



SENECA
FINANCIAL CORP.

Quarterly Report

Q2
2022

FINANCIALS

Financial Performance:

Net income decreased by \$34,000, or 7.5%, to \$418,000 for the three months ended June 30, 2022 from \$452,000 for the three months ended June 30, 2021 due primarily to an increase in non-interest expense. Earnings per share basic decreased \$0.02 for the three months ended June 30, 2022, to \$0.23, from \$0.25 for the three months ended June 30, 2021. The decrease in net income was partly offset by an increase in interest and fee income. Interest and fee income increased by \$90,000, or 4.3%, to \$2.2 million for the three months ended June 30, 2022 from \$2.1 million for the three months ended June 30, 2021 as a result of an increase in investment income.

Interest expense decreased by \$47,000, or 19.9%, to \$189,000 for the three months ended June 30, 2022 from \$236,000 for the three months ended June 30, 2021. Interest expense decreased as the average balance of FHLBNY advances decreased due to maturities.

Non-interest income increased \$79,000, or 29.7%, to \$345,000 for the three months ended June 30, 2022 from \$266,000 for the three months ended June 30, 2021. The increase in non-interest income was due to an increase in fee income. Fee income increased \$117,000, or 104.5%, to \$229,000 for the three months ended June 30, 2022 from \$112,000 for the three months ended June 30, 2021. As we grow the number of transaction deposit accounts, customer debit card usage has increased as well as the fees associated with these accounts.

Non-interest expense increased \$316,000, or 20.8%, to \$1.8 million for the three months ended June 30, 2022 from \$1.5 million for the three months ended June 30, 2021. The increase in non-interest expense was primarily due to increases in compensation and employee benefits and core processing expense. Compensation and employee benefits expense increased \$160,000, or 19.1%, to \$996,000 for the three months ended June 30, 2022 from \$836,000 for the three months ended June 30, 2021. Compensation and employee benefits expense increased as we added mortgage originators, financial services, and insurance employees. Core processing expense increased \$59,000, or 28.5%, to \$266,000 for the three months ended June 30, 2022 from \$207,000 for the three months ended June 30, 2021. Core processing expense increased as we created efficiencies through adding software and enhancing our customers' digital experience.

The provision for loan losses decreased \$75,000, or 100.0% during the second quarter of 2022 as compared to the same period last year. We did not record a provision for loan losses in the second quarter of 2022 due to an improvement in non-performing[BA1] loans.

Due to our participation in PPP loans, total assets decreased \$44,000, or 0.02%, to \$222.4 million at June 30, 2022 from \$222.5 million at June 30, 2021. The decrease in assets was mostly due to loan forgiveness of PPP loans. Gross loans decreased \$6.5 million, or 3.9%, to \$159.2 million at June 30, 2022, from \$165.7 million at June 30, 2021. Please note that PPP loans of approximately \$562,000 and \$14.6 million were reported in those figures, respectively. Gross loans, excluding PPP loans, increased \$7.6 million, or 5.0%, to \$158.7 million at June 30, 2022 from \$151.1 million at June 30, 2021. The increase in our loans (excluding the PPP loans) was due to an increase in commercial real estate loans. Commercial real estate loans increased \$4.0 million, or 10.5%, to \$42.0 million at June 30, 2022, from \$38.0 million at June 30, 2021. Total loans past-due over thirty days decreased to \$1.1 million at June 30, 2022 from \$1.2 million at June 30, 2021. Non-performing loans decreased to \$242,000 at June 30, 2022 from \$340,000 at June 30, 2021.

Financial Performance Q2 2022 continued:

Interest-bearing deposits increased \$10.1 million, or 7.5%, to \$144.7 million at June 30, 2022 from \$134.6 million at June 30, 2021. The increase in interest-bearing deposits was a result of increases in MMDA and NOW accounts, partially offset by a decrease in certificates of deposit. Total noninterest-bearing deposits decreased \$2.2 million, or 8.0%, to \$25.9 million at June 30, 2022 from \$28.2 million at June 30, 2021. A large reason for this decrease was the end of the government provided pandemic economic stimulus programs.

Total stockholders' equity decreased \$1.2 million, or 5.1%, to \$21.6 million at June 30, 2022 from \$22.8 million at March 31, 2022 because of the increase in accumulated other comprehensive loss due to the increase in market interest rates during the three months ended June 30, 2022.



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Selected Income Statement Data

(Dollars in thousands except per share data, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Interest Income	\$ 2,183	\$ 2,093	\$ 4,130	\$ 4,292
Interest Expense	189	236	383	514
Net Interest Income	1,994	1,857	3,747	3,778
Provision for Loan Losses	-	75	20	150
Net Interest Income after Provision for Loan Losses	1,994	1,782	3,727	3,628
Non-Interest Income	345	266	752	541
Non-Interest Expense	1,837	1,521	3,599	3,086
Income before Income Taxes	502	527	880	1,083
Income Taxes	84	75	137	155
Net Income	\$ 418	\$ 452	\$ 743	\$ 928
Income per Common Share-Basic	\$ 0.23	\$ 0.25	\$ 0.40	\$ 0.50
Income per Common Share-Dilutive	\$ 0.23	\$ 0.24	\$ 0.40	\$ 0.50
Weighted Average Share-Basic	1,842,030	1,844,370	1,842,030	1,844,049
Weighted Average Share-Dilutive	1,843,248	1,845,483	1,843,248	1,844,902

Selected Financial Statement Data

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Cash and Cash Equivalents	\$ 4,409	\$ 4,071	\$ 3,526	\$ 6,469	\$ 2,193
Securities Available-for-Sale	41,705	40,141	43,800	41,721	38,739
Gross Loans	159,277	153,825	151,938	154,419	165,738
Allowance for Loan Losses	(1,905)	(1,943)	(1,896)	(1,821)	(1,826)
Other Assets	18,936	18,575	17,571	16,485	17,622
Total Assets	\$ 222,422	\$ 214,669	\$ 214,939	\$ 217,273	\$ 222,466

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Noninterest-Bearing Deposits	\$ 25,923	\$ 26,275	\$ 26,390	\$ 28,525	\$ 28,166
Interest-Bearing Deposits	144,695	137,343	133,677	133,099	134,571
Total Deposits	170,618	163,618	160,067	161,624	162,737
FHLB Advances	24,650	24,050	24,950	25,650	30,517
Other Liabilities	5,505	4,165	5,565	5,931	5,690
Total Stockholders' Equity	21,649	22,836	24,357	24,068	23,522
Total Liabilities and Stockholders' Equity	\$ 222,422	\$ 214,669	\$ 214,939	\$ 217,273	\$ 222,466

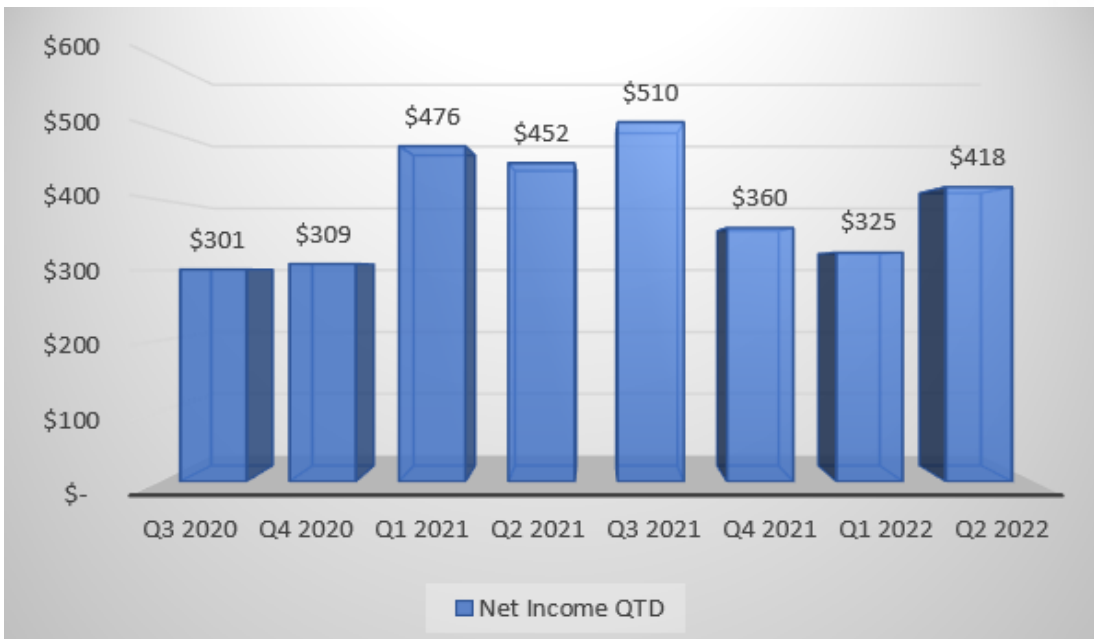
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Total Loans over 30 days Past Due	\$ 1,141	\$ 1,370	\$ 1,441	\$ 774	\$ 1,175
Total Non-Performing Loans	\$ 242	\$ 331	\$ 248	\$ 297	\$ 340
Other Real Estate Owned and Repossessed Assets	\$ 125	\$ -	\$ 40	\$ 40	\$ -
Allowance for Loan Losses to total Loans	1.20%	1.26%	1.25%	1.26%	1.10%
Total Non-Performing Loans to total Loans	0.15%	0.22%	0.18%	0.19%	0.21%
Non-Performing Assets to total Assets	0.17%	0.15%	0.15%	0.16%	0.15%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Return on Average Assets	0.77%	0.81%	0.67%	0.83%
Return on Average Equity	7.23%	7.81%	6.38%	7.98%
Tier 1 Capital Ratio	11.50%	10.59%	11.50%	10.59%
Net Interest Margin	3.91%	3.55%	3.69%	3.60%
Efficiency Ratio	78.54%	71.64%	80.00%	71.45%



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NET INCOME YTD

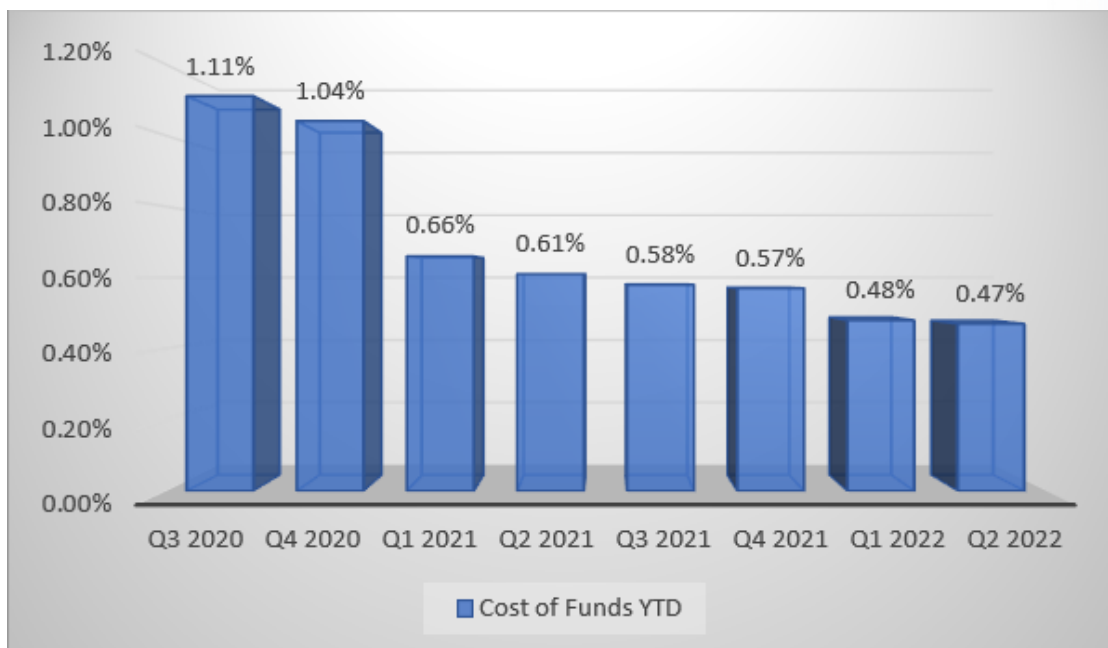


NET INTEREST MARGIN YTD

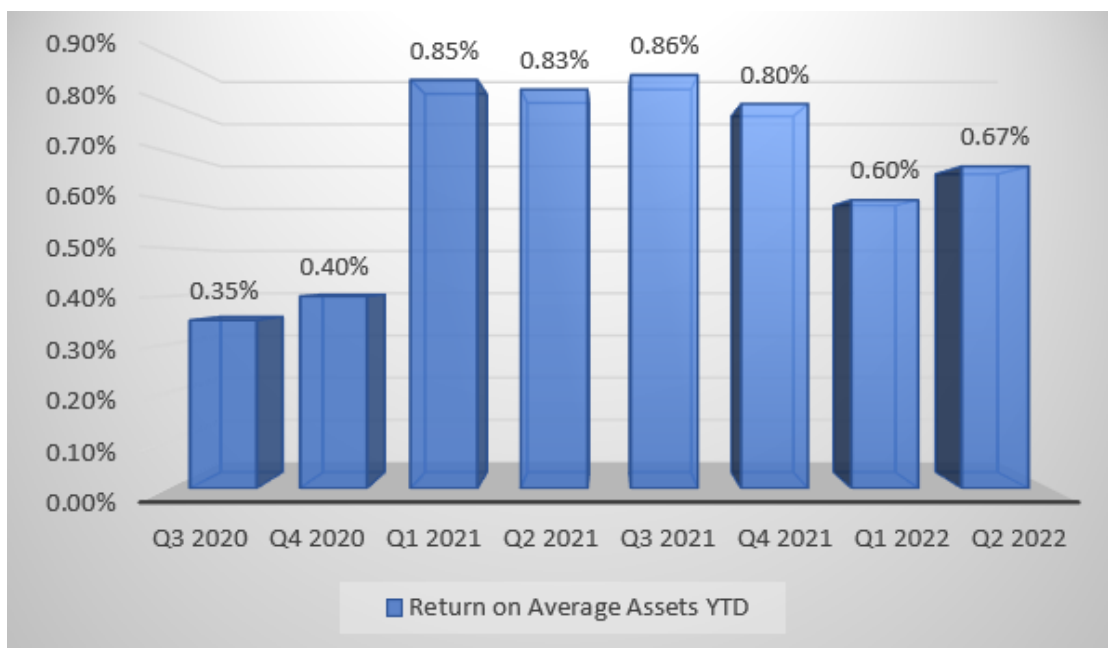


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COST OF FUNDS YTD

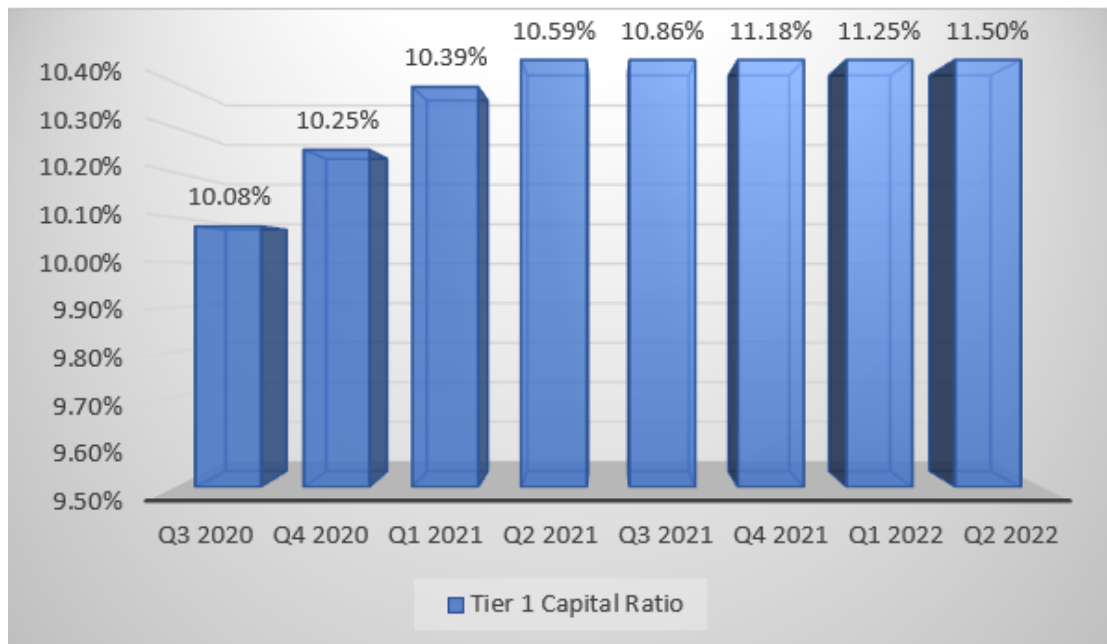


RETURN ON AVERAGE ASSETS YTD

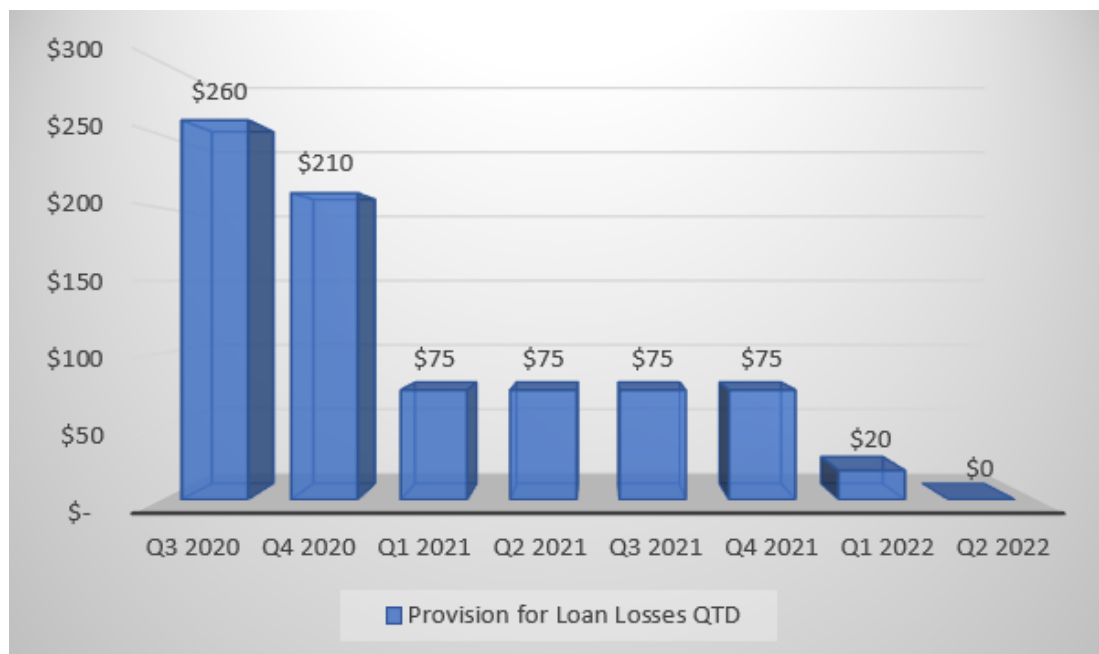


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TIER 1 CAPITAL RATIO

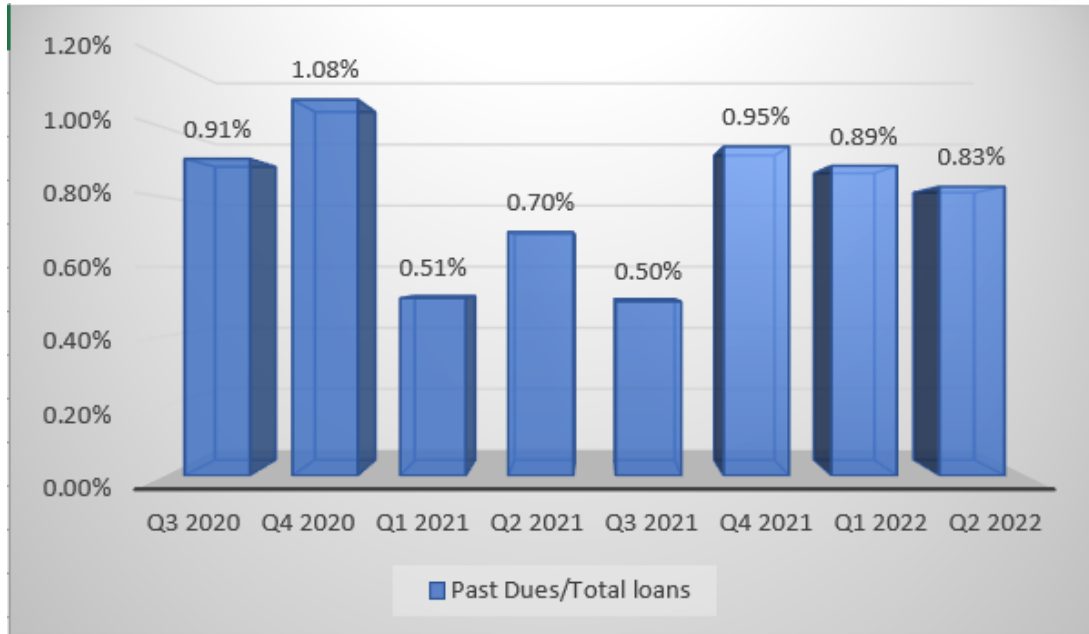


PROVISION FOR LOAN LOSSES QTD



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PAST DUES/TOTAL LOANS



EFFICIENCY RATIO YTD

