

**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 2018 Financial Results**

Smithfield, NC—(Globe Newswire)—April 25, 2018 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the first quarter of 2018.

The Company reported net income of \$764,000, or \$.58 per diluted share, for the three months ended March 31, 2018, compared to a net income of \$603,000, or \$.46 per diluted share, for the three months ended March 31, 2017.

Net interest income for the three months ended March 31, 2018 was \$3.1 million, compared to \$2.9 million for the same period in 2017. Non-interest income for the three months ended March 31, 2018 was \$678,000, compared to \$668,000 for the same period ended March 31, 2017. Noninterest expense was consistent at \$2.7 million for the three months ended both March 31, 2018 and March 31, 2017.

The Company’s unaudited consolidated total assets increased \$2.0 million to \$375.6 million at March 31, 2018, compared to \$373.6 million at December 31, 2017. Net loan balances increased by \$0.3 million to \$286.3 million at March 31, 2018 compared to \$286.0 million at December 31, 2017. The Company’s investment securities totaled \$61.5 million at March 31, 2018, compared to \$65.3 million at December 31, 2017. Total deposits increased \$3.5 million to \$300.1 million at March 31, 2018, compared to \$296.6 million at December 31, 2017. Total stockholders’ equity decreased from \$26.3 million at December 31, 2017 to \$25.7 million at March 31, 2018. The decrease is the result of accumulated other comprehensive losses.

Commenting on the first quarter results, Mr. Keen, President and CEO of the Company and the Bank, stated, “Net income is 26% greater than the year ago quarter. We have met or exceeded our budget each quarter for the past several years and these first quarter results reflect a positive start to 2018. At KS Bank, we continue to be appreciative of the trust granted us by both our community and our shareholders, as we strive daily to serve our constituencies and solidify our position as the community bank of choice for the area just southeast of Raleigh, North Carolina.”

Nonperforming assets consisted of \$669,000 in nonaccrual loans at March 31, 2018, representing less than .50% of the Company’s total assets. The Company had no foreclosed real estate owned as of March 31, 2018. The allowance for loan losses at March 31, 2018 totaled \$4.1 million, or 1.40% of loans.

KS Bank continues to be well-capitalized according to regulatory standards with total risk-based capital of 14.05%, tier 1 risk- based capital of 12.800%, common equity tier 1 risk- based capital of 12.80%, and a tier 1 leverage ratio of 9.74% at March 31, 2018. 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, 2018<br>(unaudited) | December 31,<br>2017* |
|---|-------------------------------|-----------------------|
| (Dollars in thousands)  |                               |                       |
| <b>ASSETS</b>   |                               |                       |
| Cash and due from banks:  |                               |                       |
| Interest-earning  | \$ 10,336                     | \$ 4,254              |
| Noninterest-earning   | 2,186                         | 2,713                 |
| Time Deposit  | 100                           | 100                   |
| Investment securities available for sale, at fair value   | 61,471                        | 65,251                |
| Federal Home Loan Bank stock, at cost   | 1,739                         | 1,811                 |
| <br>  |                               |                       |
| Loans   | 290,359                       | 290,035               |
| Less allowance for loan losses  | (4,081)                       | (4,066)               |
| Net loans   | 286,278                       | 285,969               |
| <br>  |                               |                       |
| Accrued interest receivable   | 1,129                         | 1,127                 |
| Foreclosed real estate and repossessions, net   | -                             | -                     |
| Property and equipment, net   | 7,526                         | 7,610                 |
| Other assets  | 4,878                         | 4,783                 |
| <br>  |                               |                       |
| Total assets  | \$ 375,643                    | \$ 373,618            |
| <br><b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                               |                       |
| Liabilities:  |                               |                       |
| Deposits  | \$ 300,135                    | \$ 296,574            |
| Short-term borrowings   | 3,060                         | 4,103                 |
| Long-term borrowings  | 43,248                        | 43,248                |
| Accrued interest payable  | 336                           | 324                   |
| Accrued expenses and other liabilities  | 3,213                         | 3,066                 |
| <br>  |                               |                       |
| Total liabilities   | 349,992                       | 347,315               |
| <br>  |                               |                       |
| Stockholder's Equity:   |                               |                       |
| Common stock, no par value, authorized 20,000,000 shares;<br>1,308,351 shares issued and outstanding in 2018 and 1,309,501<br>shares issued and outstanding in 2017 | 1,607                         | 1,607                 |
| Retained earnings, substantially restricted   | 25,791                        | 25,561                |
| Accumulated other comprehensive loss  | (1,747)                       | (865)                 |
| <br>  |                               |                       |
| Total stockholders' equity  | 25,651                        | 26,303                |
| <br>  |                               |                       |
| Total liabilities and stockholders' equity  | \$ 375,643                    | \$ 373,618            |

\* Derived from audited financial statements

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

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|   | Three Months Ended<br>March 31,        |          |
|---|--|----------|
|   | 2018                                   | 2017     |
|   | ( In thousands, except per share data) |          |
| <b>Interest and dividend income:</b>                              |  |          |
| Loans   | \$ 3,531                               | \$ 3,268 |
| Investment securities   |  |          |
| Taxable   | 305                                    | 292      |
| Tax-exempt  | 36                                     | 50       |
| Dividends   | 21                                     | 24       |
| Interest-bearing deposits   | 17                                     | 9        |
| Total interest and dividend income                                | 3,910                                  | 3,643    |
| <b>Interest expense:</b>  |  |          |
| Deposits  | 447                                    | 350      |
| Borrowings  | 396                                    | 370      |
| Total interest expense  | 843                                    | 720      |
| Net interest income   | 3,067                                  | 2,923    |
| Provision for loan losses   | -                                      | -        |
| Net interest income after<br>provision (recovery) for loan losses | 3,067                                  | 2,923    |
| <b>Noninterest income:</b>  |  |          |
| Service charges on deposit accounts                               | 342                                    | 331      |
| Fees from presold mortgages                                       | 50                                     | 70       |
| Loss on sale of investments                                       | -                                      | (4)      |
| Other income  | 286                                    | 271      |
| Total noninterest income  | 678                                    | 668      |
| <b>Noninterest expenses:</b>                                      |  |          |
| Compensation and benefits   | 1,716                                  | 1,652    |
| Occupancy and equipment   | 319                                    | 311      |
| Data processing & outside service fees                            | 206                                    | 202      |
| Advertising   | 25                                     | 19       |
| Net foreclosed real estate  | -                                      | 2        |
| Other   | 511                                    | 518      |
| Total noninterest expenses  | 2,777                                  | 2,704    |
| Income before income taxes  | 968                                    | 887      |
| Income tax  | 204                                    | 284      |
| Net income  | \$ 764                                 | \$ 603   |
| Basic and Diluted earnings per share                              | \$ 0.58                                | \$ 0.46  |