

**VSB Bancorp, Inc.**  
**Consolidated Statements of Financial Condition**  
**June 30, 2016**  
(unaudited)

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 29,213,498	\$ 14,845,096
Investment securities, available for sale	53,764,431	58,096,583
Investment securities, held to maturity	117,417,396	120,585,784
Loans receivable	119,093,573	104,341,670
Allowance for loan loss	<u>(1,368,396)</u>	<u>(1,290,563)</u>
Loans receivable, net	117,725,177	103,051,107
Bank premises and equipment, net	1,390,341	1,528,914
Accrued interest receivable	731,598	743,375
Bank owned life insurance	5,255,624	5,194,945
Other assets	<u>1,762,744</u>	<u>2,361,325</u>
<b>Total assets</b>	<b><u>\$ 327,260,809</u></b>	<b><u>\$ 306,407,129</u></b>
<b>Liabilities and stockholders' equity:</b>		
<b>Liabilities:</b>		
Deposits:		
Demand and checking	\$ 119,044,958	\$ 101,659,731
NOW	39,114,065	31,428,768
Money market	56,970,063	60,912,775
Savings	22,245,678	21,136,015
Time	<u>58,284,696</u>	<u>61,110,374</u>
Total Deposits	295,659,460	276,247,663
Escrow deposits	224,013	56,600
Accounts payable and accrued expenses	<u>1,439,609</u>	<u>1,303,575</u>
<b>Total liabilities</b>	<b><u>297,323,082</u></b>	<b><u>277,607,838</u></b>
<b>Stockholders' equity:</b>		
Common stock, (\$.0001 par value, 10,000,000 shares authorized 2,086,509 issued, 1,829,198 outstanding at June 30, 2016 and 2,078,509 issued, 1,799,398 outstanding at December 31, 2015)	209	208
Additional paid in capital	10,167,237	10,512,041
Retained earnings	22,884,450	22,021,007
Treasury stock, at cost (257,311 shares at June 30, 2016 and 279,111 at December 31, 2015)	(2,704,545)	(2,976,175)
Unearned ESOP shares	(784,313)	(834,375)
Accumulated other comprehensive gain, net of taxes of \$201,756 and \$41,238, respectively	<u>374,689</u>	<u>76,585</u>
<b>Total stockholders' equity</b>	<b><u>29,937,727</u></b>	<b><u>28,799,291</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 327,260,809</u></b>	<b><u>\$ 306,407,129</u></b>

**VSB Bancorp, Inc.**  
**Consolidated Statements of Operations**  
**June 30, 2016**  
(unaudited)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Interest and dividend income:				
Loans receivable	\$ 1,751,010	\$ 1,567,490	\$ 3,448,605	\$ 2,847,372
Investment securities	884,336	866,143	1,783,522	1,772,263
Other interest earning assets	36,151	7,380	65,512	14,753
Total interest income	<u>2,671,497</u>	<u>2,441,013</u>	<u>5,297,639</u>	<u>4,634,388</u>
Interest expense:				
NOW	20,107	11,245	34,162	21,721
Money market	115,136	73,236	239,809	144,508
Savings	11,972	24,209	23,513	47,922
Time	86,450	74,289	172,838	140,205
Total interest expense	<u>233,665</u>	<u>182,979</u>	<u>470,322</u>	<u>354,356</u>
Net interest income	2,437,832	2,258,034	4,827,317	4,280,032
Provision for loan loss	<u>145,000</u>	<u>30,000</u>	<u>195,000</u>	<u>190,000</u>
Net interest income after provision for loan loss	2,292,832	2,228,034	4,632,317	4,090,032
Non-interest income:				
Loan fees	11,724	10,671	24,590	21,337
Service charges on deposits	510,961	557,340	1,027,917	1,085,861
Net rental income	24,475	37,263	38,029	41,102
Other income	207,365	160,225	305,615	244,297
Total non-interest income	<u>754,525</u>	<u>765,499</u>	<u>1,396,151</u>	<u>1,392,597</u>
Non-interest expenses:				
Salaries and benefits	1,133,048	1,020,963	2,256,679	2,045,465
Occupancy expenses	312,342	343,225	648,158	686,181
Legal expense	43,988	50,977	86,275	132,736
Professional fees	92,325	87,300	180,656	181,628
Computer expense	98,223	95,822	193,675	190,664
Director fees	61,275	63,000	118,725	125,475
FDIC and NYSBD assessments	47,000	66,000	89,000	132,000
Other expenses	398,700	583,794	749,582	872,889
Total non-interest expenses	<u>2,186,901</u>	<u>2,311,081</u>	<u>4,322,750</u>	<u>4,367,038</u>
Income before income taxes	<u>860,456</u>	<u>682,452</u>	<u>1,705,718</u>	<u>1,115,591</u>
Provision (benefit) for income taxes:				
Current	337,266	64,484	679,752	314,070
Deferred	(36,078)	322,683	(82,698)	254,891
Total provision for income taxes	<u>301,188</u>	<u>387,167</u>	<u>597,054</u>	<u>568,961</u>
Net income	<u>\$ 559,268</u>	<u>\$ 295,285</u>	<u>\$ 1,108,664</u>	<u>\$ 546,630</u>
Basic net income per common share	<u>\$ 0.32</u>	<u>\$ 0.17</u>	<u>\$ 0.64</u>	<u>\$ 0.31</u>
Diluted net income per share	<u>\$ 0.32</u>	<u>\$ 0.17</u>	<u>\$ 0.64</u>	<u>\$ 0.31</u>
Book value per common share	<u>\$ 16.37</u>	<u>\$ 15.68</u>	<u>\$ 16.37</u>	<u>\$ 15.68</u>