

**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 2019 Financial Results and Cash Dividend**

Smithfield, NC—(Globe Newswire)—April 23, 2019 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the first quarter of 2019.

Net income for the three months ended March 31, 2019 was \$820,000, or \$0.74 per diluted share representing a 7.4% increase from the \$764,000, or \$0.58 per diluted share for the three months ended March 31, 2018.

Net interest income remained constant at \$3.1 million for the three months ended March 31, 2019, as compared to the comparable period in 2018. Noninterest income for the three months ended March 31, 2019 was \$701,000, compared to \$678,000 for the comparable period ended March 31, 2018. Noninterest expense was \$2.8 million for the three months ended March 31, 2019 and 2018.

The Company’s unaudited consolidated total assets decreased \$3.4 million, to \$396.8 million at March 31, 2019, compared to \$400.2 million at December 31, 2018. Net loan balances increased by \$1.6 million, to \$297.2 million at March 31, 2019 compared to \$295.6 million at December 31, 2018. The Company’s investment securities totaled \$67.1 million at March 31, 2019, compared to \$66.0 million at December 31, 2018. Total deposits decreased \$5.1 million, to \$325.3 million at March 31, 2019, compared to \$330.4 million at December 31, 2018. Total stockholders’ equity increased from \$22.1 million at December 31, 2018 to \$23.3 million at March 31, 2019, a 5.18% increase .

Nonperforming assets consisted of \$1.3 million nonaccrual loans at March 31, 2019, representing less than 0.50% of the Company’s total assets. The Company had no foreclosed real estate owned at March 31, 2019. The allowance for loan losses at March 31, 2019 totaled \$4.0 million, or 1.33% of loans.

Commenting on the first quarter results, Harold Keen, President and CEO of the Company and the Bank, stated, “The results of the first quarter continue to reflect the solid financial position of KS Bancorp and our commitment to profitable growth for the future. The 7.4% increase in net income compared to the year ago period clearly shows that commitment. Shareholders should also find value in the 28.0% increase in the per share earnings compared to the year ago period, due to the reduced number of outstanding shares. Based on these results we are proud to have increased the quarterly dividend.”

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 April 22, 2019, with payment to be made on May 2, 2019.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 14.13%, tier 1 risk-based capital of 12.88%, common equity tier 1 risk-based capital of 12.88%, and a tier 1 leverage ratio of 9.63% at March 31, 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**

	March 31, 2019 (unaudited)	December 31, 2018*
(Dollars in thousands)		
<b>ASSETS</b>		
Cash and due from banks:		
Interest-earning	\$ 14,263	\$ 21,220
Noninterest-earning	2,127	2,184
Time Deposit	100	100
Investment securities available for sale, at fair value	67,056	66,004
Federal Home Loan Bank stock, at cost	1,720	1,696
Presold mortgages in process of settlement	251	
Loans	301,201	299,640
Less allowance for loan losses	(4,011)	(4,010)
Net loans	297,190	295,630
Accrued interest receivable	1,272	1,212
Property and equipment, net	7,888	7,324
Other assets	4,984	4,888
Total assets	\$ 396,851	\$ 400,258
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits	\$ 325,305	\$ 330,423
Short-term borrowings	6	7
Long-term borrowings	44,248	44,248
Accrued interest payable	402	380
Accrued expenses and other liabilities	3,619	3,075
Total liabilities	373,580	378,133
 Stockholder's Equity:		
Common stock, no par value, authorized 20,000,000 shares; 1,107,776 shares issued and outstanding at March 31, 2019 and 1,107,776 shares issued and outstanding at December 31, 2018	1,360	1,360
Retained earnings, substantially restricted	22,769	22,026
Accumulated other comprehensive loss	(858)	(1,261)
Total stockholders' equity	23,271	22,125
Total liabilities and stockholders' equity	\$ 396,851	\$ 400,258

\* Derived from audited financial statements

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

---

	Three Months Ended	
	March 31,	
	<u>2019</u>	<u>2018</u>
	(In thousands, except per share data)	
<b>Interest and dividend income:</b>		
Loans	\$ 3,861	\$ 3,531
Investment securities		
Taxable	366	305
Tax-exempt	22	36
Dividends	27	21
Interest-bearing deposits	<u>73</u>	<u>17</u>
Total interest and dividend income	<u>4,349</u>	<u>3,910</u>
<b>Interest expense:</b>		
Deposits	764	447
Borrowings	<u>449</u>	<u>396</u>
Total interest expense	<u>1,213</u>	<u>843</u>
Net interest income	3,136	3,067
Allowance loan losses	<u>-</u>	<u>-</u>
Net interest income after recovery of loan losses	<u>3,136</u>	<u>3,067</u>
<b>Noninterest income:</b>		
Service charges on deposit accounts	335	342
Fees from presold mortgages	52	50
Other income	<u>314</u>	<u>286</u>
Total noninterest income	<u>701</u>	<u>678</u>
<b>Noninterest expenses:</b>		
Compensation and benefits	1,704	1,716
Occupancy and equipment	309	319
Data processing & outside service fees	223	206
Advertising	39	25
Other	<u>523</u>	<u>511</u>
Total noninterest expenses	<u>2,798</u>	<u>2,777</u>
Income before income taxes	1,039	968
Income tax	<u>219</u>	<u>204</u>
Net income	<u>\$ 820</u>	<u>\$ 764</u>
Basic and Diluted earnings per share	<u>\$ 0.74</u>	<u>\$ 0.58</u>