

Consolidated Interim Financial Information

March 31, 2022



To our shareholders -

Ballston Spa Bancorp, Inc., parent company of Ballston Spa National Bank (BSNB), continued to produce strong financial results for the first quarter of 2022. Net income for the three-month period ending March 31, 2022 totaled \$1.2 million, or \$1.66 per share, essentially on par with the \$1.2 million, or \$1.63 per share reported for the same period in 2021.

Highlights for the three-months ending March 31, 2022 include:

- Commercial and commercial real estate loans, factoring out balances of Paycheck Protection Program (PPP) loans, increased a healthy \$5.7 million, or 2.26%, from December 31, 2021;
- Residential mortgage production remained solid during the period as the portfolio increased \$5.8 million or 2.43% compared to year-end 2021;
- Loan growth was funded by an increase in total deposits of \$37.9 million, or 5.53% during the first three months of 2022. The growth is primarily attributable to increased municipal deposits, while we also saw significant growth in both consumer and commercial deposits of \$11.9 million and \$4.0 million, respectively;
- Credit quality indicators are at historic low levels. In fact, nonperforming loans as a percentage of total loans declined from 0.38% as of December 31, 2021 to 0.20% as of March 31, 2022;
- 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 12.40% as of the end of the quarter.

Beyond the positive financial results, I am pleased to report that renovations on the new Latham office are complete and we officially opened the branch on May 2nd. The facility replaces an existing branch office located in close proximity and offers enhanced drive thru banking service and expanded banking hours. The new office also provides customers access to a wider range of seasoned banking professionals. Given these qualities, we are confident the location will better serve and support the needs of a growing Capital Region market.

Beyond the investment in branch infrastructure, the Company also recently completed an important initiative to enhance our website. The project considered input from customers and staff and capitalized on recent technology advances to provide users with a more valuable presentation of the financial products and services we offer, improved navigation capabilities, and a modernized design.

In addition to efforts to pursue our financial and service goals, the Bank remained active in supporting those in need in the community. Recognizing the impact of inflation and other pandemic related challenges, BSNB volunteers again partnered with the Regional Food Bank to support families with food insecurity. We hosted our 19th food pantry during the period, delivering essential support to those in need. Combined, these events have provided food supplies to more than 18,000 people across the Capital Region while our donations and matching campaigns have generated more than \$130 thousand in financial support for the Food Bank.

As you know, we are operating in an unusual period, one that presents certain unique challenges, but also opportunity. Considering our financial strength and the capabilities of our seasoned team, we are keenly focused on the pursuit of additional growth opportunities and building long-term value for 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 Introduces New Website

Earlier this year, BSNB launched a new and enhanced www.bsnb.com. With a more modern look and navigation, the new site makes it even easier to find the BSNB products, services, resources and people that are here to make a difference in our customers' financial success.

SUMMIT Employee of the Year

Deborah O'Connor, Vice President and Treasury Management Advisor, has received BSNB's 2021 SUMMIT Employee of the Year award. The award is given annually to an employee that demonstrates the bank's core values of teamwork, respect, accountability, integrity and leadership. Deborah was commended for being responsive, considerate and always thinking of her client's needs first.



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)

	March 31, 2022	December 31, 2021
Assets		
Cash and due from banks	\$ 9,953	\$ 5,881
Short-term investments	149,475	137,884
Securities available for sale, at fair value	82,190	70,889
FHLB of NY & FRB stock, at cost	5,126	5,206
Loans	542,258	533,021
Allowance for loan losses	(8,186)	(8,081)
Net loans	534,072	524,940
Premises and equipment, net	9,019	9,125
Other assets	14,431	14,446
Total Assets	\$ 804,266	\$ 768,371
Liabilities and Shareholders' Equity		
Liabilities		
Deposits	\$ 722,425	\$ 684,545
FHLB borrowings, short-term	10,000	10,000
Junior subordinated debentures	12,905	12,905
Other liabilities	9,272	11,047
Total liabilities	\$ 754,602	\$ 718,497
Shareholders' Equity		
Common stock	\$ 9,642	\$ 9,642
Treasury stock, at cost	(991)	(991)
Retained earnings	43,894	42,905
Accumulated other comprehensive income	(2,881)	(1,682)
Total shareholders' equity	\$ 49,664	\$ 49,874
Total Liabilities & Shareholders' Equity	\$ 804,266	\$ 768,371

CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)

For the three months ended March 31,

	2022	2021
Interest and fee income		
Loans, including fees	\$ 5,112	\$ 5,292
Securities available for sale	334	334
FHLB of NY & FRB stock	37	66
Short-term investments	60	17
Total interest and fee income	\$ 5,543	\$ 5,709
Interest expense		
Deposits	\$ 207	\$ 214
FHLB borrowings, short-term	-	43
FHLB borrowings, long-term	81	82
Junior subordinated debentures	155	167
Total interest expense	\$ 443	\$ 506
Net interest income	5,100	5,203
Provision for loan losses	120	213
Net interest income after provision for loan losses	\$ 4,980	\$ 4,990
Noninterest income		
Service charges on deposit accounts	\$ 177	\$ 143
Trust and investment services income	294	280
Other	278	470
Total noninterest income	\$ 749	\$ 893
Noninterest expense		
Compensation and benefits	\$ 2,660	\$ 2,944
Occupancy and equipment	461	419
FDIC and OCC assessment	118	139
Advertising and public relations	93	88
Legal and professional fees	110	78
Debit Card processing	127	100
Data processing	247	237
Other	371	394
Total noninterest expense	\$ 4,187	\$ 4,399
Income before income tax expense	\$ 1,542	\$ 1,484
Income tax expense	308	277
Net income	\$ 1,234	\$ 1,207
Basic earnings per share	\$ 1.66	\$ 1.63