

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

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**KS Bancorp, Inc. (KSBI) Announces Second Quarter 2019 Financial Results and Cash Dividend**

Smithfield, NC—(Globe Newswire)—July 19, 2019 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the second quarter of 2019.

Net income for the three months ended June 30, 2019 was \$907,000, or \$0.82 per diluted share compared to net income of \$887,000, or \$0.71 per diluted share for the three months ended June 30, 2018. For the six months ended June 30, 2019, the Company reported \$1.7 million, or \$1.56 per diluted share compared to \$1.6 million, or \$1.31 per diluted share for the six months ended June 30, 2018.

Net interest income for the three months ended June 30, 2019, was \$3.2 million as compared to \$3.1 million for the comparable period in 2018. Noninterest income for the three months ended June 30, 2019 was \$860,000, compared to \$882,000 for the comparable period ended June 30, 2018. Noninterest expense remained constant at \$2.9 million for the three months ended June 30, 2019 as compared to the comparable period in 2018.

For the six months ended June 30, 2019, net interest income was \$6.3 million, compared to \$6.2 million for the six months ended June 30, 2018. Noninterest income remained constant at \$1.6 million for the six months ended June 30, 2019 and June 30, 2018. Noninterest expense remained constant at \$5.7 million for the six months ended June 30, 2019 and June 30, 2018.

The Company’s unaudited consolidated total assets decreased \$3.3 million, to \$396.9 million at June 30, 2019, compared to \$400.2 million at December 31, 2018. Net loan balances increased by \$8.3 million, to \$303.9 million at June 30, 2019 compared to \$295.6 million at December 31, 2018. The Company’s investment securities totaled \$65.7 million at June 30, 2019, compared to \$66.0 million at December 31, 2018. Total deposits decreased \$9.8 million to \$320.6 million at June 30, 2019, compared to \$330.4 million at December 31, 2018. The primary reduction in deposits was the result of a reduction of \$6.3 million in brokered deposits. Total stockholders’ equity increased from \$22.1 million at December 31, 2018 to \$25.0 million at June 30, 2019, a 12.95% increase .

Nonperforming assets consisted of \$1.3 million nonaccrual loans at June 30, 2019, representing less than 0.50% of the Company’s total assets. The Company had no foreclosed real estate owned at June 30, 2019. The Company recorded a provision for loan loss of \$25,000 for the three months ended June 30, 2019, compared to no provision for the same period in 2018. The allowance for loan losses at June 30, 2019 totaled \$4.0 million, or 1.31% of loans.

Commenting on the second quarter results, Harold Keen, President and CEO of the Company and the Bank stated, “This quarter continues our efforts to balance growth and profits in line with building a strong community bank. The increase in the per share earnings for the six months ending June 30, 2019 was \$0.25 greater than the same period in 2018. Building a solid foundation

should prepare KS Bancorp for both the opportunities and challenges of the future. Community banks with a long term focus are important for shareholders, customers, and all related stakeholders.”

In addition, the Company announced today that its Board of Directors has declared a quarterly dividend of \$0.09 per share for stockholders of record as of July 19, 2019, with payment to be made on July 31, 2019.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 14.15%, tier 1 risk-based capital of 12.89%, common equity tier 1 risk-based capital of 12.89%, and a tier 1 leverage ratio of 9.89% at June 30, 2019. 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 plus a mortgage servicing location in Greenville, NC. In addition, KS Trust Services has an office in Asheboro, NC and maintains 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, 2019 (unaudited)	December 31, 2018*
(Dollars in thousands)		
<b>ASSETS</b>		
Cash and due from banks:		
Interest-earning	\$ 9,040	\$ 21,220
Noninterest-earning	2,402	2,184
Time Deposit	100	100
Investment securities available for sale, at fair value	65,711	66,004
Federal Home Loan Bank stock, at cost	1,763	1,696
Loans	307,912	299,640
Less allowance for loan losses	(4,041)	(4,010)
Net loans	303,871	295,630
Accrued interest receivable	1,260	1,212
Property and equipment, net	7,816	7,324
Other assets	4,967	4,888
Total assets	\$ 396,930	\$ 400,258
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits	\$ 320,591	\$ 330,423
Short-term borrowings	-	7
Long-term borrowings	47,248	44,248
Accrued interest payable	423	380
Accrued expenses and other liabilities	3,678	3,075
Total liabilities	371,940	378,133
 Stockholder's Equity:		
Common stock, no par value, authorized 20,000,000 shares; 1,107,776 shares issued and outstanding at June 30, 2019 and 1,107,776 shares issued and outstanding at December 31, 2018	1,360	1,360
Retained earnings, substantially restricted	23,575	22,026
Accumulated other comprehensive loss	55	(1,261)
Total stockholders' equity	24,990	22,125
Total liabilities and stockholders' equity	\$ 396,930	\$ 400,258

\* Derived from audited financial statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(In thousands, except per share data)			
<b>Interest and dividend income:</b>				
Loans	\$ 3,978	\$ 3,662	\$ 7,839	\$ 7,193
Investment securities				
Taxable	353	296	719	601
Tax-exempt	32	38	54	74
Dividends	24	22	51	43
Interest-bearing deposits	36	18	109	35
Total interest and dividend income	<u>4,423</u>	<u>4,036</u>	<u>8,772</u>	<u>7,946</u>
<b>Interest expense:</b>				
Deposits	763	474	1,527	921
Borrowings	424	422	873	818
Total interest expense	<u>1,187</u>	<u>896</u>	<u>2,400</u>	<u>1,739</u>
Net interest income	3,236	3,140	6,372	6,207
Provision for loan losses	25	-	25	-
Net interest income after provision for loan losses	<u>3,211</u>	<u>3,140</u>	<u>6,347</u>	<u>6,207</u>
<b>Noninterest income:</b>				
Service charges on deposit accounts	370	347	705	689
Fees from presold mortgages	41	63	93	113
Other income	449	472	763	758
Total noninterest income	<u>860</u>	<u>882</u>	<u>1,561</u>	<u>1,560</u>
<b>Noninterest expenses:</b>				
Compensation and benefits	1,786	1,773	3,490	3,489
Occupancy and equipment	317	298	626	617
Data processing & outside service fees	225	205	448	411
Advertising	35	19	74	44
Net foreclosed real estate	-	(1)	-	(1)
Other	549	599	1,072	1,110
Total noninterest expenses	<u>2,912</u>	<u>2,893</u>	<u>5,710</u>	<u>5,670</u>
Income before income taxes	1,159	1,129	2,198	2,097
Income tax	252	242	471	446
Net income	<u>\$ 907</u>	<u>\$ 887</u>	<u>\$ 1,727</u>	<u>\$ 1,651</u>
Basic and Diluted earnings per share	<u>\$ 0.82</u>	<u>\$ 0.71</u>	<u>\$ 1.56</u>	<u>\$ 1.31</u>