

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

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

Smithfield, NC—(Globe Newswire)—July 26, 2021 KS Bancorp, Inc. (the “Company”) (OTC Pink: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the second quarter of 2021.

The Company reported net income of \$1,519,000 or \$1.37 per diluted share, for the three months ended June 30, 2021, an increase of 56.4% compared to net income of \$971,000 or \$0.88 per diluted share, for the three months ended June 30, 2020. For the six months ended June 30, 2021, the Company reported net income of \$3.0 million, or \$2.69 per diluted share compared to \$1.9 million, or \$1.71 per diluted share for the six months ended June 30, 2020.

Net interest income for the three months ended June 30, 2021, was \$4.4 million as compared to \$3.6 million for the comparable period in 2020. Noninterest income for the three months ended June 30, 2021 was \$708,000, compared to \$681,000 for the comparable period ended June 30, 2020. Noninterest expense was \$3.1 million for the three months ended June 30, 2021, as compared to \$3.0 million in the comparable period in 2020. The Company recorded a provision for loan losses of \$123,000 during the second quarter 2021, compared to \$70,000 in the second quarter of 2020.

For the six months ended June 30, 2021, net interest income before the provision for loan losses was \$8.6 million, compared to \$7.1 million for the six months ended June 30, 2020. Noninterest income and expenses remain stable for the six months ended June 30, 2021 and 2020. Noninterest income was \$1.4 million and noninterest expense was \$5.7 million.

The Company’s unaudited consolidated total assets increased \$47.8 million, to \$533.6 million at June 30, 2021, compared to \$485.8 million at December 31, 2020. Net loan balances decreased by \$23.4 million, to \$345.2 million at June 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 balance of the first round PPP loans at June 30, 2021 was \$2.0 million compared to \$26.5 million at December 31, 2020. The Bank participated in the second round of PPP loans providing an additional \$9.0 million in PPP loans that was reflected in the loan balance at June 30, 2021. The Company’s investment securities totaled \$79.9 million at June 30, 2021, compared to \$71.7 million at December 31, 2020. Total deposits increased \$49.6 million or 12.3% to \$452.1 million at June 30, 2021, compared to \$402.5 million at December 31, 2020. For the six months ended June 30, 2021, there was a \$50.8 million increase in core deposits. Total stockholders’ equity increased \$2.2 million or 6.95% from \$32.0 million at December 31, 2020 to \$34.2 million at June 30, 2021.

Nonperforming assets consisted of \$557,000 nonaccrual loans at June 30, 2021, representing less than 0.50% of the Company’s total assets. The Company had \$621,000 foreclosed real estate owned at June 30, 2021. The allowance for loan losses at June 30, 2021 totaled \$4.9 million, or 1.40% of total loans.

Commenting on the second quarter results, Harold Keen, President and CEO of the Company and the Bank, stated, “Second quarter balance sheet growth continued with the increase in low cost demand deposits and profit increases were fueled by loan interest from Payroll Protection Loans (PPP). Loan growth excluding PPP was somewhat flat during the second quarter, but a strong pipeline of loans fueled by late spring economic activity is encouraging for current and future periods. We are extremely pleased that our Board of Directors approved a thirty-three (33) percent increase in dividends payable for the second quarter. This highlights the positive results for the first six 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 July 30, 2021 with payment to be made on August 9, 2021.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 13.75%, tier 1 risk-based capital of 12.50%, common equity tier 1 risk-based capital of 12.50%, and a tier 1 leverage ratio of 8.35% at June 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](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**

	June 30, 2021 (unaudited)	December 31, 2020*
(Dollars in thousands)		
<b>ASSETS</b>		
Cash and due from banks:		
Interest-earning	\$ 86,103	\$ 24,720
Noninterest-earning	2,875	3,128
Time Deposit	2,600	100
Investment securities available for sale, at fair value	79,850	71,714
Federal Home Loan Bank stock, at cost	1,443	1,851
Presold mortgages in process of settlement	-	-
Loans	350,095	373,237
Less allowance for loan losses	<u>(4,892)</u>	<u>(4,644)</u>
Net loans	345,203	368,593
Accrued interest receivable	1,540	1,934
Foreclosed assets, net	621	621
Property and equipment, net	8,859	8,709
Other assets	<u>4,563</u>	<u>4,458</u>
Total assets	<u>\$ 533,657</u>	<u>\$ 485,828</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits	\$ 452,138	\$ 402,523
Long-term borrowings	43,248	47,248
Accrued interest payable	232	246
Accrued expenses and other liabilities	<u>3,792</u>	<u>3,790</u>
Total liabilities	<u>499,410</u>	<u>453,807</u>
Stockholder's Equity:		
Common stock, no par value, authorized 20,000,000 shares; 1,107,776 shares issued and outstanding at March 31, 2021 and 1,107,776 shares issued and outstanding at December 31, 2020	1,359	1,359
Retained earnings, substantially restricted	31,932	29,220
Accumulated other comprehensive loss	<u>956</u>	<u>1,442</u>
Total stockholders' equity	<u>34,247</u>	<u>32,021</u>
Total liabilities and stockholders' equity	<u>\$ 533,657</u>	<u>\$ 485,828</u>

\* Derived from audited financial statements

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(In thousands, except per share data)			
<b>Interest and dividend income:</b>				
Loans	\$ 4,560	\$ 4,208	\$ 8,947	\$ 8,378
Investment securities				
Taxable	251	299	514	630
Tax-exempt	138	41	238	81
Dividends	18	21	39	45
Interest-bearing deposits	15	3	21	14
Total interest and dividend income	<u>4,982</u>	<u>4,572</u>	<u>9,759</u>	<u>9,148</u>
<b>Interest expense:</b>				
Deposits	264	635	550	1,337
Borrowings	296	321	595	712
Total interest expense	<u>560</u>	<u>956</u>	<u>1,145</u>	<u>2,049</u>
Net interest income	4,422	3,616	8,614	7,099
Provision for loan losses	<u>123</u>	<u>70</u>	<u>246</u>	<u>115</u>
Net interest income after provision for loan losses	<u>4,299</u>	<u>3,546</u>	<u>8,368</u>	<u>6,984</u>
<b>Noninterest income:</b>				
Service charges on deposit accounts	279	316	562	668
Fees from presold mortgages	17	31	49	34
Other income	412	334	772	687
Total noninterest income	<u>708</u>	<u>681</u>	<u>1,383</u>	<u>1,389</u>
<b>Noninterest expenses:</b>				
Compensation and benefits	1,878	1,785	3,699	3,595
Occupancy and equipment	364	374	728	737
Data processing & outside service fees	232	223	461	454
Advertising	15	14	26	43
Other	581	597	1,052	1,135
Total noninterest expenses	<u>3,070</u>	<u>2,993</u>	<u>5,966</u>	<u>5,964</u>
Income before income taxes	1,937	1,234	3,785	2,409
Income tax	<u>418</u>	<u>263</u>	<u>807</u>	<u>516</u>
Net income	<u>\$ 1,519</u>	<u>\$ 971</u>	<u>\$ 2,978</u>	<u>\$ 1,893</u>
Basic and Diluted earnings per share	<u>\$ 1.37</u>	<u>\$ 0.88</u>	<u>\$ 2.69</u>	<u>\$ 1.71</u>