

Consolidated Interim Financial Information

September 30, 2022



To our shareholders -

Ballston Spa Bancorp, Inc., parent company of Ballston Spa National Bank (BSNB), produced strong financial results for the third quarter of 2022. Net income for the nine-month period ending September 30, 2022 totaled \$4.7 million, or \$6.26 per share, up 14.0% from the \$4.1 million, or \$5.49 per share reported for the same period in 2021.

Highlights for the nine-months ending September 30, 2022 include:

- Commercial and commercial real estate loans, factoring out balances of Paycheck Protection Program (PPP) loans, increased a healthy \$38.6 million, or 15.2%, from December 31, 2021;
- Residential mortgage production remained resilient in the face of rising interest rates and the portfolio increased \$25.7 million, or 10.9%, compared to year-end 2021;
- Loan growth was supported in part by an increase in total deposits of \$14.2 million or 2.1% during the first nine months of 2022. Deposit growth was offset by the maturity of a \$20 million long-term funding instrument in the second quarter of 2022;
- The Bank performed several investment transactions in the second and third quarters to take advantage of the interest rate environment and optimize overall portfolio yield performance. The immediate financial impact of these transactions are carried in non-interest income in the period they were performed.

In addition to the solid growth of loans and deposits, the Company's balance sheet remained strong as of September 30, 2022. Capital levels are well above regulatory minimums, as reflected in the Bank's Tier 1 risk-based capital ratio of 11.80%. Further confirmation of the Company's strength is evident in continued low levels of problem loans with non-performing loans representing 0.22% of total loans as of September 30, 2022.

During the period, the Company also focused on initiatives to further enhance service and support to our growing number of customers. Based on the evolving expectations of the market, we recently implemented changes to our branch staffing model. Through cross training and other staff development efforts, the new model seeks to further expand the capabilities of all branch staff to more universally support customers. In a related initiative, the Company expanded banking hours across our branch network, including early morning drive thru service. I am also pleased to report that the changes to our branch network and staffing will be under the leadership of our new Vice President of Retail Banking, Trudy Seeber.

In addition to these accomplishments, we are also proud to report that BSNB was recently identified as one of the "Best Places to Work" by the Albany Business Review. This recognition is especially meaningful given our belief in the importance of our staff and our investment and focus on developing a work environment positioned to attract and retain top notch talent. At BSNB, we believe our employees are our 'difference maker' and critical to long term success.

In the face of current economic uncertainty and a challenging labor market, we are pleased with our progress and position. 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



Trudy Seeber Named VP, Retail Banking

Please join us in welcoming Trudy Seeber, vice president of retail banking. Trudy will be responsible for providing vision, leadership, and oversight to all retail banking channels, while continuing to grow upon the Bank's mission of giving back and strengthening the communities we serve.



100 years of Wealth Management and Trust Services

Wealth Management offerings, including fiduciary trust and estate administration services,

help set BSNB apart from other financial services providers. Celebrating 100 years of experience as a trusted advisor, the Wealth Management Solutions department is uniquely positioned to support you and your vision of the future. Please contact (518) 363-8698 to learn more.

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)	September 30, 2022	December 31, 2021
Assets		
Cash and due from banks	\$ 15,903	\$ 5,881
Short-term investments	74,396	137,884
Securities available for sale, at fair value	73,854	70,889
FHLLB of NY & FRB stock, at cost	5,046	5,206
Loans	594,973	533,021
Allowance for loan losses	(8,409)	(8,081)
Net loans	586,564	524,940
Premises and equipment, net	10,274	9,125
Other assets	14,372	14,446
Total Assets	\$ 780,409	\$ 768,371
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	\$ 698,729	\$ 684,545
FHLLB borrowings, short-term	10,000	10,000
Junior subordinated debentures	12,905	12,905
Other liabilities	8,327	11,047
Total liabilities	\$ 729,961	\$ 718,497
Shareholders' Equity		
Common stock	\$ 9,642	\$ 9,642
Treasury stock, at cost	(991)	(991)
Retained earnings	46,819	42,905
Accumulated other comprehensive income	(5,022)	(1,682)
Total shareholders' equity	\$ 50,448	\$ 49,874
Total Liabilities & Shareholders' Equity	\$ 780,409	\$ 768,371

CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)	For the nine months ended September 30,	
	2022	2021
Interest and fee income		
Loans, including fees	\$ 16,238	\$ 15,994
Securities available for sale	1,187	1,001
FHLLB of NY & FRB stock	195	223
Short-term investments	522	71
Total interest and fee income	\$ 18,142	\$ 17,289
Interest expense		
Deposits	\$ 680	\$ 634
FHLLB borrowings, short-term	238	238
FHLLB borrowings, long-term	-	87
Junior subordinated debentures	501	502
Total interest expense	\$ 1,419	\$ 1,461
Net interest income	16,723	15,828
Provision for loan losses	360	606
Net interest income after provision for loan losses	\$ 16,363	\$ 15,222
Noninterest income		
Service charges on deposit accounts	\$ 516	\$ 483
Trust and investment services income	839	874
Other	941	2,207
Total noninterest income	\$ 2,296	\$ 3,564
Noninterest expense		
Compensation and benefits	\$ 8,022	\$ 8,461
Occupancy and equipment	1,348	1,220
FDIC and OCC assessment	399	415
Advertising and public relations	279	253
Legal and professional fees	570	425
Debit Card processing	330	346
Data processing	725	720
Other	1,298	1,496
Total noninterest expense	\$ 12,971	\$ 13,336
Income before income tax expense	\$ 5,688	\$ 5,450
Income tax expense	1,038	1,371
Net income	\$ 4,650	\$ 4,079
Basic earnings per share	\$ 6.26	\$ 5.49