

VSB Bancorp, Inc.
Consolidated Statements of Financial Condition
March 31, 2016
(unaudited)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Assets:		
Cash and cash equivalents	\$ 31,939,868	\$ 14,845,096
Investment securities, available for sale	55,944,952	58,096,583
Investment securities, held to maturity	117,171,029	120,585,784
Loans receivable	114,058,404	104,341,670
Allowance for loan loss	<u>(1,328,071)</u>	<u>(1,290,563)</u>
Loans receivable, net	112,730,333	103,051,107
Bank premises and equipment, net	1,462,418	1,528,914
Accrued interest receivable	744,622	743,375
Deferred taxes	719,534	761,465
Bank owned life insurance	5,225,026	5,194,945
Other assets	<u>1,424,438</u>	<u>1,599,860</u>
Total assets	<u>\$ 327,362,220</u>	<u>\$ 306,407,129</u>
Liabilities and stockholders' equity:		
Liabilities:		
Deposits:		
Demand and checking	\$ 118,951,223	\$ 101,659,731
NOW	32,615,357	31,428,768
Money market	61,700,238	60,912,775
Savings	22,310,598	21,136,015
Time	<u>60,372,518</u>	<u>61,110,374</u>
Total Deposits	295,949,934	276,247,663
Escrow deposits	434,311	56,600
Accounts payable and accrued expenses	<u>1,501,790</u>	<u>1,303,575</u>
Total liabilities	297,886,035	277,607,838
Stockholders' equity:		
Common stock, (\$.0001 par value, 10,000,000 shares authorized, 2,086,509 issued, 1,803,898 outstanding at March 31, 2016 and 2,078,509 issued 1,799,398 outstanding at December 31, 2015)	209	208
Additional paid in capital	10,614,839	10,512,041
Retained earnings	22,449,028	22,021,007
Treasury stock, at cost (282,611 shares at March 31, 2016 and 279,111 shares at December 31, 2015)	(3,019,585)	(2,976,175)
Unearned ESOP Shares	(809,344)	(834,375)
Accumulated other comprehensive gain, net of taxes of \$129,790 and \$41,238, respectively	<u>241,038</u>	<u>76,585</u>
Total stockholders' equity	<u>29,476,185</u>	<u>28,799,291</u>
Total liabilities and stockholders' equity	<u>\$ 327,362,220</u>	<u>\$ 306,407,129</u>

VSB Bancorp, Inc.
Consolidated Statements of Operations
March 31, 2016
(unaudited)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Interest and dividend income:		
Loans receivable	\$ 1,697,595	\$ 1,279,882
Investment securities	899,186	906,120
Other interest earning assets	29,361	7,373
Total interest income	<u>2,626,142</u>	<u>2,193,375</u>
Interest expense:		
NOW	14,055	10,476
Money market	124,673	71,272
Savings	11,541	23,713
Time	86,388	65,146
Other interest expense	-	770
Total interest expense	<u>236,657</u>	<u>171,377</u>
Net interest income	2,389,485	2,021,998
Provision for loan loss	<u>50,000</u>	<u>160,000</u>
Net interest income after provision for loan loss	2,339,485	1,861,998
Non-interest income:		
Loan fees	12,866	10,666
Service charges on deposits	516,956	528,521
Net rental income	13,554	3,839
Gain on sale of other assets	-	-
Other income	98,250	84,072
Total non-interest income	<u>641,626</u>	<u>627,098</u>
Non-interest expenses:		
Salaries and benefits	1,123,631	1,024,502
Occupancy expenses	335,816	342,956
Legal expense	42,287	81,759
Professional fees	88,331	94,328
Computer expense	95,452	94,842
Director's fees	57,450	62,475
FDIC and NYSBD assessments	42,000	66,000
Other expenses	350,882	289,095
Total non-interest expenses	<u>2,135,849</u>	<u>2,055,957</u>
Income before income taxes	<u>845,262</u>	<u>433,139</u>
Provision/(benefit) for income taxes:		
Current	342,486	249,586
Deferred	<u>(46,620)</u>	<u>(67,792)</u>
Total provision for income taxes	295,866	181,794
Net income	<u>\$ 549,396</u>	<u>\$ 251,345</u>
Basic income per common share	<u>\$ 0.32</u>	<u>\$ 0.14</u>
Diluted net income per share	<u>\$ 0.32</u>	<u>\$ 0.14</u>
Book value per common share	<u>\$ 16.34</u>	<u>\$ 15.54</u>