

**KS BANCORP, INC
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PRESS RELEASE

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KS Bancorp, Inc. (KSBI) Announces First Quarter 2020 Financial Results and Cash Dividend

Smithfield, NC—(Globe Newswire)—April 24, 2020 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the first quarter of 2020.

The Company reported net income of \$922,000, or \$0.83 per diluted share, an increase of 12% for the three months ended March 31, 2020, compared to net income of \$820,000 or \$.0.74 per diluted share, for the three months ended March 31, 2019.

Net interest income for the three months ended March 31, 2020, was \$3.5 million as compared to \$3.1 million for the comparable period in 2019. The increase was primarily due to improvement in net interest margin. Noninterest income for the three months ended March 31, 2020 was \$708,000, compared to \$701,000 for the comparable period ended March 31, 2019. Noninterest expense was \$3.0 million for the three months ended March 31, 2020, as compared \$2.8 million in the comparable period in 2019. The company recorded a provision for loan losses of \$45,000 during the first quarter 2020.

The Company’s unaudited consolidated total assets increased \$22.5 million, to \$426.2 million at March 31, 2020, compared to \$403.7 million at December 31, 2019. Net loan balances increased by \$24.5 million, or 8.0%, to \$332.4 million at March 31, 2020, compared to \$307.9 million at December 31, 2019. The increase in loans was primarily due to market demand and the addition of a new key lender in the fourth quarter of 2019. The Company’s investment securities totaled \$65.9 million at March 31, 2020, compared to \$67.1 million at December 31, 2019. Total deposits increased \$18.9 million, to \$345.8 million at March 31, 2020, compared to \$326.9 million at December 31, 2019. For the three months ended March 31, 2020, there was a \$14.2 million increase in core deposits and a \$7.2 million increase in brokered funding. Total stockholders’ equity increased \$1.5 million or 5.7% from \$26.8 million at December 31, 2019 to \$28.3 million at March 31, 2020, as a result of accumulated other comprehensive gains and increase in net income.

Nonperforming assets consisted of \$1.2 million nonaccrual loans at March 31, 2020, representing less than .50% of the Company’s total assets. The Company had no foreclosed real estate owned at March 31, 2020. The allowance for loan losses at March 31, 2020 totaled \$4.1 million, or 1.22% of loans.

Commenting on the first quarter results, Harold Keen, President and CEO of the Company and the Bank, stated, “The first quarter of 2020 was one of the best quarters on record for the Company in terms of loan and deposit growth. The Bank’s market area continues to have strong demand for new housing and commercial business growth. Our Team has done an excellent job of capturing new clients in both loans and deposits. COVID-19 has brought about rapid change for many of our customers; however, our team has expeditiously responded to assist them. The Bank is

participating in the Payroll Protection Program (PPP) and many of our clients have been able to take advantage of the PPP program. We are hopeful that as the COVID-19 crisis peaks that our local, state, and national economies can rebound quickly.”

In addition, the Company announced today that its Board of Directors has declared a quarterly dividend of \$0.10 per share for stockholders of record as of May 1, 2020, with payment to be made on May 11, 2020.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 13.10%, tier 1 risk-based capital of 11.89%, common equity tier 1 risk-based capital of 11.89%, and a tier 1 leverage ratio of 9.69% at March 31, 2020. 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 an office in Asheboro, NC and maintains 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, 2020 (unaudited)	December 31, 2019*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 3,031	\$ 3,306
Noninterest-earning	8,969	9,317
Time Deposit	100	100
Investment securities available for sale, at fair value	65,856	67,150
Federal Home Loan Bank stock, at cost	1,851	1,763
Loans	336,505	311,911
Less allowance for loan losses	(4,102)	(4,057)
Net loans	332,403	307,854
Accrued interest receivable	1,358	1,145
Property and equipment, net	8,087	8,032
Other assets	4,557	4,990
Total assets	\$ 426,212	\$ 403,657
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 345,816	\$ 326,918
Long-term borrowings	48,248	46,248
Accrued interest payable	351	396
Accrued expenses and other liabilities	3,445	3,268
Total liabilities	397,860	376,830
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	1,359	1,359
Retained earnings, substantially restricted	26,103	25,291
Accumulated other comprehensive loss	890	177
Total stockholders' equity	28,352	26,827
Total liabilities and stockholders' equity	\$ 426,212	\$ 403,657

* Derived from audited financial statements

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

	Three Months Ended	
	March	
	2020	2019
	(In thousands, except per share data)	
Interest and dividend income:		
Loans	\$ 4,170	\$ 3,861
Investment securities		
Taxable	331	366
Tax-exempt	40	22
Dividends	24	27
Interest-bearing deposits	11	73
Total interest and dividend income	<u>4,576</u>	<u>4,349</u>
Interest expense:		
Deposits	702	764
Borrowings	391	449
Total interest expense	<u>1,093</u>	<u>1,213</u>
Net interest income	3,483	3,136
Provision for loan losses	<u>45</u>	<u>-</u>
Net interest income after provision for loan losses	<u>3,438</u>	<u>3,136</u>
Noninterest income:		
Service charges on deposit accounts	352	335
Fees from presold mortgages	3	52
Other income	353	314
Total noninterest income	<u>708</u>	<u>701</u>
Noninterest expenses:		
Compensation and benefits	1,810	1,704
Occupancy and equipment	363	309
Data processing & outside service fees	231	223
Advertising	29	39
Other	538	523
Total noninterest expenses	<u>2,971</u>	<u>2,798</u>
Income before income taxes	1,175	1,039
Income tax	<u>253</u>	<u>219</u>
Net income	<u>\$ 922</u>	<u>\$ 820</u>
Basic and Diluted earnings per share	<u>\$ 0.83</u>	<u>\$ 0.74</u>