



Dear Fellow Shareholders,

For the year ended December 31, 2020, KS Bancorp, Inc. reported net income of \$4.4 million, or \$3.95 per diluted share, an increase in per share earnings of 20%. Dividends paid from earnings were \$.40 per share, compared to \$.34 per share paid in 2019, an increase of 17%.

The statements of financial condition include a temporary increase of \$29 million in Payroll Protection Plan (PPP) loans. Without the PPP loans, assets would have increased to \$457 million, an increase of \$53.5 million, or 13.25% from year end 2019. Likewise, net loans would have been \$340 million, an increase of \$32.2 million or 10.45% from year end 2019. Deposits increased \$75.6 million, or 23% from year end 2019. During 2020, KS Bank met or exceeded projected growth and profit goals without the increases from the PPP loans. To support our business customers the Bank made 340 PPP loans totaling \$29.3 million and helped those employers retain 4,020 jobs. It was a challenging task for our lenders and support teams, but one they took great pride in accomplishing.

The year 2020 will be remembered as the year of COVID-19 and the many ways in which it altered our business and personal lives. KS Bank reacted quickly to separate members of support teams, some working remote from their homes, and others spread among different bank offices. We learned that a virtual meeting is almost the same as face-to-face, whether it is with other employees or customers. Our productivity has increased without the travel time of past years. Throughout 2020, and now into 2021, our focus has been on the safety of bank team members and customers. As we write this in February 2021, we have experienced limited exposure that prevented team members from their normal work assignments.

“Trying times” has a way of confirming who each of us really is and the value we bring each day as we strive to meet the banking needs of businesses and individuals within our areas served. This past year has reaffirmed the value of community banking. Many of our customers have expressed how valuable it has been to have KS Bank on their team during this stressful time.

Our vision continues to be that “Every customer will refer a new customer.” We thank each of you for being a part of helping to make that a reality.

Respectfully,

A handwritten signature in black ink that reads "Harold T. Keen".

Harold T. Keen  
President/Chief Executive Officer

A handwritten signature in black ink that reads "James C. Parker".

James C. Parker  
Chairman of the Board