This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(7), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. If the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chair­man of the board must sign the report.

I, Harold T. Keen
Name of the Holding Company Director and Official
CEO
Title of the Holding Company Director and Official

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
February 24, 2016
Date of Signature

For holding companies not registered with the SEC—Indicate status of Annual Report to Shareholders:
☐ is included with the FR Y-6 report
☒ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only
RSSD ID
C.I. 2155276

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2015
Month / Day / Year
N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporters Name, Street, and Mailing Address
KS Bancorp, Inc.
Legal Title of the Holding Company
P.O Box 661
Street / P.O. Box
Smithfield North Carolin a 27577
City State Zip Code
1031 N Brightleaf Blvd
Physical Location (different from mailing address)

Person to whom questions about this report should be directed:
Deborah Whaley Staff Accountant
Name Title
919-938-2696
Area Code / Phone Number / Extension
919-938-2660
Area Code / FAX Number
dwhaley@ksbankinc.com
E-mail Address
www.ksbankinc.com
Address (URL) for the Holding Company's web page

Does the reporter request confidential treatment for any portion of this submission?
☐ Yes Please identify the report items to which this request applies:
☐ No

In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.
REPORT ITEM #1

KS BANCORP, INC., IS NOT REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION; THEREFORE, WE WILL BE SUBMITTING COPIES OF OUR ANNUAL REPORT UNDER SEPARATE COVER WHEN IT HAS BEEN COMPLETED.
EXHIBIT #1 ORGANIZATION CHART

COMPANIES REPORTABLE ON THE FR Y-10 AND THUS REPORTABLE ON FR Y-6:

1. None
2. None
3. None
4. None
5. None
6. None
7. None

ADDITIONAL COMPANIES REPORTABLE ON THE FR Y-6:

None

COMPANIES NOT REPORTABLE ON THE FR Y-6 ORGANIZATION CHART:

1. None
2. None
3. None
4. None
5. None
6. None
7. None
8. None
9. None
10. None
Ks Bancorp, Inc, owns 100% of outstanding stock of KS Bank, Inc.
Results: A list of branches for your depository institution KS BANK, INC. (ID_RSSD: 416674)
This depository institution is held by KS BANCORP, INC. (277626) of SMITHFIELD, NC.
The data are as of 12/31/2015. Data reflects information that was received and processed through 07/07/2016.

Reconciliation and Verification Steps:
1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

Actions:
OK: If the branch information is correct, enter 'OK' in the Data Action column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.
Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure:
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the FR Y-10 reporting requirements you must also submit FR Y-10 Domestic Branch Schedules for each branch with: Data Action of Change, Close, Delete, or Add. The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

*FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

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<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSD</th>
<th>Popular Name</th>
<th>Street Address</th>
<th>City</th>
<th>State Zip</th>
<th>County</th>
<th>Country</th>
<th>FDIC UNINUM*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID_RSSD*</th>
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<td>OK</td>
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<td>Full Service (Head Office)</td>
<td>416674 KS BANK, INC.</td>
<td>1091 N. BRIGHTLEAF BLVD</td>
<td>SMITHFIELD, NC 27577</td>
<td>JOHNSTON</td>
<td>UNITED STATES</td>
<td>42605</td>
<td>0 KS BANK, INC.</td>
<td>416674</td>
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<td>OK</td>
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<td>Full Service</td>
<td>3540114 CLAYTON BRANCH</td>
<td>11531 US HIGHWAY 70 WEST</td>
<td>CLAYTON, NC 27520</td>
<td>JOHNSTON</td>
<td>UNITED STATES</td>
<td>360352</td>
<td>0 KS BANK, INC.</td>
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<td>3540128 FOUR OAKS BRANCH</td>
<td>1006 WEST WILLIAMS STREET</td>
<td>FOUR OAKS, NC 27524</td>
<td>JOHNSTON</td>
<td>UNITED STATES</td>
<td>480397</td>
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<td>920 7TH AVENUE</td>
<td>GARNER, NC 27529</td>
<td>WAKE</td>
<td>UNITED STATES</td>
<td>277980</td>
<td>0 KS BANK, INC.</td>
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<td>3679938 GOLDSBORO BRANCH</td>
<td>1401 WAYNE MEMORIAL DR</td>
<td>GOLDSBORO, NC 27534</td>
<td>WAYNE</td>
<td>UNITED STATES</td>
<td>277080</td>
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<td>Full Service</td>
<td>3540123 KENLY BRANCH</td>
<td>200 NORTH CHURCH STREET</td>
<td>KENLY, NC 27542</td>
<td>JOHNSTON</td>
<td>UNITED STATES</td>
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<td>2461251 SELMA BRANCH</td>
<td>151 WEST ANDERSON STREET</td>
<td>SELMA, NC 27576</td>
<td>JOHNSTON</td>
<td>UNITED STATES</td>
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<td>JOHNSTON</td>
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<td>3679939 WINDSOR BRANCH</td>
<td>2800 WINDSOR BLVD</td>
<td>WINDSOR, NC 27531</td>
<td>WAKE</td>
<td>UNITED STATES</td>
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<td>2441250 WILSON BRANCH</td>
<td>101 SOUTH WARD BOULEVARD</td>
<td>WILSON, NC 27893</td>
<td>WILSON</td>
<td>UNITED STATES</td>
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</table>

Note: The verification of these values is not required.
REPORT ITEM #3
SECURITIES HOLDERS

1. See Exhibit #2
   (a) See Enclosure
   (b) See Enclosure
   (c) See Enclosure

2. None
   (a) None
   (b) None
   (c) None
Security Ownership of 5% or Greater Stockholders

Harold T Keen
Four Oaks, North Carolina 27524    USA    124,258 Shares    9.50%
Exhibit #3
SECURITY OWNERSHIP OF BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

<table>
<thead>
<tr>
<th>NAME,CITY,STATE,COUNTRY</th>
<th>PRINCIPAL OCCUPATION, if other than with BHC</th>
<th>TITLE &amp; POSITION WITH BANK HOLDING CO</th>
<th>TITLE &amp; POSITION WITH BANK</th>
<th>TITLE OR POSITION WITH OTHER BUSINESSES</th>
<th>PERCENTAGE OF VOTING SHARES IN BANK HOLDING CO</th>
<th>PERCENTAGE OF VOTING SHARES IN BANK</th>
<th>NAME OF COMPANIES IF &gt; 25% OF VOTING SECURITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timothy C Britt</td>
<td>N/A</td>
<td>KS Bank Sr Vice President</td>
<td>KS Bank Sr Vice President</td>
<td>&lt;1%</td>
<td>N/A</td>
<td>N/A</td>
<td>Carolina Children's Therapy 100%</td>
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<tr>
<td>Asheboro, NC USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Dees, Jackson, Jackson &amp; Assn 33.33%</td>
</tr>
<tr>
<td>Lisa H Brogdon</td>
<td>Owner Children's Therapy Corp</td>
<td>Director Director</td>
<td>President/Owner Carolina Children's Therapy</td>
<td>&lt;1%</td>
<td>N/A</td>
<td>N/A</td>
<td>Deacon Jones Auto Park 34%</td>
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<tr>
<td>Clayton, NC USA</td>
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<tr>
<td>Eugene D Jackson</td>
<td>CPA</td>
<td>Director Director</td>
<td>Partner Dees, Jackson, Jackson &amp; Assn</td>
<td>&lt;1%</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Smithfield, NC USA</td>
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<tr>
<td>B Kenneth Jones, II</td>
<td>Car Dealership Director</td>
<td>Director Partner/President</td>
<td>Deacon Jones Auto Park</td>
<td>&lt;1%</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Princeton, NC USA</td>
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<tr>
<td>Harold T Keen</td>
<td>N/A</td>
<td>KS Bank CEO/Director</td>
<td>CEO/Director</td>
<td>9.50%</td>
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<td>H Geoffrey Kokiko</td>
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<td>KS Bank Sr Vice President</td>
<td>Sr Vice President</td>
<td>&lt;1%</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
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<tr>
<td>James C Parker</td>
<td>CPA</td>
<td>Director Director</td>
<td>Partner Parker &amp; Parker, PA CPA</td>
<td>1.07%</td>
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<td>N/A</td>
<td>Parker &amp; Parker, PA, CPA 50%</td>
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<tr>
<td>Deborah A Pattison</td>
<td>N/A</td>
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<td>Sr Vice President</td>
<td>&lt;1%</td>
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<td>N/A</td>
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<tr>
<td>Sidney E Sauls</td>
<td>Insurance Agent Director</td>
<td>Director Director</td>
<td>N/A</td>
<td>&lt;1%</td>
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<td>N/A</td>
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<tr>
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<tr>
<td>R Edward Scott, Jr</td>
<td>Business Owner Director</td>
<td>Director President Ralph E Scott Jr Farms Inc</td>
<td>1.33%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Ralph E Scott Jr Farms Inc 100%</td>
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<td>Kenly, NC USA</td>
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<td>SpringHill Outfitters, LLC 75%</td>
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<tr>
<td>Regina J Smith</td>
<td>N/A</td>
<td>KS Bank CFO</td>
<td>CFO</td>
<td>&lt;1%</td>
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<td>N/A</td>
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<tr>
<td>Timothy N Taylor</td>
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<td>KS Bank Sr Vice President</td>
<td>Sr Vice President</td>
<td>&lt;1%</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Gordon C Woodruff</td>
<td>Attorney Director</td>
<td>Director Partner</td>
<td>Woodruff &amp; Fortner</td>
<td>&lt;1%</td>
<td>N/A</td>
<td>N/A</td>
<td>Woodruff &amp; Fortner 50%</td>
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<tr>
<td>Earl W Worley, Jr</td>
<td>N/A</td>
<td>KS Bank COO/Director</td>
<td>COO/Director</td>
<td>1.52%</td>
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</tbody>
</table>

* Does not exceed one percent of Common Stock.
* Based upon a total of 1,309,501 shares of common stock outstanding as of the Record Date.