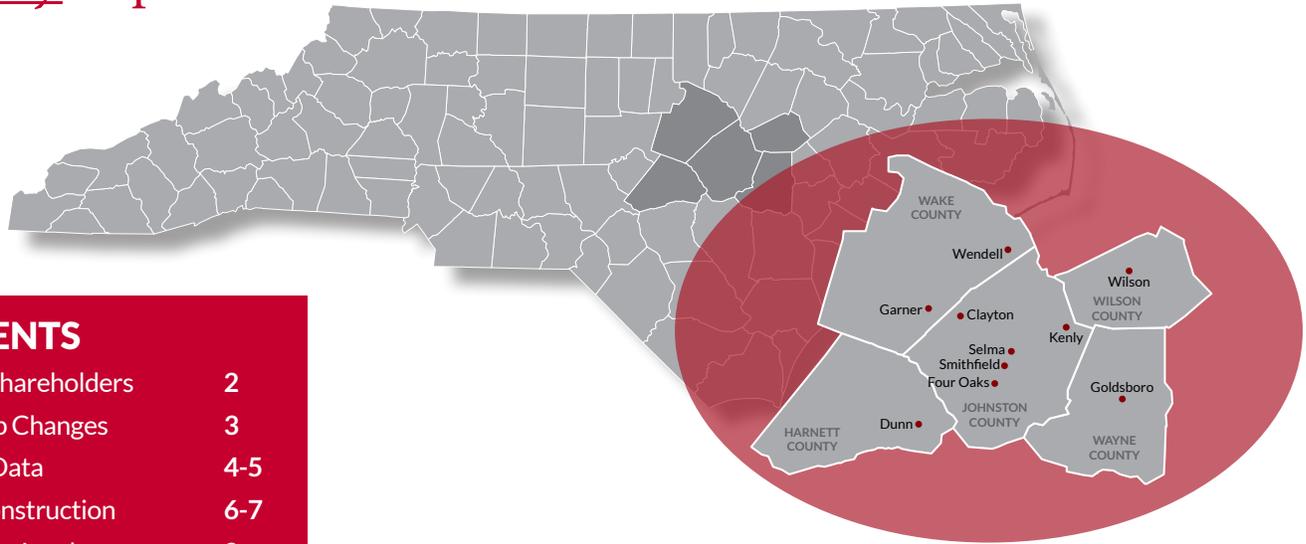




Recognizing what's  
*Really* Important.

**2023**  
ANNUAL REPORT

# Recognizing what's *Really* Important.



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The discussions included in this document and the documents referenced herein may contain forward looking statements within the meaning of the Private Securities Litigation Act of 1995, including Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. For the purposes of these discussions, any statements that are not statements of historical fact may be deemed to be forward looking statements. Such statements are often characterized by the use of qualifying words such as “expects,” “anticipates,” “believes,” “estimates,” “plans,” “projects,” or other statements concerning opinions or judgments of the Company and its management about future events. The accuracy of such forward looking statements could be affected by such facts as, including but not limited to, the financial success or changing conditions or strategies of the Company’s customers, fluctuations in interest rates, competitive product and pricing pressures within our markets, technological changes, changes in law and regulations, changes in fiscal, monetary, regulatory and tax policies, monetary fluctuations, actions of government regulators, the availability of capital and personnel, and/or general economic or other conditions. You should not place undue reliance on forward looking statements. We undertake no obligation to revise or update these statements following the date of this report.

## About Us

KS Bancorp, Inc. is a Smithfield, North Carolina-based, single bank holding company with approximately \$614 million in assets as of December 31, 2023. KS Bank, Inc., a state-chartered savings bank, is KS Bancorp’s sole subsidiary. The Bank conducts its operations through nine full service branch offices that are located in Clayton, Four Oaks, Garner, Goldsboro, Kenly, Selma, Smithfield, Wendell, and Wilson. There is also a loan production office located in Dunn, North Carolina. There are 96 employees at the time of this writing.

The Company emphasizes being a community-oriented financial institution and offers a broad range of personal and business banking products and services, mortgage products, and wealth management. KS Personal Services offers a complete suite of deposit and loan products that are tailored to specific needs, while KS Business Services includes not only deposit and loan products but also payroll services, merchant card services, cash management, and remote deposit.

KS Mortgage Services offers competitive mortgage products through a responsive team of mortgage specialists. Finally, KS Trust offers a broad array of services to help clients manage, protect, and build upon their financial resources. KS Trust offers a complete line of trust services, such as investment management, IRAs, trust administration, estate planning, charitable giving, business succession, and risk management. Currently, the Company’s stock is traded on the over-the-counter bulletin board ([www.otcbb.com](http://www.otcbb.com)) and the Pink Sheets ([www.pinksheets.com](http://www.pinksheets.com)) under the symbol “KSBI.” KS Bancorp had 1,107,776 shares of common stock, which were held by approximately 300 shareholders of record, as of December 31, 2023.

# To Our Shareholders

Dear Fellow Shareholders,

What an interesting year 2023 proved to be for KS Bancorp, Inc. and KS Bank! Reflecting on 2023, there have been a couple of events that were noteworthy and made the year challenging. In its quest to tame inflation with rate hikes starting in March of 2022, the Federal Reserve raised rates eleven times, with four of those hikes taking place in 2023. In total, the Fed has raised the federal funds rate by 525 basis points since it started. The rising rate environment has proven challenging for all banking sectors, including the community bank sector. While the pace of the rate hikes has been difficult to deal with, we have made adjustments that we believe have KS Bank poised to continue to produce positive results for all of our stakeholders.

In March of 2023, we saw the failure of Silicon Valley Bank, which triggered concerns about bank liquidity across the nation. KS Bank responded to the crisis with a letter to customers pointing out the stark differences between the large banks that pose a systemic risk compared to community banks and the difference that makes KS Bank unique.

Today, KS Bank remains safe, sound, stable, and strong! The Bank continues to be well capitalized, and our liquidity meets regulatory guidelines, with strong secondary sources of liquidity to meet the bank's funding needs. In addition, the growth of our funding base has been proven through our ability to build relationships and offer award-winning customer service that is resonating in our markets, as evidenced by our growth in 2023 and previous periods.

The Company's financial performance continues on solid footing. The Bank crossed another milestone, with total assets increasing 12.31% to \$614 million. The Company's consolidated total assets increased by \$67.2 million to \$613.6 million on December 31, 2023, compared to \$546.4 million on December 31, 2022. Net loan balances increased by \$59.2 million to \$472.9 million on December 31, 2023, compared to \$413.7 million on December 31, 2022. Total deposits increased by \$63.4 million to \$545.0 million on December 31, 2023, compared to \$481.6 million on December 31, 2022. Total stockholder equity increased by \$8.2 million to \$40.4 million on December 31, 2023, from \$32.2 million on December 31, 2022.

For the twelve months ended December 31, 2023, the Company reported net income of \$6.2 million and \$5.60 per diluted share, compared to \$7.6 million and \$6.82 per diluted share, for the twelve months ended December 31, 2021. While net income decreased primarily due to the significant increase in net interest expense, the \$6.2 million net income result for 2023 was the second-highest reported net income in the company's history.

Another noteworthy milestone in 2023 was the retirement of Harold T. Keen from our Board of Directors after thirty-three years at the helm. We want to acknowledge Harold T. Keen for his 33 years of service to the Company. Mr. Keen has been responsible for the tremendous growth of KS Bancorp, Inc. since its inception. The Board of Directors has appointed Mr. Keen as President Emeritus of both KS Bancorp, Inc. and KS Bank, Inc., and he has entered into a consulting agreement with the Board of Directors. Harold, thank you for a job well done.

We were thrilled to have Matthew T. Keen join the KS Bancorp, Inc. Board of Directors, replacing Harold Keen. Matt has an extensive financial background, having worked as a private wealth advisor with a large regional banking firm. His knowledge of the financial industry will be a great asset to our Board. Currently, he is a principal with Capital Investment Companies in Raleigh, NC.

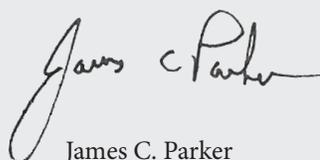
With 2023 behind us, we look forward to 2024, when KS Bank will turn 100 years old on April 28. We are incredibly proud of this milestone. There are estimated to be less than 1,000 companies in America that have reached 100 years of operation. We are proud to be in this elite group of companies. We have celebrations planned throughout 2024, and we would love to see you at one of our events.

In closing, your confidence in our company and Bank is always at the top of our minds and never taken for granted! We appreciate each customer who entrusts their financial needs to us and each shareholder who invests in our company. We are grateful for the TRUST you place in us each and every day to manage your financial assets. Our pledge to you is to continue, just as we have for over 100 years, to manage them well. Please continue to recommend us to your friends and associates. As always, we welcome your comments, questions, suggestions, and concerns.

Sincerely,



Earl W. Worley, Jr.  
President/Chief Executive Officer



James C. Parker  
Chairman of the Board

# Executive Management Transitions



## KS Bancorp announces new President & CEO

In May 2023, KS Bancorp’s Board of Directors announced leadership transitions. Earl W. Worley, Jr. (pictured left) was appointed President and CEO of KS Bancorp, Inc., the holding company of KS Bank, Inc. Mr. Worley is also the President and CEO of KS Bank. He has thirty-two years of bank management experience. Mr. Worley previously served as the Chief Operating Officer of the bank from 2010 until 2022. He has driven business development, deepened customer relationships, and developed a strong culture while extending the Bank’s leadership. James C. Parker, Chairman of the Board, stated, “We are pleased to promote Earl to the position of President and CEO of KS Bancorp, Inc. as part of our continued leadership plan of transition.” Mr. Worley has been a strong advocate for community banking and plans to continue expanding the bank’s reach and influence.



**Tracy McKinley**  
**Chief Information Officer**

In June 2023, KS Bank announced Tracy McKinley would be joining the Senior Executive Management team as Chief Information Officer and Executive Vice President. Mrs. McKinley has worked with the bank for over twenty one years, and most recently held the role of Information Technology Manager.



**Matthew Keen**  
**Board of Directors**

Matthew Keen was elected to the KS Bancorp, Inc Board of Directors in May 2023. Mr. Keen had been elected to the KS Bank Board of Directors in 2022. He has been in the finance industry since 2010. Currently, Mr. Keen works as a principal with Capital Investment Companies in Raleigh.

# Selected Financial Data

	2023	2022	2021	2020	2019
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(In Thousands, Except Per Share Amounts)

## Financial Condition Data:

Total Assets	\$ 613,596	\$ 546,350	\$ 571,225	\$ 485,828	\$ 403,657
Investments	115,487	109,255	206,625	98,385	78,330
Loans Receivable, Net	472,913	413,740	345,644	368,593	307,855
Deposits	545,038	481,565	487,437	402,523	326,919
FHLB advances/other borrowings	23,248	28,276	43,248	47,248	46,248
Stockholders' Equity	40,477	32,236	36,645	32,021	26,827
Book Value per Common Share	36.54	29.10	33.08	28.91	24.22

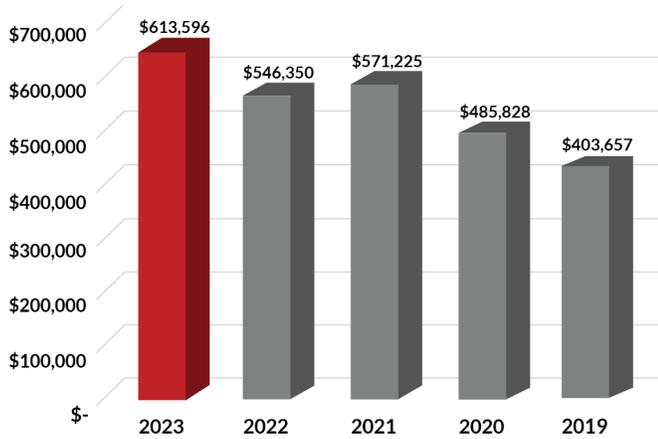
## Operating Data:

Interest Income	\$ 29,402	\$ 22,053	\$ 19,805	\$ 18,997	\$ 17,665
Interest Expense	9,147	1,650	2,144	3,588	4,726
Net Interest Income	20,255	20,403	17,661	15,409	12,939
Provision for Loan Losses	290	-	369	561	25
Noninterest Income	3,219	3,276	2,876	2,617	2,825
Noninterest Expense	15,346	14,106	12,456	11,878	11,112
Income before Income Taxes	7,838	9,573	7,712	5,587	4,627
Income Tax (benefit) Expense	1,629	2,016	1,618	1,216	985
Net (loss) Income	\$ 6,209	\$ 7,557	\$ 6,094	\$ 4,371	\$ 3,642

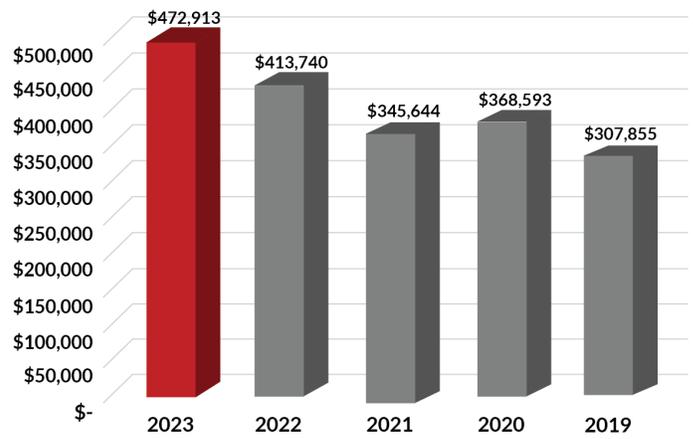
## Selected Other Data:

Basic Earnings (loss) per share	\$5.60	\$6.82	\$5.50	\$3.95	\$3.29
Diluted Earnings (loss) per share	\$5.60	\$6.82	\$5.50	\$3.95	\$3.29
Dividends per Share	\$0.95	\$0.72	\$0.56	\$0.40	\$0.34
Return on avg Assets	1.04%	1.35%	1.15%	0.94%	0.91%
Return on avg Equity	16.32%	23.56%	17.52%	14.49%	14.41%
Avg Equity to Avg Assets	6.37%	5.73%	6.55%	6.49%	6.31%

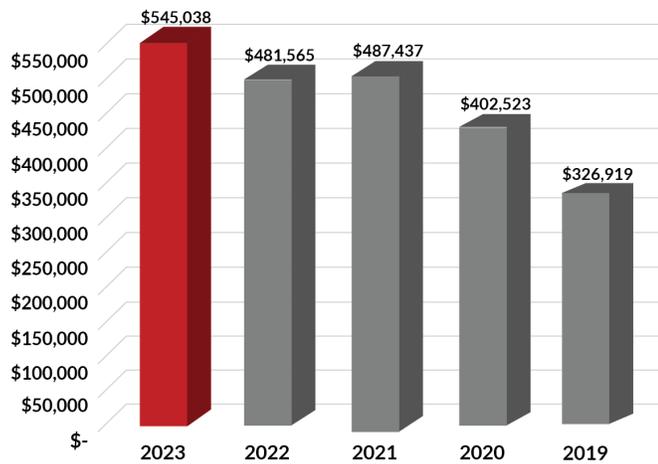
# Financial Highlights



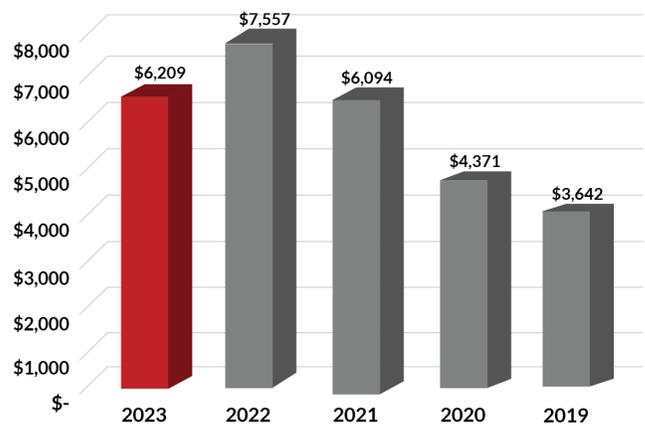
**TOTAL ASSETS**



**LOANS RECEIVABLE, NET**



**DEPOSITS**



**NET INCOME AVAILABLE TO COMMON SHAREHOLDERS**



Selma Branch Before



Selma Branch After

# Out with the Old and In with the New!

As we modernize our product and service offerings, our facilities must modernize too. With a focus on a timeless, personalized, and open appearance, our branches are more suited to the needs of our community members now more than ever.



Four Oaks Branch Lobby Before



Four Oaks Branch Lobby After



Four Oaks Branch Customer Service Desk Before



Four Oaks Branch Customer Service Desk After

KS Bank celebrated two groundbreaking ceremonies in 2023. The first was in June for the Garner branch. While we have had a branch in Garner since 1997, the building was due for an upgrade. So, a new building is being built next to the existing branch. The new facility will provide not only a modern look and conveniences for our customers, but will also give a more road-front view of and access to the building.



*Pictured Left to Right: Harold T. Keen (KS Bank President Emeritus), Peter Gwaltney (NCBA President), Geoff Kokiko (KS Bank Chief Banking Officer), Tracy McKinley (KS Bank Chief Information Officer), Dit Breault (KS Bank Chief Operations Officer), Earl W. Worley, Jr. (KS Bank President/CEO), Ken Marshburn (Former Mayor of Garner), John Kerr (KS Bank Commercial Relationship Manager), John Parker (KS Bank Chief Credit Officer), Regina Smith (KS Bank Chief Financial Officer) at the KS Bank Garner branch groundbreaking ceremony.*

In September, the second groundbreaking ceremony was held in Dunn at the site of KS Bank's tenth branch, and the first one in Harnett County. The event was very well attended by the local community members and several town and county officials. The new branch will fill a gap in the Dunn banking market, as there are almost no community banks left in the area. KS Bank opened a Loan Production Office in Dunn in 2022, which has performed exceedingly well. The full-service branch is predicted to open in the summer of 2024.



*Pictured Left to Right: William Elmore (Mayor of Dunn), Tracy McKinley (KS Bank Chief Information Officer), Harold T. Keen (KS Bank President Emeritus), Jim Parker (KS Bancorp Chairman of the Board), John Parker (KS Bank Chief Credit Officer), Earl W. Worley, Jr. (KS Bank President/CEO), Regina Smith (KS Bank Chief Financial Officer), Judy Page (KS Bank Commercial Relationship Manager), Dit Breault (KS Bank Chief Operations Officer), and Shane McLeod (STE General Contractors, LLC) at the KS Bank Dunn branch groundbreaking ceremony.*



*Digital rendering of what both the updated Garner branch and new Dunn branch will look like.*

# Learning, Growing, Serving

At KS Bank, we take great pride in being deeply rooted in the communities we serve. Our commitment to giving back and fostering meaningful connections is at the core of our mission and vision. This past year, we were honored to engage with our community through a myriad of outreach initiatives and events that brought us closer to our customers, neighbors, and partners. From educational workshops to community service events, we are dedicated to making a positive impact and building stronger, more resilient communities together.

## KS Trust & Wealth Women's Event

In June 2023, KS Trust & Wealth hosted an event for female clients, prospects, and other prominent community members. Attendees enjoyed a delicious afternoon tea, learned about topics relevant to today's woman such as stress management and maintaining healthy skin, and heard from KS Trust and KS Bank representatives about some of our products and services offered. It was the first female-focused event in the bank's history, and was very well attended with great feedback received.



Shannon Austin, KS Trust Wealth Consultant, shares information about what KS Trust & Wealth services we offer at the June Women's Event.

## KS Bank & Shred-It Community Shred Event

KS Bank hosted its first free public shred event, with Shred-It, at the Goldsboro branch. The event ran for two hours, with customers and community members lining up to have their personal documents and other sensitive information securely shredded. During the event, KS Bank team members collected the items to be shredded and handed out flyers and brochures sharing the bank's products and services, as well as some information about how to spot and prevent identity theft. The event was a huge success, with over 17 ninety-six gallon trash cans full of personal information and paperwork being destroyed.



Geoff Kokiko (right), KS Bank Chief Banking Officer, discards a bag of personal documents for a community member, to then be destroyed by the Shred-It truck in the background.

## A Return to Lunch N' Learns with Small Business Owners

In October, KS Bank hosted a Lunch N' Learn for small business owners to talk about protecting themselves from cybersecurity attacks. Prior to the pandemic, these types of events were a staple, but had not been reinstated until this year. At the event attendees learned about various cybersecurity topics from KS Bank's Chief Information Officer, Tracy McKinley. Hannah Keen, Retail Banking Officer, also shared with the business owners some of the bank's products and services that can help protect them from potential fraud and scams.



Hannah Keen, KS Bank Retail Banking Officer, shares information regarding business products and services we offer that can protect these small businesses from fraud and scams.

**\$46,475**

donated to charitable  
community organizations in 2023.

**1,201**

hours volunteered in our communities  
by our employees in 2023.

## Promotions & New Positions



**Tammy Mitchell**

*Promoted to Senior Retail Banking Officer, SVP from Senior Retail Officer.*



**Hannah Keen**

*Promoted to Retail Banking Officer, VP from Cash Management Specialist.*



**Melissa Kramer**

*New role as Retail Trainer & Business Development Officer from Lead Relationship Banker.*



**Justin Waddell**

*Promoted to Commercial Relationship Manager, VP from Credit Analyst.*

## New Hires



**Rob Staley**

In February of 2023, Rob Staley joined the KS Trust team for an internship as a Trust Relationship Manager. He became a full-time Wealth Consultant in October. As a Wealth Consultant, Staley is responsible for developing the KS Trust client base in the Triad region of North Carolina. He also serves as a retirement plan specialist for any new plans opened with the department. Staley graduated with his Bachelor's Degree in Business Administration from Salem College and is currently pursuing his Master's Degree in Business Administration.



**Mike Tidwell**

Mike Tidwell came to KS Bank in July of 2023 as the new Director of Human Resources. In his role he is responsible for managing the bank's human resources functions, including personnel selection, the performance appraisal system, employee relations, training, and education. Tidwell has over 23 years of experience working in human resources. He graduated with a Bachelor's Degree in Human Resource Management from Western Kentucky University and is currently pursuing his Master's Degree in Human Resources. Tidwell resides in Holly Springs with his wife and three children.

## Retiree



**Wanda Blow**

Wanda retired from KS Bank in June after 5 years with the Bank, and 30 years total in human resources. She served as the bank's Director of Human Resources. Prior to working with KS Bank, she worked in human resources with the former Four Oaks Bank for 30 years. Wanda was very involved in the community, serving on various committees and boards. In her retirement, Wanda is spending time with her grandchildren and volunteering.

# Board of Directors



**James C. Parker**  
*Chairman*



**Gordon C. Woodruff**  
*Vice-Chairman*



**Lisa H. Brogdon**



**April S. Culver**



**B. Kenneth Jones**



**Matthew T. Keen**



**Winston Kirby\***



**Sidney E. Sauls**



**R. Edward Scott, Jr.**



**Earl W. Worley, Jr.**

\*Winston Kirby serves on the KS Bank Board of Directors only. All other directors serve on both the KS Bank and KS Bancorp Boards.

# Executive Leadership



**Earl W. Worley, Jr.**  
*President & CEO*



**Dit L. Breault**  
*Chief Operations Officer*



**H. Geoff Kokiko**  
*Chief Banking Officer*



**Tracy McKinley**  
*Chief Information Officer*



**John A. Parker**  
*Chief Credit Officer*



**Regina J. Smith**  
*Chief Financial Officer*



**Roger K. Thomas**  
*Chief Wealth Officer*



**Harold T. Keen**  
*President Emeritus*

# Corporate Information

## **Corporate Office**

1031 N Brightleaf Blvd.  
Smithfield, NC 27577  
919.938.3101  
919.938.2681 (fax)  
www.ksbankinc.com

## **Annual Report**

A copy of KS Bancorp's Annual Report can be furnished without a charge by writing to: Regina J. Smith, CFO/EVP  
KS Bank, Inc.  
P.O. Box 661  
Smithfield, NC 27577

## **Common Stock**

The Company had 1,107,776 shares of Common Stock outstanding, which were held by approximately 300 shareholders of record (excluding shares held in street name), as of December 31, 2023. The Common Stock was listed for quotation on the OTC Bulletin Board and the "Pink Sheets" at [www.pinksheets.com](http://www.pinksheets.com) and trades under the symbol KSBI.

## **Stock Transfer Agent**

Shareholders needing information on transfer or lost certificate requirement should contact: Issuer Direct Corporation  
One Glenwood Ave.  
Suite 1001  
Raleigh, NC 27603  
919.481.4000

## **Independent Certified Public Accountants 2023**

FORVIS, LLC  
1003 Red Banks Rd.  
Greenville, NC 27420

## **Special Legal Counsel**

Brooks, Pierce, McLendon, Humphrey & Leonard, LLP  
P.O. Box 26000  
Greensboro, NC 27420

## **Equal Opportunity Employer**

KS Bank, Inc. is an Equal Opportunity Employer. All matters regarding recruitment, hiring, training, compensation, benefits, and personnel policies will remain free from all discriminatory practices.

## **Photography Credit**

Photos by Tracy McKinley  
Smithfield, NC

## **Graphic Design & Layout**

Haley Daughtry  
Smithfield, NC



1031 N. Brightleaf Blvd.  
Smithfield, NC 27577



[ksbankinc.com](http://ksbankinc.com)

