



A Closer Look

Enhancing the banking experience

With BSNB's expanded mobile banking services and the introduction of online loan and deposit account applications, there are more ways than ever to bank your way!

Apply online 24/7

Customers now have another option when they are ready to apply for a consumer loan or new deposit account. BSNB's secure online applications offer customers a convenient way to apply using their home or office computer – whenever the time is right for them.



Mobile banking apps

Building on our commitment to customer service, BSNB recently expanded mobile banking capabilities with the addition of new apps designed for Apple and Android phones.

When customers download and activate one of our new apps, they have round-the-clock access to account information. Plus, account transfers and even bill payments are just a few convenient clicks away.



OUR MISSION

At BSNB, we seek to be recognized as a high performing community bank by adding value to and building strong relationships with our shareholders, customers, employees, and community.

To achieve our goal, we are committed to the following objectives:

- ❖ To consistently exceed expectations and treat every customer as if we've known them our entire life;
- ❖ To give back and strengthen the communities where we work and live;
- ❖ To continually improve and enhance the value we deliver to our customers, staff, and community;
- ❖ To constantly surprise people with what a bank can be and the impact it can have on customers and the community;
- ❖ To a belief that actions and not just words define who we are as a company.

BSNB LOCATIONS

Ballston Spa
87 Front Street

Burnt Hills
770 Saratoga Road

Clifton Park
256 Ushers Road

Corporate Branch
990 State Route 67

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

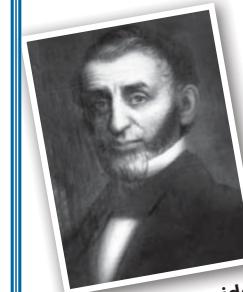
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Member FDIC



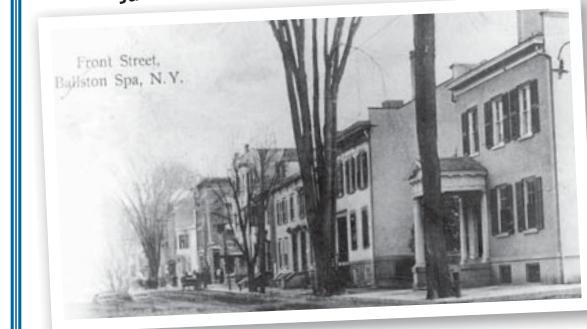
A look behind the teller windows around 1917.



BSNB's first president
James Cook



BSNB's original building
at 87 Front Street in 1846.



Front Street in Ballston Spa in early 1900s.

Consolidated Interim Financial Information

March 31, 2014



PRESIDENT'S MESSAGE

To our shareholders:

Ballston Spa Bancorp, Inc., parent company of BSNB, generated excellent financial results in the first quarter of 2014 while taking definitive steps to enhance the service and support provided to customers. Net income for the three-month period ending March 31, 2014 totaled \$690 thousand or \$0.93 per share, down from the \$996 thousand or \$1.34 per share reported for the same period in 2013. It is important to note that earnings performance in the first quarter of 2013 was positively impacted by a large one-time gain on the sale of the bank's former operations center. Absent this transaction, financial results in 2014 were positively impacted by growth in trust and investment income, total deposits, and commercial and residential lending.

More specifically, commercial and commercial real estate loans increased \$8.4 million or 10.4% from March 31, 2013. We have achieved success in this line of business over the last few years and remain committed to a growth plan focused on the commercial banking market segment. Similarly, residential real estate loans increased \$3.2 million or 2.3% over the same period. Although still healthy, we have seen some softening in residential lending activity due to increased rates and a corresponding decrease in the refinance market. On a combined basis, growth in commercial and residential lending balances contributed an increase of \$122 thousand in interest income as compared to 2013. Similarly, total deposits increased \$15.7 million, or 4.7%, from March 31, 2013. This growth helped to repay maturing debt with the Federal Home Loan Bank resulting in a reduction in interest expense of \$125 thousand from 2013.

As a result of these and other factors, our balance sheet remains strong and provides us with ample financial security to confidently pursue growth objectives. Our Tier 1 capital ratio stood at 13.07% as of March 31, 2014, a level well above regulatory minimums. The company's level of nonperforming loans is down from prior periods and represented 2.16% of total loans as of March 31, 2014. Furthermore, the company maintains a healthy level of liquidity sufficient to fund anticipated loan demand.

In addition to our financial achievements, the Company continued to make prudent investments in technology during the first quarter of 2014 that support our customer service goals. As an example, we recently introduced online applications to enable customers to apply for a consumer loan or a new deposit account from their home or office computer. In addition, our new downloadable mobile banking apps provide for an enhanced customer experience when viewing account balances,

PRESIDENT'S MESSAGE CONTINUED

making transfers and paying bills from an Apple or Android phone. Consistent with our long-term plan, we anticipate further enhancements to our products and services in the coming months.

With a seasoned and dedicated team of banking professionals, we remain focused on building long-term relationships that enhance value for our shareholders, customers, 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

CONSOLIDATED BALANCE SHEETS

(In thousands)	March 31, 2014	December 31, 2013
Assets		
Cash and due from banks	\$ 1,191	\$ 1,165
Short-term investments	51,743	43,303
Securities available for sale, at fair value	79,573	75,884
FHLB of NY & FRB stock, at cost	3,778	3,806
Loans	263,312	261,877
Allowance for loan losses	(4,295)	(4,275)
Net loans	259,017	257,602
Premises and equipment, net	10,524	10,410
Other assets	16,092	14,827
Total Assets	\$ 421,918	\$ 406,997
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits	\$ 350,390	\$ 335,942
Long-term FHLB borrowings	31,500	31,500
Junior subordinated debentures	5,155	5,155
Other liabilities	5,221	5,371
Total liabilities	\$ 392,266	\$ 377,968
Shareholders' Equity		
Common stock	\$ 9,600	\$ 9,600
Additional paid-in capital	42	42
Treasury stock, at cost	(991)	(991)
Retained earnings	21,502	21,042
Accumulated other comprehensive loss	(501)	(664)
Total shareholders' equity	\$ 29,652	\$ 29,029
Total Liabilities & Shareholders' Equity	\$ 421,918	\$ 406,997

CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)

For the three months ended
March 31,

	2014	2013
Interest and fee income		
Loans, including fees	\$ 2,941	\$ 3,036
Securities available for sale	510	482
FHLB of NY & FRB stock	41	41
Short-term investments	27	34
Total interest and fee income	\$ 3,519	\$ 3,593
Interest expense		
Deposits	\$ 130	\$ 154
Long-term FHLB borrowings	268	368
Junior subordinated debentures	43	44
Total interest expense	\$ 441	\$ 566
Net interest income	3,078	3,027
Provision for loan losses	30	30
Net interest income after provision for loan losses	\$ 3,048	\$ 2,997
Noninterest income		
Service charges on deposit accounts	\$ 111	\$ 120
Trust and investment income	265	245
Gain on sale of loans	-	157
Other	338	703
Total noninterest income	\$ 714	\$ 1,225
Noninterest expense		
Compensation and benefits	\$ 1,702	\$ 1,681
Occupancy and equipment	360	412
FDIC and OCC assessment	108	105
Advertising and public relations	60	74
Legal and professional fees	95	84
Debit Card processing	66	62
Data processing	146	167
Other	311	302
Total noninterest expense	\$ 2,848	\$ 2,887
Income before income tax expense	\$ 914	\$ 1,335
Income tax expense	224	339
Net income	\$ 690	\$ 996
Basic earnings per share		
	\$ 0.93	\$ 1.34