

IN MEMORY

Robert K. Curtis

(Aug. 21, 1927 - April 2, 2015)

Former longtime BSNB board member Robert K. Curtis passed away Thursday, April 2, 2015. Mr. Curtis, an active and giving member of the community, was appointed to the BSNB Board of Directors on May 15, 1978. He was a board member for 22 years, serving on the Executive and Examining committees. After his retirement from the board in 2000, Mr. Curtis served as a director emeritus until his passing.



Robert K. Curtis, seen here in a BSNB Board of Directors photo from 1987, passed away on April 2, 2015.

"I was honored to have served with Mr. Curtis on the bank's Board of Directors these past many years," said current Chairman of the Board of Directors Robert Van Vranken. "He will forever be remembered as a man of integrity, skill and compassion."

Mr. Curtis began his long and successful career in the lumber industry in 1947, when he took over Curtis Lumber at the age of 20. During his time in the industry, he received numerous accolades and honors, including traveling to China where he shared ideas on how to improve their business operations.

Aside from his involvement with the BSNB board, Mr. Curtis was an active part of many other organizations, and served as president for the Adirondack Retail Lumberman's Association and the National Retail Lumber Association.

Mr. Curtis was also a very generous individual, supporting various organizations. He was also a member of the Burnt Hills Fire Department.

"Many of the communities served by BSNB, Burnt Hills in particular, have lost a truly legendary figure with the passing of Bob Curtis," said Van Vranken. "Bob's influence on our communities will continue well into the future."



A Closer Look

Community Support Recognition

- Recently, BSNB was honored with the Strong Community Award by the Chamber of Southern Saratoga County. The award recognizes members who actively contribute to the strength and wellness of their community.
- Congratulations to BSNB board member Susan Watson who was recently awarded the 2015 Susan Rosenthal Women in Business Award by YWCA Northeastern New York. This award is given to women who best exemplify Rosenthal's integrity, zest for life and tenacious spirit as a female entrepreneur.

SUMMIT Employee of the Year

BSNB recently announced that Ashlynn Dunham, customer service representative at the Ballston Spa office, received the bank's 2015 SUMMIT Employee of the Year award. BSNB President and CEO Christopher R. Dowd recognized Dunham for her exceptional dedication to customer service and the bank's core values of teamwork, respect, accountability, integrity and leadership.



Ashlynn Dunham, left, stands with BSNB President and CEO Christopher R. Dowd after being named SUMMIT Employee of the Year.

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

COMING SOON!

Latham

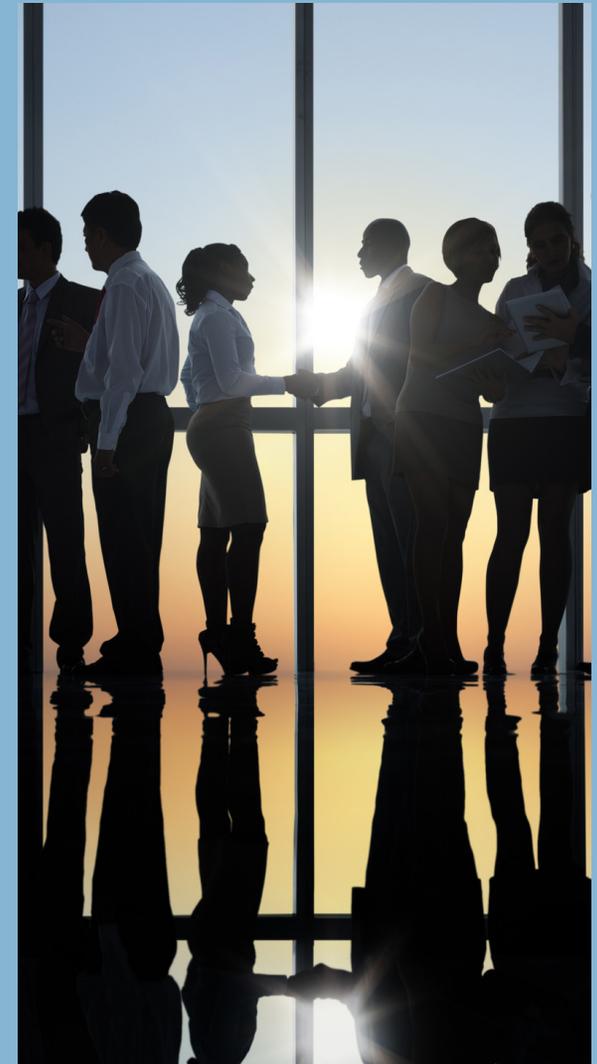
1207 Troy Schenectady Road

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March 31, 2015



Ballston Spa Bancorp, Inc.

PRESIDENT'S MESSAGE

To our shareholders:

Ballston Spa Bancorp, Inc., parent company of BSNB, reported solid financial results for the first quarter of 2015. Net income for the three-month period ending March 31, 2015 totaled \$486 thousand or \$0.65 per share, down from the \$690 thousand, or \$0.93 per share, reported for the same period in 2014. While the company achieved commendable growth in commercial loans and trust and investment income during the quarter, these gains were more than offset by an increase in benefit expense and further compression in net interest margins. It is also important to note that earnings performance in the first quarter of 2014 was positively impacted by a large one-time gain on the sale of bank owned other real estate.

Building on our success in 2014, the company continues to achieve growth in the commercial banking market segment. In fact, commercial and commercial real estate loan balances increased \$2.2 million, or annualized 10%, from December 31, 2014. The growth in loans was supported by an increase of \$2.3 million, or annualized 19.1%, in non-interest bearing demand deposit accounts during the same period. Traditionally a period of weaker demand, the residential loan portfolio remained relatively flat over the first three months of 2015. We anticipate the sluggish residential real estate market to continue in the coming months.

As a result of these and other factors, our balance sheet remains strong. Our Tier 1 capital ratio stood at 13.88% as of March 31, 2015, a level well above regulatory minimums and the company maintains ample levels of liquidity to fund future loan growth. Furthermore, nonperforming loans remain at manageable levels and represented 2.22% of total loans at the end of the current period.

Considering our strong financial position and consistent with plan, the company is focused on expansion opportunities in the coming periods. In 2015, we anticipate opening our 11th banking office in Latham, N.Y. The new office will be specifically designed to showcase our commercial banking products and services and is slated to open in the summer.

It is with a heavy heart that as we prepare for our first

PRESIDENT'S MESSAGE CONTINUED

steps into this new territory, we also mourn the passing of Director Emeritus Robert K. Curtis in April of this year. Mr. Curtis joined the BSNB board of directors in 1978 and his strength of character, business acumen, and leadership, helped guide our company for 22 years. As we move forward into 2015 and beyond we hope to honor Mr. Curtis by remaining true to our core principles and seeking to build value for our customers, employees, 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

CONSOLIDATED BALANCE SHEETS

<i>(In thousands)</i>	March 31, 2015	December 31, 2014
Assets		
Cash and due from banks	\$ 970	\$ 1,291
Short-term investments	63,314	53,421
Securities available for sale, at fair value	79,022	80,076
FHLB of NY & FRB stock, at cost	3,213	3,173
Loans	268,646	266,871
Allowance for loan losses	(4,181)	(4,193)
Net loans	264,465	262,678
Premises and equipment, net	10,373	10,471
Other assets	13,001	12,946
Total Assets	\$ 434,357	\$ 424,056
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits	\$ 374,150	\$ 364,270
Long-term FHLB borrowings	21,000	21,000
Junior subordinated debentures	5,155	5,155
Other liabilities	4,374	4,434
Total liabilities	\$ 404,679	\$ 394,859
Shareholders' Equity		
Common stock	\$ 9,600	\$ 9,600
Additional paid-in capital	42	42
Treasury stock, at cost	(991)	(991)
Retained earnings	22,798	22,542
Accumulated other comprehensive loss	(1,771)	(1,996)
Total shareholders' equity	\$ 29,678	\$ 29,197
Total Liabilities & Shareholders' Equity	\$ 434,357	\$ 424,056

CONSOLIDATED INCOME STATEMENTS

<i>(In thousands, except per share data)</i>	For the three months ended March 31,	
	2015	2014
Interest and fee income		
Loans, including fees	\$ 2,862	\$ 2,941
Securities available for sale	458	510
FHLB of NY & FRB stock	29	41
Short-term investments	34	27
Total interest and fee income	\$ 3,383	\$ 3,519
Interest expense		
Deposits	\$ 130	\$ 130
Long-term FHLB borrowings	183	268
Junior subordinated debentures	43	43
Total interest expense	\$ 356	\$ 441
Net interest income	3,027	3,078
Provision for loan losses	30	30
Net interest income after provision for loan losses	\$ 2,997	\$ 3,048
Noninterest income		
Service charges on deposit accounts	\$ 102	\$ 111
Trust and investment income	273	265
Gain on sale of loans	31	-
Gain on sale of ORE	-	97
Other	220	241
Total noninterest income	\$ 626	\$ 714
Noninterest expense		
Compensation and benefits	\$ 1,840	\$ 1,702
Occupancy and equipment	353	360
FDIC and OCC assessment	112	108
Advertising and public relations	69	60
Legal and professional fees	89	95
Debit Card processing	79	66
Data processing	153	146
Other	318	311
Total noninterest expense	\$ 3,013	\$ 2,848
Income before income tax expense	\$ 610	\$ 914
Income tax expense	124	224
Net income	\$ 486	\$ 690
Basic earnings per share	\$ 0.65	\$ 0.93