

**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 Third Quarter 2019 Financial Results and Cash Dividend**

Smithfield, NC—(Globe Newswire)—October 25, 2019 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the third quarter of 2019.

Net income for the three months ended September 30, 2019 was \$976,000, or \$0.88 per diluted share compared to net income of \$985,000, or \$0.89 per diluted share for the three months ended September 30, 2018. For the nine months ended September 30, 2019, the Company reported net income of \$2.7 million, or \$2.44 per diluted share compared to \$2.6 million, or \$2.18 per diluted share for the nine months ended September 30, 2018.

Net interest income for the three months ended September 30, 2019, was \$3.3 million as compared to \$3.2 million for the comparable period in 2018. Noninterest income for the three months ended September 30, 2019 was \$810,000, compared to \$865,000 for the comparable period ended September 30, 2018. Noninterest expense was \$2.9 million for the three months ended September 30, 2019 as compared \$2.8 million in the comparable period in 2019.

For the nine months ended September 30, 2019, net interest income was \$9.6 million, compared to \$9.4 million for the nine months ended September 30, 2018. Noninterest income remained constant at \$2.4 million for the nine months ended September 30, 2019 and September 30, 2018. Noninterest expense remained constant at \$8.5 million for the nine months ended September 30, 2019 and September 30, 2018.

The Company’s unaudited consolidated total assets increased \$4.0 million, to \$404.2 million at September 30, 2019, compared to \$400.2 million at December 31, 2018. Net loan balances increased by \$2.7 million, to \$298.3 million at September 30, 2019 compared to \$295.6 million at December 31, 2018. The Company’s investment securities totaled \$65.3 million at September 30, 2019, compared to \$66.0 million at December 31, 2018. Total deposits decreased \$2.7 million to \$327.7 million at September 30, 2019, compared to \$330.4 million at December 31, 2018. Total stockholders’ equity increased from \$22.1 million at December 31, 2018 to \$26.0 million at September 30, 2019, a 17.44% increase.

Nonperforming assets consisted of \$1.2 million nonaccrual loans at September 30, 2019, representing less than 0.50% of the Company’s total assets. The Company had \$27,000 in foreclosed real estate owned at September 30, 2019. The allowance for loan losses at September 30, 2019 totaled \$4.1 million, or 1.32% of loans.

Commenting on the third quarter results, Harold Keen, President and CEO of the Company and the Bank stated, “The Company had another solid quarter. In a challenging interest rate environment the KS Bancorp/KS Bank team continues to build customer relationships that are appropriate both for today and the future.”

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 November 4, 2019, with payment to be made on November 14, 2019.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 14.24%, tier 1 risk-based capital of 12.99%, common equity tier 1 risk-based capital of 12.99%, and a tier 1 leverage ratio of 9.76% at September 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**

	September 30, 2019 (unaudited)	December 31, 2018*
(Dollars in thousands)		
<b>ASSETS</b>		
Cash and due from banks:		
Interest-earning	\$ 21,604	\$ 21,220
Noninterest-earning	2,896	2,184
Time deposit	100	100
Investment securities available for sale, at fair value	65,296	66,004
Federal Home Loan Bank stock, at cost	1,763	1,696
Presold mortgages in process of settlement	219	-
Loans	302,370	299,640
Less allowance for loan losses	(4,058)	(4,010)
Net loans	298,312	295,630
Accrued interest receivable	1,229	1,212
Property and equipment, net	7,909	7,324
Other assets	4,919	4,888
Total assets	\$ 404,247	\$ 400,258
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits	\$ 327,704	\$ 330,423
Short-term borrowings	-	7
Long-term borrowings	46,248	44,248
Accrued interest payable	400	380
Accrued expenses and other liabilities	3,911	3,075
Total liabilities	378,263	378,133
Stockholder's Equity:		
Common stock, no par value, authorized 20,000,000 shares; 1,107,776 shares issued and outstanding at September 30, 2019 and December 31, 2018	1,360	1,360
Retained earnings, substantially restricted	24,451	22,026
Accumulated other comprehensive income (loss)	173	(1,261)
Total stockholders' equity	25,984	22,125
Total liabilities and stockholders' equity	\$ 404,247	\$ 400,258

\* Derived from audited financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 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	\$ 4,024	\$ 3,804	\$ 11,863	\$ 11,003
Investment securities				
Taxable	334	312	1,053	913
Tax-exempt	34	36	88	110
Dividends	24	24	75	67
Interest-bearing deposits	36	27	145	56
Total interest and dividend income	<u>4,452</u>	<u>4,203</u>	<u>13,224</u>	<u>12,149</u>
<b>Interest expense:</b>				
Deposits	766	567	2,293	1,488
Borrowings	399	447	1,272	1,265
Total interest expense	<u>1,165</u>	<u>1,014</u>	<u>3,565</u>	<u>2,753</u>
Net interest income	3,287	3,189	9,659	9,396
Provision for loan losses	-	-	25	-
Net interest income after provision for loan losses	<u>3,287</u>	<u>3,189</u>	<u>9,634</u>	<u>9,396</u>
<b>Noninterest income:</b>				
Service charges on deposit accounts	402	342	1,107	1,031
Fees from presold mortgages	67	45	160	158
Other income	341	478	1,104	1,236
Total noninterest income	<u>810</u>	<u>865</u>	<u>2,371</u>	<u>2,425</u>
<b>Noninterest expenses:</b>				
Compensation and benefits	1,789	1,724	5,279	5,213
Occupancy and equipment	338	324	964	941
Data processing & outside service fees	217	184	665	595
Advertising	39	32	113	76
Net foreclosed real estate	-	(9)	-	(10)
Other	473	544	1,545	1,654
Total noninterest expenses	<u>2,856</u>	<u>2,799</u>	<u>8,566</u>	<u>8,469</u>
Income before income taxes	1,241	1,255	3,439	3,352
Income tax	265	270	736	716
Net income	<u>\$ 976</u>	<u>\$ 985</u>	<u>\$ 2,703</u>	<u>\$ 2,636</u>
Basic and Diluted earnings per share	<u>\$ 0.88</u>	<u>\$ 0.89</u>	<u>\$ 2.44</u>	<u>\$ 2.18</u>