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PRESS RELEASE

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KS Bancorp, Inc. (KSBI) Announces Third Quarter 2021 Financial Results and Cash Dividend

Smithfield, NC—(Globe Newswire)—October 21, 2021 KS Bancorp, Inc. (the “Company”) (OTC Pink: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the third quarter of 2021.

The Company reported net income of \$1.7 million or \$1.52 per diluted share, for the three months ended September 30, 2021, an increase of 47.16% compared to net income of \$1.1 million, or \$1.03 per diluted share for the three months ended September 30, 2020. For the nine months ended September 30, 2021, the Company reported net income of \$4.7 million, or \$4.21 per diluted share compared to \$3.0 million, or \$2.74 per diluted share for the nine months ended September 30, 2020.

Net interest income before the provision for loan losses for the three months ended September 30, 2021, was \$4.7 million as compared to \$3.8 million for the comparable period in 2020. Noninterest income for the three months ended September 30, 2021 was \$758,000, compared to \$745,000 for the comparable period ended September 30, 2020. Noninterest expense was \$3.2 million for the three months ended September 30, 2021, as compared \$3.0 million in the comparable period in 2020. The Company recorded a provision for loan losses of \$123,000 during the third quarter 2021, compared to \$45,000 in the third quarter of 2020.

For the nine months ended September 30, 2021, net interest income before the provision for loan losses was \$13.3 million, compared to \$10.9 million for the nine months ended September 30, 2020. Noninterest income remain stable at \$2.1 million for the nine months ended September 30, 2021 and 2020, respectfully. For the nine months ended September 30, 2021, noninterest income was \$9.2 million compared to \$9.0 million for the same period in 2020.

The Company’s unaudited consolidated total assets increased \$73.3 million, to \$559.1 million at September 30, 2021, compared to \$485.8 million at December 31, 2020. Net loan balances decreased by \$19.8 million, to \$348.8 million at September 30, 2021, compared to \$368.6 million at December 31, 2020. The decrease in loans was primarily due to forgiveness of payroll protection plan loans (PPP). The first round PPP loans have been completely forgiven at September 30, 2021. The second round PPP loan balance was \$2.7 million at September 30, 2021. The Company’s investment securities totaled \$80.0 million at September 30, 2021, compared to \$71.7 million at December 31, 2020. Total deposits increased \$73.4 million or 18.2% to \$475.9 million at September 30, 2021, compared to \$402.5 million at December 31, 2020. For the nine months ended September 30, 2021, there was a \$75.7 million increase in core deposits. Total stockholders’ equity increased \$3.6 million or 11.33% from \$32.0 million at December 31, 2020 to \$35.6 million at September 30, 2021.

Nonperforming assets consisted of \$1.3 million in nonaccrual loans at September 30, 2021, representing less than 0.50% of the Company's total assets. The Company had \$621,000 foreclosed real estate owned at September 30, 2021. The allowance for loan losses at September 30, 2021 totaled \$5.0 million, or 1.42% of total loans.

Commenting on the third quarter results, Harold Keen, President and CEO of the Company and the Bank, stated, "One of the core values we live by at KS Bank is to create *win-wins* for customers and the bank. After eighteen months of the payroll protection loans, our team successfully helped local businesses keep their employees working, by facilitating over \$38.0 million in loans. Over 95% of those have been completely forgiven, and the remaining loans are near the end of documentation for forgiveness. Service given to existing customers and to many new customers who were having trouble at their now former bank, just affirms a *win-win* to all. There has been record growth in many areas of the Bank for the first nine months of 2021."

In addition, the Company announced today that its Board of Directors has declared a quarterly dividend of \$0.16 per share for stockholders of record as of October 29, 2021 with payment to be made on November 8, 2021.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 13.68%, tier 1 risk-based capital of 12.43%, common equity tier 1 risk-based capital of 12.43%, and a tier 1 leverage ratio of 8.46% at September 30, 2021. 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. In addition, KS Trust Services has a presence in Waynesville and Wilmington, NC. For more information, visit 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, 2021 (unaudited)	December 31, 2020*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 107,437	\$ 24,720
Noninterest-earning	3,150	3,128
Time Deposit	2,600	100
Investment securities available for sale, at fair value	79,972	71,714
Federal Home Loan Bank stock, at cost	1,443	1,851
Presold mortgages in process of settlement	-	-
Loans	353,787	373,237
Less allowance for loan losses	(5,017)	(4,644)
Net loans	348,770	368,593
Accrued interest receivable	1,685	1,934
Foreclosed assets, net	621	621
Property and equipment, net	8,939	8,709
Other assets	4,541	4,458
Total assets	\$ 559,158	\$ 485,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 475,946	\$ 402,523
Long-term borrowings	43,248	47,248
Accrued interest payable	233	246
Accrued expenses and other liabilities	4,082	3,790
Total liabilities	523,509	453,807
Stockholder's Equity:		
Common stock, no par value, authorized 20,000,000 shares; 1,107,776 shares issued and outstanding at September 30, 2021 and December 31, 2020	1,359	1,359
Retained earnings, substantially restricted	33,440	29,220
Accumulated other comprehensive loss	850	1,442
Total stockholders' equity	35,649	32,021
Total liabilities and stockholders' equity	\$ 559,158	\$ 485,828

* Derived from audited financial statements

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

	Three Months Ended		Nine Months Ended	
	30-Sep		30-Sep	
	2021	2020	2021	2020
	(In thousands, except per share data)			
Interest and dividend income:				
Loans	\$ 4,744	\$ 4,280	13,691	12,658
Investment securities				
Taxable	272	269	786	899
Tax-exempt	155	57	393	138
Dividends	10	21	49	66
Interest-bearing deposits	27	4	48	18
Total interest and dividend income	<u>5,208</u>	<u>4,631</u>	<u>14,967</u>	<u>13,779</u>
Interest expense:				
Deposits	249	521	799	1,858
Borrowings	276	314	871	1,026
Total interest expense	<u>525</u>	<u>835</u>	<u>1,670</u>	<u>2,884</u>
Net interest income	4,683	3,796	13,297	10,895
Provision for loan losses	<u>123</u>	<u>45</u>	<u>369</u>	<u>160</u>
Net interest income after provision for loan losses	<u>4,560</u>	<u>3,751</u>	<u>12,928</u>	<u>10,735</u>
Noninterest income:				
Service charges on deposit accounts	281	352	843	1,020
Fees from presold mortgages	5	51	54	85
Gain (Loss) on sale of investments	-	4		4
Other income	472	338	1,244	1,025
Total noninterest income	<u>758</u>	<u>745</u>	<u>2,141</u>	<u>2,134</u>
Noninterest expenses:				
Compensation and benefits	1,935	1,838	5,634	5,433
Occupancy and equipment	394	347	1,122	1,084
Data processing & outside service fees	241	246	702	700
Advertising	22	17	48	60
Other	592	587	1,644	1,722
Total noninterest expenses	<u>3,184</u>	<u>3,035</u>	<u>9,150</u>	<u>8,999</u>
Income before income taxes	2,134	1,461	5,919	3,870
Income tax	<u>449</u>	<u>316</u>	<u>1,256</u>	<u>832</u>
Net income	<u>\$ 1,685</u>	<u>\$ 1,145</u>	<u>\$ 4,663</u>	<u>\$ 3,038</u>
Basic and Diluted earnings per share	<u>\$ 1.52</u>	<u>\$ 1.03</u>	<u>\$ 4.21</u>	<u>\$ 2.74</u>