

**KS BANCORP, INC
P.O. BOX 661
SMITHFIELD, NC 27577**

PRESS RELEASE

Contact: Harold T. Keen
President and Chief Executive Officer
(919) 938-3101

Regina J Smith
Chief Financial Officer
(919) 938-3101

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

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

The Company reported net income of \$1,459,000 or \$1.32 per diluted share, for the three months ended March 31, 2021, an increase of 58.2% compared to net income of \$922,000 or \$0.83 per diluted share, for the three months ended March 31, 2020.

Net interest income for the three months ended March 31, 2021, was \$4.2 million as compared to \$3.5 million for the comparable period in 2020. Noninterest income for the three months ended March 31, 2021 was \$675,000, compared to \$708,000 for the comparable period ended March 31, 2020. Noninterest expense was \$2.9 million for the three months ended March 31, 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 first quarter 2021, compared to \$45,000 in the first quarter of 2020.

The Company’s unaudited consolidated total assets increased \$29.8 million, to \$515.6 million at March 31, 2021, compared to \$485.8 million at December 31, 2020. Net loan balances decreased by \$8.1 million, to \$360.5 million at March 31, 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 March 31, 2021 was \$15.8 million compared to \$26.5 million at December 31, 2020. During the first quarter of 2021, the Bank participated in the second round of PPP loans providing an additional \$5.8 million in PPP loans. The Company’s investment securities totaled \$71.5 million at March 31, 2021, compared to \$71.7 million at December 31, 2020. Total deposits increased \$28.9 million or 7.2% to \$431.4 million at March 31, 2021, compared to \$402.5 million at December 31, 2020. For the three months ended March 31, 2021, there was a \$32.1 million increase in core deposits and a \$2.6 million decrease in brokered funding. Total stockholders’ equity increased \$568,000 or 1.77% from \$32.0 million at December 31, 2020 to \$32.6 million at March 31, 2021.

Nonperforming assets consisted of \$561,000 nonaccrual loans at March 31, 2021, representing less than 0.50% of the Company’s total assets. The Company had \$621,000 foreclosed real estate owned at March 31, 2021. The allowance for loan losses at March 31, 2021 totaled \$4.8 million, or 1.30% of total loans, including the PPP loans originated. Excluding the PPP from the total loans, the allowance for loan losses at March 31, 2021 was 1.38% of loans.

Commenting on the first quarter results, Harold Keen, President and CEO of the Company and the Bank, stated, “During the first quarter, balance sheet growth continued to be very strong for KS Bank. Deposit growth was exceptional throughout 2020 and continued in the first quarter of 2021. Earnings were above projections and very encouraging for the year 2021. We are very proud of

the efforts made by the KS Bank team to support our customers during this period influenced by Covid-19.”

In addition, the Company announced today that its Board of Directors has declared a quarterly dividend of \$0.12 per share for stockholders of record as of April 30, 2021 with payment to be made on May 10, 2021.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 13.39%, tier 1 risk-based capital of 12.14%, common equity tier 1 risk-based capital of 12.14%, and a tier 1 leverage ratio of 8.77% at March 31, 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

	March 31, 2021 (unaudited)	December 31, 2020*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 62,817	\$ 24,720
Noninterest-earning	2,945	3,128
Time Deposit	100	100
Investment securities available for sale, at fair value	71,460	71,714
Federal Home Loan Bank stock, at cost	1,555	1,851
Presold mortgages in process of settlement	217	-
Loans	365,215	373,237
Less allowance for loan losses	(4,764)	(4,644)
Net loans	360,451	368,593
Accrued interest receivable	1,925	1,934
Foreclosed assets, net	621	621
Property and equipment, net	8,987	8,709
Other assets	4,528	4,458
Total assets	\$ 515,606	\$ 485,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 431,363	\$ 402,523
Long-term borrowings	47,248	47,248
Accrued interest payable	236	246
Accrued expenses and other liabilities	4,170	3,790
Total liabilities	483,017	453,807
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	30,546	29,220
Accumulated other comprehensive loss	684	1,442
Total stockholders' equity	32,589	32,021
Total liabilities and stockholders' equity	\$ 515,606	\$ 485,828

* Derived from audited financial statements

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

	Three Months Ended	
	March	
	<u>2021</u>	<u>2020</u>
	(In thousands, except per share data)	
Interest and dividend income:		
Loans	\$ 4,387	\$ 4,170
Investment securities		
Taxable	263	331
Tax-exempt	100	40
Dividends	21	24
Interest-bearing deposits	6	11
Total interest and dividend income	<u>4,777</u>	<u>4,576</u>
Interest expense:		
Deposits	286	702
Borrowings	299	391
Total interest expense	<u>585</u>	<u>1,093</u>
Net interest income	4,192	3,483
Provision for loan losses	<u>123</u>	<u>45</u>
Net interest income after provision for loan losses	<u>4,069</u>	<u>3,438</u>
Noninterest income:		
Service charges on deposit accounts	283	352
Fees from presold mortgages	32	3
Other income	360	353
Total noninterest income	<u>675</u>	<u>708</u>
Noninterest expenses:		
Compensation and benefits	1,821	1,810
Occupancy and equipment	364	363
Data processing & outside service fees	229	231
Advertising	11	29
Other	471	538
Total noninterest expenses	<u>2,896</u>	<u>2,971</u>
Income before income taxes	1,848	1,175
Income tax	<u>389</u>	<u>253</u>
Net income	<u>\$ 1,459</u>	<u>\$ 922</u>
Basic and Diluted earnings per share	<u>\$ 1.32</u>	<u>\$ 0.83</u>