

# 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 you for your continued support.

**Christopher R. Dowd**

President and Chief Executive Officer



# A Closer Look

## 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  
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### Austin Jesco

Treasury Management Officer  
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## 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

**Malta**  
124 Dunning Street

**Milton Crest**  
344 Rowland Street

**Stillwater**  
428 Hudson Avenue

**Voorheesville**  
13 Maple Road

**Wilton**  
625 Maple Avenue

www.bsnb.com

## CONSOLIDATED BALANCE SHEETS

(In thousands)

	March 31, 2024	December 31, 2023
<b>Assets</b>		
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
<b>Total Assets</b>	<b>\$ 850,620</b>	<b>\$ 823,533</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
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
<b>Shareholders' Equity</b>		
Common stock	\$ 9,642	\$ 9,642
Treasury stock, at cost	(991)	(991)
Retained earnings	53,309	52,325
Accumulated other comprehensive income	(1,389)	(1,145)
Total shareholders' equity	\$ 60,571	\$ 59,831
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 850,620</b>	<b>\$ 823,533</b>

## CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)

For the three months ended March 31,

	2024	2023
<b>Interest and fee income</b>		
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
<b>Interest expense</b>		
Deposits	\$ 2,824	\$ 1,280
Brokered Deposits	221	-
FHLB borrowings, short-term	313	187
FHLB borrowings, long term	138	-
Junior subordinated debentures	111	214
Total interest expense	\$ 3,607	\$ 1,681
Net interest income	5,870	5,899
Provision for loan losses	180	120
Net interest income after provision for loan losses	\$ 5,690	\$ 5,779
<b>Noninterest income</b>		
Service charges on deposit accounts	\$ 164	\$ 153
Trust and investment services income	359	296
Other	507	286
Total noninterest income	\$ 1,030	\$ 735
<b>Noninterest expense</b>		
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
Income tax expense	\$ 1,516	\$ 1,754
<b>Net income</b>	<b>\$ 1,228</b>	<b>\$ 1,421</b>
<b>Basic earnings per share</b>	<b>\$ 1.65</b>	<b>\$ 1.91</b>