

**KS BANCORP, INC
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PRESS RELEASE

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

Smithfield, NC—(Globe Newswire)—April 21, 2022 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the first quarter of 2022.

The Company reported net income of \$1,367,000 or \$1.23 per diluted share, for the three months ended March 31, 2022, compared to net income of \$1,459,000 or \$1.32 per diluted share, for the three months ended March 31, 2021. Comparing the first quarter 2022 to the first quarter of 2021, net income was \$92,000 less, which was primarily attributed to \$110,400 income from the Payroll Protection Plan (PPP) loans recognized in the first quarter of 2021.

Net interest income for the three months ended March 31, 2022 and March 31, 2021 was \$4.2 million. Noninterest income for the three months ended March 31, 2022 was \$802,000, compared to \$675,000 for the comparable period ended March 31, 2021. In the first quarter of 2022, there was a gain of \$65,000 realized for prepayment of \$24 million of Federal Home Loan Bank (FHLB) borrowings. Noninterest expense was \$3.3 million for the three months ended March 31, 2022, as compared \$2.9 million in the comparable period in 2021. The Company did not record any provision for loan losses during the first quarter 2022, compared to \$123,000 in the first quarter of 2021.

The Company’s unaudited consolidated total assets increased \$3.2 million, to \$574.4 million at March 31, 2022, compared to \$571.2 million at December 31, 2021. Net loan balances increased by \$2.5 million, to \$348.1 million at March 31, 2022, compared to \$345.6 million at December 31, 2021. The Company’s investment securities totaled \$102.6 million at March 31, 2022, compared to \$88.3 million at December 31, 2021. Total deposits increased \$29.6 million or 6.0% to \$517.0 million at March 31, 2022, compared to \$487.4 million at December 31, 2021. For the three months ended March 31, 2022, there was a \$29.7 million increase in core deposits and a \$1.5 million decrease in brokered funding. Long-term borrowings decreased \$24 million to \$18 million at March 31, 2022 compared to \$42 million at December 31, 2021. Total stockholders’ equity decreased \$2.7 million to \$33.9 million at March 31, 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 \$3.9 million in the first quarter of 2022, which is partially offset by increase in net income of \$1.2 million.

Nonperforming assets consisted of \$888,000 nonaccrual loans at March 31, 2022, representing less than 0.50% of the Company’s total assets. The Company had \$621,000 foreclosed real estate owned at March 31, 2022. The allowance for loan losses at March 31, 2022 totaled \$5.0 million, or 1.42% of total loans.

Commenting on the first quarter results, Harold Keen, President and CEO of the Company, stated, “During the first quarter, after a two year period of stress from COVID-19, payroll protection

loans, and significant deposit growth, it is encouraging to be able to report the success of a more moderate quarter. Continued growth in low-cost deposits allowed a reduction in bank borrowings, which will reduce interest expense for future quarters. We continue to be very positive about the growth in our market area and the growth prospects for KS Bancorp.”

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 April 29, 2022 with payment to be made on May 9, 2022.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 13.98%, tier 1 risk-based capital of 12.73%, common equity tier 1 risk-based capital of 12.73%, and a tier 1 leverage ratio of 8.24% at March 31, 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. 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

	March 31, 2022 (unaudited)	December 31, 2021*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 97,048	\$ 111,762
Noninterest-earning	3,193	2,626
Time Deposit	5,100	5,100
Investment securities available for sale, at fair value	102,573	88,320
Federal Home Loan Bank stock, at cost	598	1,443
Loans	353,147	350,667
Less allowance for loan losses	(5,026)	(5,023)
Net loans	348,121	345,644
Accrued interest receivable	1,702	1,543
Foreclosed assets, net	621	621
Property and equipment, net	8,954	8,928
Other assets	6,501	5,238
 Total assets	\$ 574,411	\$ 571,225
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 516,990	\$ 487,437
Short-term borrowings	\$ 1,000	\$ 1,000
Long-term borrowings	18,248	42,248
Accrued interest payable	109	216
Accrued expenses and other liabilities	4,162	3,679
 Total liabilities	540,509	534,580
Stockholder's Equity:		
Common stock, no par value, authorized 20,000,000 shares; 1,107,776 shares issued and outstanding at March 31, 2022 and 1,107,776 shares issued and outstanding at December 31, 2021, respectively	1,359	1,359
Retained earnings, substantially restricted	35,883	34,694
Accumulated other comprehensive loss	(3,340)	592
 Total stockholders' equity	33,902	36,645
 Total liabilities and stockholders' equity	\$ 574,411	\$ 571,225

* Derived from audited financial statements

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

	Three Months Ended	
	31-Mar	
	2022	2021
	(In thousands, except per share data)	
Interest and dividend income:		
Loans	\$ 4,130	\$ 4,387
Investment securities		
Taxable	322	263
Tax-exempt	174	100
Dividends	21	21
Interest-bearing deposits	44	6
Total interest and dividend income	<u>4,691</u>	<u>4,777</u>
Interest expense:		
Deposits	219	286
Borrowings	238	299
Total interest expense	<u>457</u>	<u>585</u>
Net interest income	4,234	4,192
Provision for loan losses	-	123
Net interest income after provision for loan losses	<u>4,234</u>	<u>4,069</u>
Noninterest income:		
Service charges on deposit accounts	293	283
Fees from presold mortgages	4	32
Other income	505	360
Total noninterest income	<u>802</u>	<u>675</u>
Noninterest expenses:		
Compensation and benefits	2,043	1,821
Occupancy and equipment	484	364
Data processing & outside service fees	205	229
Advertising	18	11
Other	566	471
Total noninterest expenses	<u>3,316</u>	<u>2,896</u>
Income before income taxes	1,720	1,848
Income tax	353	389
Net income	<u>\$ 1,367</u>	<u>\$ 1,459</u>
Basic and Diluted earnings per share	<u>\$ 1.23</u>	<u>\$ 1.32</u>