

**KS BANCORP, INC  
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**PRESS RELEASE**

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**KS Bancorp, Inc. (KSBI) Announces Third Quarter 2022 Financial Results and Cash Dividend**

Smithfield, NC—(Globe Newswire) October 19, 2022 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the third quarter of 2022.

The Company reported net income of \$2.1 million or \$1.86 per diluted share, for the three months ended September 30, 2022, an increase of 22.4% compared to net income of \$1.7 million or \$1.52 per diluted share, for the three months ended September 30, 2021.

Net interest income before the provision for loan losses for the three months ended September 30, 2022 was \$5.5 million compared to \$4.7 million at September 30, 2021. Noninterest income for the three months ended September 30, 2022 was \$740,000, compared to \$758,000 for the comparable period ended September 30, 2021. Noninterest expense was \$3.6 million for the three months ended September 30, 2022, compared to \$3.2 million in the comparable period in 2021. The Company did not record any provision for loan losses during the third quarter 2022, compared to \$123,000 in the third quarter of 2021.

For the nine months ended September 30, 2022, net interest income before the provision for loan losses was \$14.5 million, compared to \$13.3 million for the nine months ended September 30, 2021. Noninterest income was \$2.3 million for the nine month period ending September 30, 2022 compared to \$2.1 million for the same period ended September 30, 2021. For the nine months ended September 30, 2022, non-interest expenses was \$10.2 million, compared to \$9.2 million for the same period ending September 30, 2021.

The Company’s unaudited consolidated total assets decreased \$9.0 million, to \$562.2 million at September 30, 2022, compared to \$571.2 million at December 31, 2021. Net loan balances increased by \$48.1 million, to \$393.7 million at September 30, 2022, compared to \$345.6 million at December 31, 2021. The Company’s investment securities totaled \$99.1 million at September 30, 2022, compared to \$88.3 million at December 31, 2021. Total deposits increased \$28.4 million to \$515.8 million at September 30, 2022, compared to \$487.4 million at December 31, 2021. For the nine months ended September 30, 2022, there was a \$32.6 million increase in core deposits and a \$3.9 million decrease in brokered funding. Long-term borrowings decreased \$31 million to \$11 million at September 30, 2022 compared to \$42 million at December 31, 2021. This decrease is attributable to the repayment of \$32 million in Federal Home Loan Bank borrowings. Total stockholders’ equity decreased \$6.3 million to \$30.3 million at September 30, 2022, from \$36.6 million at December 31, 2021. The decrease in stockholders equity is primarily attributable to the change in accumulated other comprehensive income of \$11.0 million in the third quarter of 2022, which is partially offset by an increase in retained earnings of \$4.7 million.

Nonperforming assets consisted of \$992,000 nonaccrual loans at September 30, 2022, representing less than 0.20% of the Company's total assets. There was no foreclosed real estate owned at September 30, 2022. The allowance for loan losses at September 30, 2022 totaled \$5.1 million, or 1.27% of total loans.

Commenting on the third quarter results, Harold Keen, President and CEO of the Company, stated, "During the recent months of rising interest rates KS Bank has been successfully increasing outstanding loans. The continued growth in net income during the third quarter is a direct result of those efforts. It has been a very good year to be a community bank."

In addition, the Company announced today that its Board of Directors has declared a quarterly dividend of \$0.20 per share for stockholders of record as of October 28, 2022 with payment to be made on November 7, 2022.

KS Bank continues to be well capitalized according to regulatory standards with total risk-based capital of 13.31%, tier 1 risk-based capital of 12.12%, common equity tier 1 risk-based capital of 12.12%, and a tier 1 leverage ratio of 9.15% at September 30, 2022. The minimum levels to be considered well capitalized for each of these ratios are 10.0%, 8.0%, 6.5%, and 5.0%, respectively.

KS Bancorp, Inc. is a Smithfield, North Carolina-based single bank holding company. KS Bank, Inc., a state-chartered savings bank, is KS Bancorp's sole subsidiary. The Bank is a full service community bank serving the citizens of eastern North Carolina since 1924. The Bank offers a broad range of personal and business banking products and services, mortgage products and trust services. There are nine full service branches located in Kenly, Selma, Clayton, Garner, Goldsboro, Wilson, Wendell, Smithfield, and Four Oaks, North Carolina. There is a loan production office in Dunn, NC which opened in April, 2022. For more information, visit [www.ksbankinc.com](http://www.ksbankinc.com).

*This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of the Company and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. The Company undertakes no obligation to update any forward-looking statements.*

**KS Bancorp, Inc. and Subsidiary**  
**Consolidated Statements of Financial Condition**

	September 30, 2022 (unaudited)	December 31, 2021*
(Dollars in thousands)		
<b>ASSETS</b>		
Cash and due from banks:		
Interest-earning	\$ 40,849	\$ 111,762
Noninterest-earning	3,204	2,626
Time Deposit	5,100	5,100
Investment securities available for sale, at fair value	99,055	88,320
Federal Home Loan Bank stock, at cost	299	1,443
Loans	398,786	350,667
Less allowance for loan losses	(5,071)	(5,023)
Net loans	393,715	345,644
Accrued interest receivable	1,715	1,543
Foreclosed assets, net	-	621
Property and equipment, net	9,362	8,928
Other assets	8,924	5,238
Total assets	\$ 562,223	\$ 571,225
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits	\$ 515,809	\$ 487,437
Short-term borrowings	-	1,000
Long-term borrowings	11,248	42,248
Accrued interest payable	53	216
Accrued expenses and other liabilities	4,846	3,679
Total liabilities	531,956	534,580
Stockholder's Equity:		
Preferred stock, no par value, 500,000 shares authorized; none issued and outstanding		
Common stock, no par value, 3,500,000 shares authorized; 1,107,776 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	1,359	1,359
Retained earnings, substantially restricted	39,342	34,694
Accumulated other comprehensive income (loss)	(10,434)	592
Total stockholders' equity	30,267	36,645
Total liabilities and stockholders' equity	\$ 562,223	\$ 571,225

\* Derived from audited financial statements

**KS Bancorp, Inc and Subsidiary**  
**Consolidated Statements of Income (Unaudited)**

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(In thousands, except per share data)			
<b>Interest and dividend income:</b>				
Loans	\$ 4,864	\$ 4,744	\$ 13,321	\$ 13,691
Investment securities				
Taxable	466	272	1,233	786
Tax-exempt	205	155	567	393
Dividends	3	10	8	49
Interest-bearing deposits	301	27	478	48
Total interest and dividend income	5,839	5,208	\$ 15,607	\$ 14,967
<b>Interest expense:</b>				
Deposits	223	249	653	799
Borrowings	120	276	444	871
Total interest expense	343	525	1,097	1,670
Net interest income	5,496	4,683	14,510	13,297
Provision for loan losses	-	123	-	369
Net interest income after provision for loan losses	5,496	4,560	14,510	12,928
<b>Noninterest income:</b>				
Service charges on deposit accounts	328	281	936	843
Fees from presold mortgages	5	5	17	54
Other income	407	472	1,311	1,244
Total noninterest income	740	758	2,264	2,141
<b>Noninterest expenses:</b>				
Compensation and benefits	2,242	1,935	6,351	5,634
Occupancy and equipment	546	394	1,575	1,122
Data processing & outside service fees	210	241	618	702
Advertising	38	22	88	48
Foreclosed real estate and repossessions, net	-	-	(230)	-
Other	588	592	1,767	1,644
Total noninterest expenses	3,624	3,184	10,169	9,150
Income before income taxes	2,612	2,134	6,605	5,919
Income tax	550	449	1,381	1,256
Net income	\$ 2,062	\$ 1,685	\$ 5,224	\$ 4,663
Basic and Diluted earnings per share	\$ 1.86	\$ 1.52	\$ 4.71	\$ 4.21