

**KS BANCORP, INC
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PRESS RELEASE

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

Smithfield, NC—(Globe Newswire) July 22, 2022 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the second quarter of 2022.

The Company reported net income of \$1,795,000 or \$1.62 per diluted share, for the three months ended June 30, 2022, compared to net income of \$1,519,000 or \$1.37 per diluted share, for the three months ended June 30, 2021. Comparing the second quarter 2022 to the second quarter of 2021, there was an increase in net income of \$276,000. In the second quarter of 2021 there was \$319,000 income from the Payroll Protection Plan (PPP) loans recognized.

Net interest income before the provision for loan losses for the three months ended June 30, 2022 was \$4.8 million compared to \$4.4 million at June 30, 2021. Noninterest income for the three months ended June 30, 2022 was \$722,000, compared to \$708,000 for the comparable period ended June 30, 2021. In the second quarter of 2022, there was a gain of \$12,000 realized for prepayment of \$8 million of Federal Home Loan Bank (FHLB) borrowings. Noninterest expense was \$3.2 million for the three months ended June 30, 2022, as compared \$3.1 million in the comparable period in 2021. The Company did not record any provision for loan losses during the second quarter 2022, compared to \$123,000 in the second quarter of 2021.

For the six months ended June 30, 2022, net interest income before the provision for loan losses was \$9.0 million, compared to \$8.6 million for the six months ended June 30, 2021. The increase is primarily attributable to an increase in interest income from investments and a decrease in interest expense from the repayment of FHLB borrowings. Non-interest income was \$1.5 million for the six month period ending June 30, 2022 compared to \$1.4 million for the same period ended June 30, 2021. For the six months ended June 30, 2022, non-interest expenses was \$6.5 million, compared to \$6.0 million for the same period ending June 30, 2021.

The Company’s unaudited consolidated total assets decreased \$16.5 million, to \$554.7 million at June 30, 2022, compared to \$571.2 million at December 31, 2021. The decrease in assets is primarily attributable to the repayment of \$32 million in FHLB borrowings. Net loan balances increased by \$22.4 million, to \$368.0 million at June 30, 2022, compared to \$345.6 million at December 31, 2021. The Company’s investment securities totaled \$104.0 million at June 30, 2022, compared to \$88.3 million at December 31, 2021. Total deposits increased \$20.0 million to \$507.4 million at June 30, 2022, compared to \$487.4 million at December 31, 2021. For the six months ended June 30, 2022, there was a \$19.9 million increase in core deposits and a \$1.5 million decrease in brokered funding. Long-term borrowings decreased \$31 million to \$11 million at June 30, 2022 compared to \$42 million at December 31, 2021. Total stockholders’ equity decreased \$4.7 million to \$31.9 million at June 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 \$7.6 million in the second quarter of 2022, which is partially offset by an increase in retained earnings of \$2.8 million.

Nonperforming assets consisted of \$878,000 nonaccrual loans at June 30, 2022, representing less than 0.20% of the Company's total assets. There was no foreclosed real estate owned at June 30, 2022. The allowance for loan losses at June 30, 2022 totaled \$5.0 million, or 1.35% of total loans.

Commenting on the second quarter results, Harold Keen, President and CEO of the Company, stated, "During the second quarter, the Bank continued solid growth in both deposits and loans outstanding. Our emphasis on community banking relationships and service has resulted in significant growth. During the quarter, KS Bank opened a loan production office in Dunn, NC. The I-95 corridor in Johnston County and Harnett County is experiencing above average growth and we believe KS Bank can be supportive of that growth in the Dunn/Harnett County area."

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 July 29, 2022 with payment to be made on August 8, 2022. The \$0.20 per share dividend represents a 25% increase of the previous quarter's dividend of \$0.16 per share.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 13.77%, tier 1 risk-based capital of 12.52%, common equity tier 1 risk-based capital of 12.52%, and a tier 1 leverage ratio of 8.78% at June 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.

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, 2022 (unaudited)	December 31, 2021*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 55,566	\$ 111,762
Noninterest-earning	3,025	2,626
Time Deposit	5,100	5,100
Investment securities available for sale, at fair value	104,018	88,320
Federal Home Loan Bank stock, at cost	299	1,443
Loans	373,076	350,667
Less allowance for loan losses	(5,030)	(5,023)
Net loans	368,046	345,644
Accrued interest receivable	1,637	1,543
Foreclosed assets, net	-	621
Property and equipment, net	9,173	8,928
Other assets	7,835	5,238
 Total assets	 \$ 554,699	 \$ 571,225
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 507,362	\$ 487,437
Short-term borrowings	\$ -	\$ 1,000
Long-term borrowings	11,248	42,248
Accrued interest payable	45	216
Accrued expenses and other liabilities	4,165	3,679
 Total liabilities	 522,820	 534,580
Stockholder's Equity:		
Common stock, no par value, authorized 20,000,000 shares; 1,107,776 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	1,359	1,359
Retained earnings, substantially restricted	37,500	34,694
Accumulated other comprehensive loss	(6,980)	592
 Total stockholders' equity	 31,879	 36,645
 Total liabilities and stockholders' equity	 \$ 554,699	 \$ 571,225

* 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,	
	2022	2021	2022	2021
	(In thousands, except per share data)			
Interest and dividend income:				
Loans	\$ 4,327	\$ 4,560	\$ 8,457	\$ 8,947
Investment securities				
Taxable	445	251	767	514
Tax-exempt	188	138	362	238
Dividends	(16)	18	5	39
Interest-bearing deposits	133	15	177	21
Total interest and dividend income	5,077	4,982	\$ 9,768	\$ 9,759
Interest expense:				
Deposits	211	264	430	550
Borrowings	86	296	324	595
Total interest expense	297	560	754	1,145
Net interest income	4,780	4,422	9,014	8,614
Provision for loan losses	-	123	-	246
Net interest income after provision for loan losses	4,780	4,299	9,014	8,368
Noninterest income:				
Service charges on deposit accounts	315	279	608	562
Fees from presold mortgages	8	17	12	49
Other income	399	412	904	772
Total noninterest income	722	708	1,524	1,383
Noninterest expenses:				
Compensation and benefits	2,066	1,878	4,109	3,699
Occupancy and equipment	545	364	1,029	728
Data processing & outside service fees	203	232	408	461
Advertising	32	15	50	26
Foreclosed real estate and repossessions, net	(230)		(230)	
Other	613	581	1,179	1,052
Total noninterest expenses	3,229	3,070	6,545	5,966
Income before income taxes	2,273	1,937	3,993	3,785
Income tax	478	418	831	807
Net income	\$ 1,795	\$ 1,519	\$ 3,162	\$ 2,978
Basic and Diluted earnings per share	\$ 1.62	\$ 1.37	\$ 2.85	\$ 2.69