

A Closer Look

A Strong Bank. A Strong Community.

Consistent with our community bank philosophy, BSNB supports a wide range of charitable causes. Organizations that receive aid include local food pantries, animal shelters, veteran's programs, community libraries, education foundations, museums, student activities, community centers and health and human services groups. Over the course of a year, the Bank provides sponsorships, donations and other forms of support to more than a hundred different organizations within our communities.

In addition to corporate gifts, BSNB employees are encouraged to make a difference by volunteering their time and expertise. These combined efforts reflect the Bank's core values, as we believe that our success is deeply rooted in the health and vitality of the communities that we serve.



Christopher Dowd (above), presenting a donation to Andrea Simmons from the Ballston Spa Public Library.



Joanne Isabella (left), presenting a donation to Kathy Hedgeman from After the Fire.

Ballston Spa National Bank
is a subsidiary of Ballston Spa Bancorp, Inc.

Office Locations

Ballston Spa
87 Front Street

Burnt Hills
770 Saratoga Road

Clifton Park
256 Ushers Road

Galway
5091 Sacandaga Road

Greenfield Center
3060 Route 9N

Malta
124 Dunning Street

Milton Crest
344 Rowland Street

Stillwater
428 Hudson Avenue

Wilton
625 Maple Avenue

General Information: 518-885-6781

BANKLINK24: 518-885-6782

Bank by phone, transfer funds, make
BSNB loan payments, or access
account information anytime.

www.bsnb.com



Ballston Spa Bancorp, Inc.

Consolidated Interim Financial Information

March 31, 2010

Your bank. Your way.



Your bank. Your way.



Member FDIC

BALLSTON SPA BANCORP, INC.

President's Message

To our shareholders:

The financial performance for the Company remains strong. Net income for the three months ending March 31, 2010 totaled \$628 thousand or \$0.85 per share, up 5% from the \$599 thousand or \$0.81 per share reported for the same period in 2009. Despite a tough economic environment and contracting net interest margins, we were again able to demonstrate improved earnings performance due primarily to the strong growth in our deposit and commercial loan portfolios coupled with a reduction in other operating expenses. We are especially pleased to report that our underwriting standards and disciplined growth strategy have enabled us to maintain strong asset quality and capital positions during this challenging period. As such, we remain focused on the prudent expansion of the Company and the delivery of superior service and value to our customers.

In addition to our financial achievements, we also completed a variety of projects during the first quarter of 2010 designed to improve operating efficiency and customer service. For instance, we completed the installation of a new mortgage origination system that will provide our customers and staff with a more streamlined approval and closing process for residential mortgage loans. In addition, we successfully implemented an image capture system in our branch locations to expedite processing of customer transactions and the availability of deposited funds for our customers.

While pleased with our achievements, we continue to refine our business model to properly position the Company for long-term financial success. With this in mind, management recently completed a detailed assessment of our building infrastructure for both existing and future needs. In consideration of the findings of this analysis and with the approval of the Board of Directors, management has been working to solidify plans for the development of a new sales and operations center for the Bank. To be located in the Town of Ballston, we believe the new facility will not only provide the necessary foundation upon which to grow but will also provide for improved operational efficiency, an additional and more convenient sales location, a more professional office environment, and greater visibility for BSNB in the Ballston Spa community. Considering the uncertainty in our industry, the building project will also serve to help reinforce our financial stability and long-term commitment to this community. While we have several hurdles yet to clear before the building becomes a reality, we anticipate construction to be completed in the spring of 2011.

Consistent with our long-term plan, we at BSNB remain committed to building value for our shareholders, customers, staff, and community. On behalf of the Board of Directors and staff, we thank you for your continued support.

Christopher R. Dowd
President and Chief Executive Officer

Financial Highlights

- Commercial loans and total deposits increased 8% since March 2009.
- Operating expenses declined 6% from the same period in 2009.
- Nonperforming loans were 1.09% of total loans down from 1.31% at March 2009.
- The allowance for loan losses represents 1.77% of total loans and 163% of nonperforming loans.
- The bank's Tier 1 capital ratio is 7.75% at March 31, 2010, up from 7.46% at year end.

Consolidated Balance Sheets

(In thousands)	March 31, 2010	December 31, 2009
Assets		
Cash and cash equivalents	\$ 26,889	\$ 29,533
Securities, at fair value	78,217	72,756
FHLB of NY & FRB stock, at cost	3,097	3,097
Loans	250,328	253,217
Allowance for loan losses	(4,426)	(4,348)
Net loans	245,902	248,869
Premises and equipment, net	4,079	4,097
Other assets	8,156	7,427
Total Assets	\$ 366,340	\$ 365,779
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits	\$ 288,545	\$ 288,825
Long-term FHLB borrowings	45,500	45,500
Junior subordinated debentures	5,155	5,155
Other liabilities	3,484	3,269
Total liabilities	\$ 342,684	\$ 342,749
Shareholders' Equity:		
Common stock	\$ 9,600	\$ 9,600
Additional paid-in capital	42	42
Treasury stock, at cost	(991)	(991)
Retained earnings	15,754	15,355
Accumulated other comprehensive loss	(749)	(976)
Total shareholders' equity	\$ 23,656	\$ 23,030
Total Liabilities & Shareholders' Equity	\$ 366,340	\$ 365,779

Consolidated Income Statements

	<i>(In thousands, except per share data)</i>		For the three months ended March 31,
	2010	2009	
Interest and fee income			
Loans, including fees	\$ 3,593	\$ 3,942	
Securities available for sale	658	825	
FHLB of NY & FRB stock	44	11	
Short-term investments	18	-	
Total interest and fee income	\$ 4,313	\$ 4,778	
Interest expense			
Deposits	\$ 622	\$ 779	
Short-term borrowings	-	14	
Long-term FHLB borrowings	459	482	
Junior subordinated debentures	43	58	
Total interest expense	\$ 1,124	\$ 1,333	
Net interest income	3,189	3,445	
Provision for loan losses	140	300	
Net interest income after provision for loan losses	\$ 3,049	\$ 3,145	
Noninterest income			
Service charges on deposit accounts	\$ 154	\$ 157	
Trust and investment services income	171	174	
Net securities transactions	-	(19)	
Other	166	190	
Total noninterest income	\$ 491	\$ 502	
Noninterest expense			
Compensation and benefits	\$ 1,581	\$ 1,587	
Occupancy and equipment	283	301	
FDIC and OCC assessment	131	253	
Advertising and public relations	50	104	
Legal and professional fees	92	102	
Data processing fees	176	189	
Other	349	293	
Total noninterest expense	\$ 2,662	\$ 2,829	
Income before income tax expense	\$ 878	\$ 818	
Income tax expense	250	219	
Net income	\$ 628	\$ 599	
Basic earnings per share	\$ 0.85	\$ 0.81	