route 9N

Guilderland

1973 Western Avenue

Latham

1202 Troy Schenectady Road

124 Dunning Street

Milton Crest

344 Rowland Street

Stillwater

428 Hudson Avenue

Voorheesville

13 Maple Road

Wilton

625 Maple Avenue

www.bsnb.com in f X



### CONSOLIDATED BALANCE SHEETS

(In thousands)		March 31, 2024		December 31, 2023	
Assets	-	_			
Cash and due from banks	\$	7,661	\$	6,379	
Short-term investments		16,667		17,356	
Securities available for sale, at fair value		74,768		64,625	
FHLB of NY & FRB stock, at cost		6,077		6,795	
Loans		725,987		708,869	
Allowance for credit losses		(8,245)		(8,076)	
Net loans		717,742		700,793	
Premises and equipment, net		9,951		10,026	
Other assets		17,754		17,559	
Total Assets	\$	850,620	\$	823,533	
Liabilities and Shareholders' Equity					
Liabilities					
Deposits	\$	696,178	\$	689,238	
Brokered Deposits		35,811		-	
FHLB borrowings, short-term		10,050		25,050	
FHLB borrowings, long-term		30,000		30,000	
Junior subordinated debentures		7,750		7,750	
Other liabilities		10,260		11,664	
Total liabilities	\$	790,049	\$	763,702	
Shareholders' Equity					
Common stock	\$	9,642	\$	9,642	
Treasury stock, at cost		(991)		(991)	
Retained earnings		53,309		52,325	
Accumulated other comprehensive incom	ie	(1,389)		(1,145)	
Total shareholders' equity	\$	60,571	\$	59,831	
Total Liabilities & Shareholders' Equity	\$	850,620	\$	823,533	

# CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)	share data) For th			ne three months ended March 31,		
		2024		2023		
Interest and fee income						
Loans, including fees	\$	8,396	\$	6,768		
Securities available for sale		854		681		
FHLB of NY & FRB stock		176		83		
Short-term investments		51		48		
Total interest and fee income	\$	9,477	\$	7,580		
Interest expense						
Deposits	\$	2,824	\$	1,280		
Brokered Deposits		221		-		
FHLB borrowings, short-term		313		187		
FHLB borrowings, long term		138		- 214		
Junior subordinated debentures Total interest expense	\$	111	\$	214		
Net interest income	<u> </u>	3,607	\$	1,681 5,899		
Provision for Joan Josses		5,870 180		120		
Net interest income after provision for loan losses	<u> </u>	5,690	\$	5,779		
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Noninterest income						
Service charges on deposit accounts	\$	164	\$	153		
Trust and investment services income		359		296		
Other		507		286		
Total noninterest income	\$	1,030	\$	735		
Noninterest expense						
Compensation and benefits	\$	3,256	\$	3,075		
Occupancy and equipment		508		462		
FDIC and OCC assessment		216		132		
Advertising and public relations		111		111		
Legal and professional fees		172		133		
Debit Card processing		136		117		
Data processing		286		248		
Other		519		482		
Total noninterest expense	\$	5,204	\$	4,760		
In a company to a company	\$	1,516	\$	1,754		
Income tax expense		288		333		
Net income	\$	1,228	\$	1,421		
Basic earnings per share	\$	1.65	\$	1.91		