

VSB Bancorp, Inc.

VSB BANCORP, INC. ANNOUNCES 25% INCREASE IN OUR CASH DIVIDEND

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Staten Island, N. Y. — December 14, 2017. VSB Bancorp, Inc. (OTCQX: VSBN), the holding company for Victory State Bank, announced today that its Board of Directors has declared a quarterly cash dividend of \$0.10 per share payable on January 2, 2018 to stockholders of record on December 22, 2017. Joseph J. LiBassi, Chairman of the Board of Directors, stated, “We are pleased to announce the 25% increase in our quarterly cash dividend. It is our forty-first consecutive cash dividend and our continued earnings growth year over year allows us to support this strategy.”

Raffaele M. Branca, President and Chief Executive Officer, reported, “Our dividend payout ratio is 25.4% on third quarter 2017 earnings. We are actively looking at new loans to further enhance our net income.”

VSB Bancorp, Inc. is the one-bank holding company for Victory State Bank. Victory State Bank, a Staten Island based commercial bank, commenced operations on November 17, 1997. The Bank’s initial capitalization of \$7.0 million was primarily raised in the Staten Island community. The Bancorp’s total equity stood at \$32.7 million by September 30th, 2017. The Bank operates five full service locations in Staten Island, the main office at 4142 Hylan Boulevard in Great Kills and branches on Forest Avenue in West Brighton, Hyatt Street in St. George, Hylan Boulevard in Dongan Hills and Bay Street in Rosebank. We are planning to open a sixth branch in 2018 in the Meiers Corners section of Staten Island, which has received both regulatory and building department approvals.

The payment of dividends is at the discretion of the Board of Directors and nothing contained herein should be interpreted as a commitment to pay future dividends.

Statements contained in this press release, which are not historical facts, are forward - looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to materially differ from those currently anticipated. Those risks and uncertainties include, among other things, possible future changes in (i) the local, regional or national economy, (ii) market interest rates, (iii) customer preferences, (iv) competition or (v) federal or state laws.