

**KS BANCORP, INC
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PRESS RELEASE

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KS Bancorp, Inc. (KSBI) Announces Fourth Quarter 2023 Financial Results and Cash Dividend

Smithfield, NC—(ACCESSWIRE) January 30, 2024 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the fourth quarter of 2023.

The Company reported net income of \$1.5 million or \$1.35 per diluted share, for the three months ended December 31, 2023, compared to net income of \$2.3 million or \$2.11 per diluted share, for the three months ended December 31, 2022. The decrease in net income of \$833,000 was primarily attributable to the increased cost of funds as a result of the rising rate environment of 2022 and 2023.

For the twelve months ended December 31, 2023, the Company reported net income \$6.2 million, or \$5.60 per diluted share compared to \$7.6 million, or \$6.82 per diluted share for the twelve months ended December 31, 2021.

Net interest income before the provision for credit losses for the three months ended December 31, 2023 was \$5.0 million compared to \$5.9 million at December 31, 2022. Noninterest income for the three months ended December 31, 2023 was \$840,000, compared to \$782,000 for the comparable period ended December 31, 2022. Noninterest expense was \$3.9 million for the three months ended December 31, 2023, compared to \$3.7 million in the comparable period in 2022.

For the twelve months ended December 31, 2023, net interest income before the provision for credit losses was \$20.3 million, compared to \$20.4 million for the twelve months ended December 31, 2022. Noninterest income was \$3.2 million for the twelve month period ending December 31, 2023 compared to \$3.3 million for the same period ended December 31, 2022. Included in the noninterest income for the twelve months ended December 31, 2022 was a one time gain of \$230,000 on the sale of other real estate owned, and a \$82,000 gain on the prepayment of Federal Home Loan Bank advances. For the twelve months ended December 31, 2023, noninterest expenses was \$15.3 million, compared to \$14.1 million for the same period ending December 31, 2022. This increase is primarily attributable to increases in staffing, compensation, and benefits.

The Company’s unaudited consolidated total assets increased \$67.2 million, to \$613.6 million at December 31, 2023, compared to \$546.4 million at December 31, 2022. Net loan balances increased by \$59.2 million to \$472.9 million at December 31, 2023, compared to \$413.7 million at December 31, 2022. The Company’s investment securities totaled \$98.0 million at December 31, 2023, compared to \$98.5 million at December 31, 2022. Total deposits increased \$63.4 million to \$545.0 million at December 31, 2023, compared to \$481.6 million at December 31, 2022. The increase deposits included a \$40.8 million increase in core deposits. For the twelve months ended December 31, 2023, short-term borrowings decreased \$5.0 million. Total stockholders’ equity increased \$8.2 million to \$40.4 million at December 31, 2023, from \$32.2 million at December 31, 2022. The increase in stockholders equity is primarily attributable to \$6.2 million increase in

retained earnings as a result of net income. In addition, accumulated other comprehensive income declined \$2.0 million for twelve months ended December 31, 2023, as compared to December 31, 2022.

At December 31, 2023, nonperforming assets consisted of nonaccrual loans of \$892,000, which represented less than 0.20% of the Company's total assets. There were no foreclosed real estate owned at December 31, 2023. The allowance for credit losses at December 31, 2023 totaled \$3.8 million, or 0.79% of total loans.

Commenting on the fourth quarter results, Earl W. Worley, Jr., President and CEO of the Company, "KS Bank had a tremendous year in terms of balance sheet growth. Net total assets increased \$67.2 million or 12.3% for the year. Our net loans and deposits increased \$59.2 million or 14.3% and \$63.4 million or 13.2%, respectively. We are proud of the new relationships that we continue to build within each community we serve that is fueling our asset growth. In addition, while net income decreased primarily due to the significant increase in net interest expense, the net income result of \$6.2 million for 2023 was the second highest reported net income in the history of the company. The significant increase in interest rates and the pace of increase during late 2022 and 2023 have been challenging. As interest rates moderate, we are poised to continue to generate positive results for all of our stakeholders."

In addition, the Company announced today that its Board of Directors has declared a quarterly dividend of \$0.25 per share for stockholders of record as of January 29, 2024 with payment to be made on February 8, 2024.

KS Bank continues to be well capitalized according to regulatory standards with a Community Bank Leverage Ratio of 9.67%, compared to 9.44% at December 31, 2022.

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. There is a loan production office in Dunn, NC which opened in April, 2022. Additionally, the Bank has received regulatory approval to build a full service branch in Dunn, NC to be completed by the end second quarter of 2024. 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

	December 31, 2023 (unaudited)	December 31, 2022*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 15,962	\$ 4,558
Noninterest-earning	2,983	3,162
Time Deposit	500	5,100
Investment securities available for sale, at fa	98,047	98,576
Federal Home Loan Bank stock, at cost	978	1,021
Loans	476,679	418,809
Less allowance for loan losses	(3,765)	(5,069)
Net loans	472,914	413,740
Accrued interest receivable	2,389	2,093
Foreclosed assets, net	-	-
Property and equipment, net	11,050	9,347
Other assets	8,788	8,753
Total assets	\$ 613,611	\$ 546,350
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 545,038	\$ 481,565
Short-term borrowings	\$ 12,000	\$ 17,028
Long-term borrowings	11,248	11,248
Accrued interest payable	432	117
Accrued expenses and other liabilities	4,415	4,156
Total liabilities	573,133	514,114
 Stockholder's Equity:		
Preferred stock, no par value, 500,000 shares authorized; none issued and outstanding		
Common stock, no par value, 3,500,000 shares authorized; 1,107,776 shares issued and outstanding at December 31, 2023 and 2022, respectively	1,359	1,359
Retained earnings, substantially restricted	47,659	41,453
Accumulated other comprehensive Income	(8,540)	(10,576)
Total stockholders' equity	40,478	32,236
Total liabilities and stockholders' equity	\$ 613,611	\$ 546,350

* Derived from audited financial statements

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

	Three Months Ended 31-Dec		Twelve Months Ended 31-Dec	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(In thousands, except per share data)			
Interest and dividend income:				
Loans	\$ 6,927	\$ 5,481	\$ 25,580	\$ 18,802
Investment securities				
Taxable	511	476	1,956	1,709
Tax-exempt	203	206	815	773
Dividends	10	14	25	22
Interest-bearing deposits	212	269	1,026	747
Total interest and dividend income	<u>7,863</u>	<u>6,446</u>	<u>\$ 29,402</u>	<u>22,053</u>
Interest expense:				
Deposits	2,673	398	8,386	1,051
Borrowings	196	155	761	599
Total interest expense	<u>2,869</u>	<u>553</u>	<u>9,147</u>	<u>1,650</u>
Net interest income	4,994	5,893	20,255	20,403
Provision for loan losses	-	-	290	-
Net interest income after provision for loan losses	<u>4,994</u>	<u>5,893</u>	<u>19,965</u>	<u>20,403</u>
Noninterest income:				
Service charges on deposit accounts	332	323	1,317	1,259
Fees from presold mortgages	5	4	18	21
Other income	503	455	1,884	1,996
Total noninterest income	<u>840</u>	<u>782</u>	<u>3,219</u>	<u>3,276</u>
Noninterest expenses:				
Compensation and benefits	2,384	2,252	9,480	8,603
Occupancy and equipment	570	584	2,161	2,159
Data processing & outside service fees	237	208	870	826
Advertising	65	49	243	137
Other	693	614	2,592	2,381
Total noninterest expenses	<u>3,949</u>	<u>3,707</u>	<u>15,346</u>	<u>14,106</u>
Income before income taxes	1,885	2,968	7,838	9,573
Income tax	385	635	1,629	2,016
Net income	<u>\$ 1,500</u>	<u>\$ 2,333</u>	<u>\$ 6,209</u>	<u>\$ 7,557</u>
Basic and Diluted earnings per share	<u>\$ 1.35</u>	<u>\$ 2.11</u>	<u>\$ 5.60</u>	<u>\$ 6.82</u>