

# Consolidated Interim Financial Information

## June 30, 2024



### To our shareholders -

Ballston Spa Bancorp, Inc., parent company of Ballston Spa National Bank (BSNB), produced solid financial results for the second quarter of 2024. Net income for the six-month period ending June 30, 2024 totaled \$2.5 million, or \$3.36 per share, down from \$2.8 million, or \$3.76 per share reported for the same period in 2023. Income gains from strong loan portfolio growth during the six-month period were more than offset by higher funding costs stemming from increased competition for deposits and a sustained period of higher short-term interest rates.

Highlights for the six months ending June 30, 2024 include:

- Commercial and commercial real estate loan portfolios increased \$14.4 million, or 4.13%, from December 31, 2023;
- Activity in the mortgage market was also strong with residential mortgage loans increasing \$9.5 million, or 3.12%, during the first six months of 2024;
- The growth in our consumer loan portfolio was also robust with an increase of \$8.9 million, or 20.32%, from December 31, 2023. Growth in this portfolio reflects an increase in mobile home lending of \$5.6 million during the period;

Growth in core deposits during the first six months of 2024 of \$18.4 million, or 2.94%, was not sufficient to fully fund loan growth. As a result, the Company further increased reliance on Federal Home Loan Bank borrowings during the period and also executed a brokered deposit funding strategy. It should be noted that core deposit growth was calculated after eliminating a large short-term deposit that occurred in the second half of

2023. In addition to the solid growth, our balance sheet remains strong. Credit quality as reflected in nonperforming loans as a percentage of total loans remains near historic lows, increasing slightly from 0.22% on June 30, 2023 to 0.26% as of the end of the second quarter in 2024. Balance sheet strength is further demonstrated in our capital levels as the Bank's Tier 1 risk-based capital ratio remains well above the regulatory minimum, standing at 10.26% as of the end of the second quarter.

Despite the less than favorable interest rate environment, management continues to see opportunities in the commercial banking market and remains focused on overall growth objectives. As such, and given our financial strength, the Company will be making further investments in staffing resources, technology infrastructure and enhanced digital solutions in the periods ahead. We are confident that these investments are supportive of financial objectives over the long term and will further enhance the value we are able to deliver to customers, staff, shareholders and community.

On behalf of the board, staff and management, we thank you for your continued support.

**Christopher R. Dowd**  
President and Chief Executive Officer



## A Closer Look



### In Memory - Dr. Stephen E. Strader

Board member, Dr. Stephen E. Strader, passed away on April 30, 2024. A former family physician in New York's Saratoga County region, Dr. Strader retired from his medical practice in 2021. He was a respected and valued member of the board of directors for more than 26 years serving on various committees and providing sound counsel and support. Dr. Strader will be remembered for his contributions to BSNB's strategic direction and for his kind and generous spirit.



### Theresa M. Skaine appointed to Board of Directors

An accomplished attorney with a focus in corporate law, commercial real estate and succession planning for business owners, Ms. Skaine joined the board in April of this year. She has practiced law for more than three decades and is the owner of Skaine & Associates, LLC in Saratoga Springs, New York. She currently sits on two additional boards – Albany Medical Center Hospital and the Albany Med Health System.

## 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

**Malta**  
124 Dunning Street

**Milton Crest**  
344 Rowland Street

**Stillwater**  
428 Hudson Avenue

**Voorheesville**  
13 Maple Road

**Wilton**  
625 Maple Avenue

## CONSOLIDATED BALANCE SHEETS

(In thousands)

	June 30, 2024	December 31, 2023
<b>Assets</b>		
Cash and due from banks	\$ 9,382	\$ 6,379
Short-term investments	12,565	17,356
Securities available for sale, at fair value	77,846	64,625
FHLB of NY & FRB stock, at cost	7,777	6,795
Loans	741,285	708,869
Allowance for loan losses	(8,416)	(8,076)
Net loans	732,869	700,793
Premises and equipment, net	9,949	10,026
Other assets	9,814	17,559
<b>Total Assets</b>	<b>\$ 860,202</b>	<b>\$ 823,533</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits	\$ 703,012	\$ 689,238
FHLB borrowings, short-term	47,650	25,050
FHLB borrowings, long-term	30,000	30,000
Junior subordinated debentures	7,750	7,750
Other liabilities	10,442	11,664
Total liabilities	\$ 798,854	\$ 763,702
<b>Shareholders' Equity</b>		
Common stock	\$ 9,642	\$ 9,642
Treasury stock, at cost	(991)	(991)
Retained earnings	54,327	52,325
Accumulated other comprehensive income	(1,630)	(1,145)
Total shareholders' equity	\$ 61,348	\$ 59,831
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 860,202</b>	<b>\$ 823,533</b>

## CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)

	For the six months ended June 30,	
	2024	2023
<b>Interest and fee income</b>		
Loans, including fees	\$ 17,141	\$ 13,913
Securities available for sale	1,767	1,391
FHLB of NY & FRB stock	352	204
Short-term investments	116	89
Total interest and fee income	\$ 19,376	\$ 15,597
<b>Interest expense</b>		
Deposits	\$ 5,999	\$ 2,815
FHLB borrowings, short-term	733	603
FHLB borrowings, long term	625	186
Junior subordinated debentures	223	425
Total interest expense	\$ 7,580	\$ 4,029
Net interest income	11,796	11,568
Provision for loan losses	360	240
Net interest income after provision for loan losses	\$ 11,436	\$ 11,328
<b>Noninterest income</b>		
Service charges on deposit accounts	\$ 324	\$ 306
Trust and investment services income	689	610
Other	956	708
Total noninterest income	\$ 1,969	\$ 1,624
<b>Noninterest expense</b>		
Compensation and benefits	\$ 6,445	\$ 6,024
Occupancy and equipment	990	917
FDIC and OCC assessment	432	278
Advertising and public relations	222	222
Legal and professional fees	432	326
Debit Card processing	252	234
Data processing	557	526
Other	998	976
Total noninterest expense	\$ 10,328	\$ 9,503
Income tax expense	\$ 3,077	\$ 3,449
<b>Net income</b>	<b>\$ 2,492</b>	<b>\$ 2,794</b>
<b>Basic earnings per share</b>	<b>\$ 3.36</b>	<b>\$ 3.76</b>