

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer			
1 Issuer's name FSB BANCORP, INC.		2 Issuer's employer identification number (EIN) 81-2509654	
3 Name of contact for additional information KEVIN D. MARONEY	4 Telephone No. of contact 585-377-8970	5 Email address of contact KMARONEY@FAIRPORTSAVINGSBANK.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 45 SOUTH MAIN STREET		7 City, town, or post office, state, and Zip code of contact FAIRPORT, NY 14450	
8 Date of action JULY 13, 2016		9 Classification and description FSB BANCORP, INC. COMMON STOCK	
10 CUSIP number 30289C102	11 Serial number(s)	12 Ticker symbol FSBC	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On July 13, 2016, FSB Bancorp, Inc., a newly formed Maryland corporation ("FSB Bancorp") completed its public stock offering in connection with the conversion of FSB Community Bankshares, MHC, from a mutual holding company to the stock holding company form of organization (the "Conversion"). As a result, the interests in FSB Community Bankshares, Inc. ("FSBCBI") that were held by the public shareholders were exchanged for shares of FSB Bancorp common stock so that FSB's existing shareholders will own approximately the same percentage of FSB Bancorp's common stock as they owned of FSBCBI's common stock immediately prior to the conversion, subject to certain adjustments. FSB Bancorp's EIN is 81-2509654, the CUSIP Number is 30289C102, and the ticker symbol is FSBC. FSB Bancorp's common stock is traded on the NASDAQ Capital Market. FSB Bancorp's mailing address is 45 South Main Street, Fairport, NY 14450.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The Conversion qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 (as amended). As such, in general, each stockholder's aggregate basis in his or her FSB Bancorp Common Stock (including fractional share interests deemed to be received and exchanged for cash) received in the exchange will be the same as the aggregate basis of FSBCBI common stock surrendered in exchange therefore, less any basis attributable to fractional share interests for which cash is received.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ FSB Bancorp sold 1,034,649 shares of common stock at \$10.00 per share. Shareholders of FSBCBI received 1.0884 shares of FSB Bancorp's common stock for each share of FSBCBI's common stock they owned immediately prior to completion of the transaction. Cash in lieu of fractional shares will be paid based on the offering price of \$10.00 per share. As a result of the offering and the exchange of shares, FSB Bancorp has 1,941,719 shares outstanding, subject to adjustment for fractional shares. See Attachment 1 for further details.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Sections 368(a)(1)(A); 354(a); 302(a); 1223(1); 1223(2); 362(b); 356(a); 358(a) and 1012.

18 Can any resulting loss be recognized? ▶ A shareholder who received solely FSB Bancorp common stock in exchange for all of his or her FSBCBI common stock would not recognize any loss. A shareholder who received cash in lieu of a fractional share may recognize loss, but only with respect to the fractional share, if the amount of cash received is less than the tax basis in the fractional share.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ In general, any adjustment to the tax basis that causes gain or loss to be recognized by the FSB Bancorp shareholder as a result of the conversion and stock offering should be reported for the taxable year which includes July 13, 2016 (i.e. - a calendar year taxpayer would report the transaction on his or her federal income tax return filed for the 2016 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Kevin D. Maroney* Date ▶ 8/28/16

Print your name ▶ KEVIN D. MARONEY Title ▶ COO & CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	PAUL E. FRIES	<i>PEF</i>	08/25/2016		P00359050
	Firm's name ▶ BONADIO & CO., LLP	Firm's EIN ▶ 16-1131146		Phone no.	
Firm's address ▶ 171 SULLY'S TRAIL, PITTSFORD, NY 14534					

Attachment 1

FSB Bancorp, Inc.

Form 8937

Line 16

The following example illustrates the method by which a former shareholder of FSB Community Bankshares, Inc. ("FSBCBI") could determine his or her basis in the common stock of FSB Bancorp, Inc. ("FSB Bancorp") received in the second step conversion and stock offering (the "Conversion"). The example assumes that the shareholder is an individual U.S. citizen or resident who acquired his or her shares of FSBCBI in one block at the same price for cash and holds such shares as capital assets. The example does not address any special rules that may apply to a particular shareholder (including shares received as compensation), nor does it address the consequences of any state, local or foreign tax laws.

Example:

Number of shares of FSBCBI held prior to the Conversion - 100

Tax basis in each share of FSBCBI - \$10

Aggregate tax basis in FSBCBI shares - \$1,000

Cash paid in lieu of fractional shares - \$10.00 times the fractional share

Exchange ratio - 1.0884

1. Cost Basis in FSBCBI stock: (100 x \$10)	\$1,000.00
2. Shares of FSB Bancorp received: (100 x 1.0884)	108.00
3. Taxable gain on fractional share:	
Cash paid in lieu of fractional share (.84 x \$10.00)	\$8.40
Less: basis attributable to fractional share	
\$10.00 per share/1.0884 exchange ratio = \$9.1878/share	
\$9.1878 x .84 =	\$7.72
Taxable gain	<u>\$0.68</u>

4. Tax basis in FSB Bancorp shares received in the Conversion

Basis in shares received (including fractional share)	\$1,000.00
Less: Basis attributable to fractional share	<u>\$7.72</u>
Basis in FSB Bancorp shares	\$992.28
Per share basis (\$992.28/108 shares)	\$9.19

The calculations set forth above are for illustrative purposes only and should not be considered tax advice. You are urged to discuss your specific tax situation with your tax advisor.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used for the purposes of (1) avoiding penalties under Internal Revenue Code or (2) promoting, marketing or recommending any transaction or matter addressed herein.

Posted to the FSB Bancorp, Inc.'s website on August 26, 2016.