

**VSB Bancorp, Inc.**  
**Consolidated Statements of Financial Condition**  
**September 30, 2017**

(unaudited)

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 34,615,010	\$ 37,240,361
Investment securities, available for sale	44,675,541	42,588,960
Investment securities, held to maturity	141,567,803	118,979,809
Loans receivable	136,097,863	126,196,441
Allowance for loan loss	(1,558,746)	(1,374,567)
Loans receivable, net	134,539,117	124,821,874
Bank premises and equipment, net	1,157,485	1,418,054
Accrued interest receivable	822,161	756,277
Bank owned life insurance	5,404,484	5,316,199
Other assets	1,970,038	1,951,425
<b>Total assets</b>	<b>\$ 364,751,639</b>	<b>\$ 333,072,959</b>
<b>Liabilities and stockholders' equity:</b>		
Liabilities:		
Deposits:		
Demand and checking	\$ 140,208,367	\$ 123,572,468
NOW	52,891,921	41,489,564
Money market	57,799,889	55,644,761
Savings	25,284,858	22,774,931
Time	53,519,862	57,146,886
Total Deposits	329,704,897	300,628,610
Escrow deposits	701,507	244,784
Accounts payable and accrued expenses	1,672,467	1,627,210
<b>Total liabilities</b>	<b>332,078,871</b>	<b>302,500,604</b>
Stockholders' equity:		
Common stock, (\$.0001 par value, 10,000,000 shares authorized 2,092,926 issued, 1,831,715 outstanding at September 30, 2017 and 2,086,509 issued, 1,828,298 outstanding at December 31, 2016)	209	209
Additional paid in capital	10,551,001	10,269,454
Retained earnings	25,578,840	23,769,564
Treasury stock, at cost (261,211 shares at September 30, 2017 and 258,211 shares at December 31, 2016)	(2,771,293)	(2,717,128)
Unearned ESOP shares	(659,156)	(734,250)
Accumulated other comprehensive loss, net of taxes of \$14,449 and \$8,343, respectively	(26,833)	(15,494)
<b>Total stockholders' equity</b>	<b>32,672,768</b>	<b>30,572,355</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 364,751,639</b>	<b>\$ 333,072,959</b>

**VSB Bancorp, Inc.**  
**Consolidated Statements of Operations**  
**September 30, 2017**  
(unaudited)

	<b>Three months ended Sept. 30, 2017</b>	<b>Three months ended Sept. 30, 2016</b>	<b>Nine months ended Sept. 30, 2017</b>	<b>Nine months ended Sept. 30, 2016</b>
Interest and dividend income:				
Loans receivable	\$ 1,992,015	\$ 1,843,282	\$ 5,990,329	\$ 5,291,887
Investment securities	948,044	857,845	2,870,893	2,641,367
Other interest earning assets	126,430	41,445	347,601	106,957
Total interest income	<u>3,066,489</u>	<u>2,742,572</u>	<u>9,208,823</u>	<u>8,040,211</u>
Interest expense:				
NOW	34,420	21,237	89,442	55,399
Money market	111,773	115,505	337,585	355,314
Savings	13,994	12,257	40,418	35,770
Time	73,984	83,132	227,231	255,970
Total interest expense	<u>234,171</u>	<u>232,131</u>	<u>694,676</u>	<u>702,453</u>
Net interest income	2,832,318	2,510,441	8,514,147	7,337,758
Provision for loan loss	-	30,000	15,000	225,000
Net interest income after provision for loan loss	2,832,318	2,480,441	8,499,147	7,112,758
Non-interest income:				
Loan fees	37,086	36,286	160,130	60,876
Service charges on deposits	470,691	497,872	1,457,276	1,525,789
Net rental income	15,972	13,112	44,789	51,141
Other income	81,649	91,754	254,228	397,369
Total non-interest income	<u>605,398</u>	<u>639,024</u>	<u>1,916,423</u>	<u>2,035,175</u>
Non-interest expenses:				
Salaries and benefits	1,219,457	1,174,676	3,653,098	3,431,355
Occupancy expenses	359,533	360,051	1,044,799	1,008,209
Legal expense	69,132	49,540	239,225	135,815
Professional fees	125,895	88,787	368,246	269,443
Computer expense	101,223	103,112	311,528	296,787
Director fees	59,658	64,975	179,725	183,700
FDIC and NYSBD assessments	51,000	57,000	131,000	146,000
Other expenses	337,721	348,799	1,046,956	1,098,381
Total non-interest expenses	<u>2,323,619</u>	<u>2,246,940</u>	<u>6,974,577</u>	<u>6,569,690</u>
Income before income taxes	<u>1,114,097</u>	<u>872,525</u>	<u>3,440,993</u>	<u>2,578,243</u>
Provision (benefit) for income taxes:				
Current	412,937	375,801	1,258,573	1,055,553
Deferred	(23,053)	(70,443)	(54,166)	(153,141)
Total provision for income taxes	<u>389,884</u>	<u>305,358</u>	<u>1,204,407</u>	<u>902,412</u>
Net income	<u>\$ 724,213</u>	<u>\$ 567,167</u>	<u>\$ 2,236,586</u>	<u>\$ 1,675,831</u>
Basic net income per common share	<u>\$ 0.41</u>	<u>\$ 0.32</u>	<u>\$ 1.26</u>	<u>\$ 0.96</u>
Diluted net income per share	<u>\$ 0.40</u>	<u>\$ 0.32</u>	<u>\$ 1.25</u>	<u>\$ 0.96</u>
Book value per common share	<u>\$ 17.84</u>	<u>\$ 16.58</u>	<u>\$ 17.84</u>	<u>\$ 16.58</u>