

Consolidated Interim Financial Information

September 30, 2024



To our shareholders -

Ballston Spa Bancorp, Inc., parent company of Ballston Spa National Bank (BSNB), produced solid financial results for the third quarter of 2024. Net income for the nine-month period ending September 30, 2024 totaled \$3.9 million, or \$5.31 per share, down from \$4.1 million, or \$5.52 per share reported for the same period in 2023. Income gains from strong loan portfolio growth during the nine-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 nine months ending September 30, 2024 include:

- Commercial and commercial real estate loan portfolios increased \$22.2 million, or 6.39%, from December 31, 2023;
- Mortgage production, although negatively impacted by low inventory levels and other economic factors, remains solid. Residential mortgage loans increased \$11.5 million, or 3.79%, during the first nine months of 2024;
- The growth in our consumer loan portfolio was also strong with an increase of \$10.8 million, or 24.73%, from December 31, 2023. Growth in this portfolio reflects an increase in mobile home lending of \$8.2 million during the period;
- During the first nine months of 2024, core deposits grew \$81.2 million, or 13%, aided in part by seasonal increases in our municipal deposit portfolio.

While pleased with the pace of growth, we also remain confident in our balance sheet strength and position. Credit quality, as reflected in nonperforming loans as a percentage of total loans, remains near historic lows at 0.19% as of September 30, 2024. This is down from 0.24% for the same period in 2023. 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 10.22% as of the end of the third quarter.

Given our solid financial position, the Company is investing in additional service and support enhancements for our customers while also taking steps to bolster fraud protection resources. For example, we recently initiated a project to replace and upgrade all 13 BSNB branch ATMs. The new ATMs will deliver increased functionality and an enhanced customer experience. Other projects are designed to enhance digital product offerings while strengthening technology infrastructure and fraud protection capabilities in our operational support areas.

In addition to the highlights of our year to date financial performance and outline of current strategic priorities, we are also proud to report that, for the third year in a row, BSNB has been recognized as one of the Albany Business Review's "Best Places to Work". A core focus of BSNB is the development and retention of capable and qualified employees. Being recognized as a "Best Place to Work" is a testament to our dedication to these values.

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



Paul A. Milton appointed to the Board of Directors

As a senior healthcare leader with over 30 years of experience, Mr. Milton has joined the board filling the vacancy formerly held by Dr. Stephen E. Strader. Currently, Mr. Milton is President and CEO of Ellis Medicine, a 438-bed community and teaching healthcare system serving

New York's Capital Region with four campuses. Mr. Milton earned his MHA from the George Washington University and BBA from Miami University. He is a Fellow of the American College of Healthcare Executives. Being a local community leader Mr. Milton has been the Chair of the Capital Region, Southern Saratoga County, and Rensselaer County Chambers of Commerce and Chair of the Healthy Alliance.



Jim Conroy joins BSNB as the new EVP, Chief Banking Officer

An experienced leader in the commercial lending industry, Jim Conroy joined the bank as the new EVP, Chief Banking Officer. As the former President at Pursuit CDC, Jim has vast experience with providing creative financing options for businesses.

Pursuit is a national leader in processing U.S. Small Business Administration (SBA) loan programs and operates in New York, New Jersey and Pennsylvania. Jim worked at Pursuit in Albany for 27 years. Jim has held many board leadership roles including at the New York State Small Business Development Center, St. Anne Institute, and The Rensselaer County Chamber of Commerce, to name a few. Jim received a BA from Siena College and his MBA from RPI. He is a veteran of the United States Marine Corps and served in Operations Desert Shield and Desert Storm.

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)

	September 30, 2024	December 31, 2023
Assets		
Cash and due from banks	\$ 11,854	\$ 6,379
Short-term investments	12,750	17,356
Securities available for sale, at fair value	73,691	64,625
FHLB of NY & FRB stock, at cost	5,732	6,795
Loans	756,588	708,869
Allowance for loan losses	(8,513)	(8,076)
Net loans	748,075	700,793
Premises and equipment, net	9,862	10,026
Other assets	16,932	17,559
Total Assets	\$ 878,896	\$ 823,533

Liabilities and Shareholders' Equity

Liabilities

Deposits	\$ 695,730	\$ 689,238
Brokered Deposits	70,447	-
FHLB borrowings, short-term	-	25,050
FHLB borrowings, long-term	30,000	30,000
Junior subordinated debentures	7,750	7,750
Other liabilities	11,505	11,664
Total liabilities	\$ 815,432	\$ 763,702

Shareholders' Equity

Common stock	\$ 9,642	\$ 9,642
Treasury stock, at cost	(991)	(991)
Retained earnings	55,537	52,325
Accumulated other comprehensive income	(724)	(1,145)
Total shareholders' equity	\$ 63,464	\$ 59,831

Total Liabilities & Shareholders' Equity

	\$ 878,896	\$ 823,533
--	------------	------------

CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)

For the nine months ended September 30,

	2024	2023
Interest and fee income		
Loans, including fees	\$ 26,233	\$ 21,556
Securities available for sale	2,627	2,041
FHLB of NY & FRB stock	528	364
Short-term investments	165	404
Total interest and fee income	\$ 29,553	\$ 24,365
Interest expense		
Deposits	\$ 7,358	4,810
Brokered Deposits	1,820	-
FHLB borrowings, short-term	1,360	1,171
FHLB borrowings, long-term	942	503
Junior subordinated debentures	334	537
Total interest expense	\$ 11,814	\$ 7,021
Net interest income	17,739	17,344
Provision for loan losses	480	360
Net interest income after provision for loan losses	\$ 17,259	\$ 16,984
Noninterest income		
Service charges on deposit accounts	\$ 500	\$ 454
Wealth mgmt. and investment income	1,092	910
Other	1,350	968
Total noninterest income	\$ 2,942	\$ 2,332
Noninterest expense		
Compensation and benefits	\$ 9,512	\$ 8,832
Occupancy and equipment	1,502	1,391
FDIC and OCC assessment	649	461
Advertising and public relations	333	333
Legal and professional fees	564	523
Debit Card processing	379	351
Data processing	820	786
Other	1,569	1,581
Total noninterest expense	\$ 15,328	\$ 14,258
Income before income tax expense	\$ 4,873	\$ 5,058
Income tax expense	926	961
Net income	\$ 3,947	\$ 4,097
Basic earnings per share	\$ 5.31	\$ 5.52