



# Annual Report 2022

Recognizing what's  
Really Important.

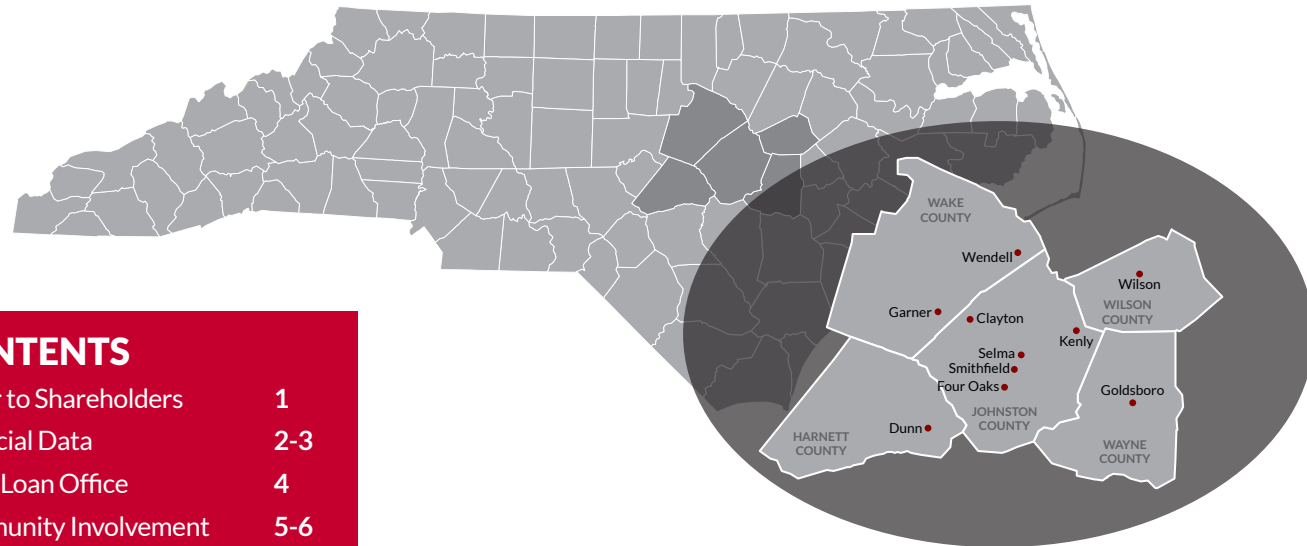
# Recognizing what's *Really* Important.

# To Our Shareholders, Customers, and Friends

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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 \$546 million in assets as of December 31, 2022. 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 94 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 316 shareholders of record, as of December 31, 2022.



Dear Fellow Shareholders,

For the year ended December 31, 2022, KS Bancorp, Inc. reported net income of \$7.5 million, or \$6.82 per diluted share, an increase in per share earnings of 24%. Without the non-recurring Payroll Protection Program (PPP) fee income included in 2021 earnings, the increased earnings per share would have been \$2.02, or an increase of 42%. Dividends paid from earnings were \$0.72 per share, compared to \$0.56 per share paid in 2021, an increase of 28%.

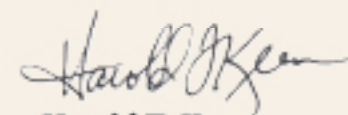
During 2022, KS Bancorp increased net loans receivable by \$68 million, a 20% increase from 2021 year ending. Loan delinquency at December 31, 2022 was 0.10%, the lowest during the 29 years of KS Bancorp.

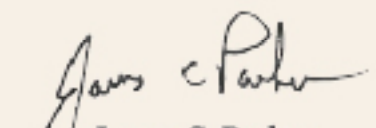
Continuing its above average growth the past few years, KS Bank’s Trust Department had a stellar year during 2022, opening 74 account relationships with \$31.8 million in new assets under management. Wealth Management through our Trust department allows KS Bank to expand its relationships to more fully meet customers’ financial needs. Our knowledgeable and experienced Wealth team members have become true strategic partners for bank clients that value relationships built through community banking.

Note from Harold: As my tenure on the Board of Directors of KS Bancorp ends, I wanted to say how honored I have been to serve our shareholders for the past twenty-nine years. I believe community banking is important and a good investment. KS Bancorp/KS Bank is a great example of how a bank can serve a community and its shareholders for the benefit of all. I thank you for all of your support.

We thank you for your continued confidence in KS Bancorp and our efforts to have sound financial growth with above average returns. If you have a banking or wealth need, we hope you will think of us first.

Respectfully,

  
Harold T. Keen  
Executive Vice-Chairman

  
James C. Parker  
Chairman of the Board

# Selected Financial Data

## Financial Condition Data:

	2022	2021	2020	2019	2018
(In Thousands, Except Per Share Amounts)					
Total Assets	\$ 546,350	\$ 571,225	\$ 485,828	\$ 403,657	\$ 400,258
Investments	109,255	206,625	98,385	78,330	89,020
Loans Receivable, Net	413,740	345,644	368,593	307,855	295,630
Deposits	481,565	487,437	402,523	326,919	330,423
FHLB advances/other borrowings	28,276	43,248	47,248	46,248	44,255
Stockholders' Equity	32,236	36,645	32,021	26,827	22,125
Book Value per Common Share	29.10	33.08	28.91	24.22	19.97

## Operating Data:

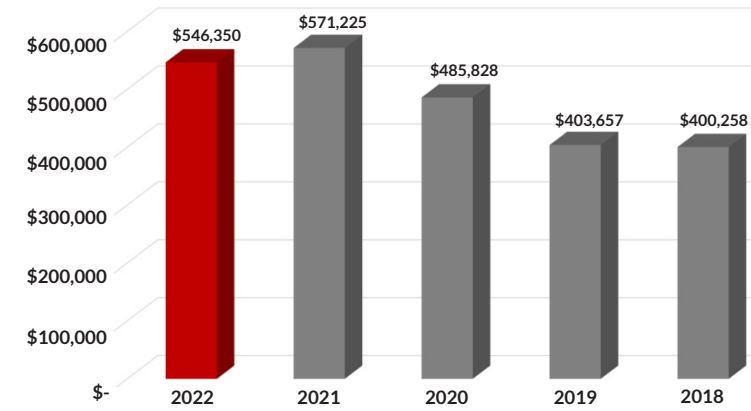
Interest Income	\$ 22,053	\$ 19,805	\$ 18,997	\$ 17,665	\$ 16,493
Interest Expense	1,650	2,144	3,588	4,726	3,886
Net Interest Income	20,403	17,661	15,409	12,939	12,607
Provision for Loan Losses	-	369	561	25	-
Noninterest Income	3,276	2,876	2,617	2,825	2,874
Noninterest Expense	14,106	12,456	11,878	11,112	10,992
Income before Income Taxes	9,573	7,712	5,587	4,627	4,489
Income Tax (benefit) Expense	2,016	1,618	1,216	985	947
Net (loss) Income	\$ 7,557	\$ 6,094	\$ 4,371	\$ 3,642	\$ 3,542

## Selected Other Data:

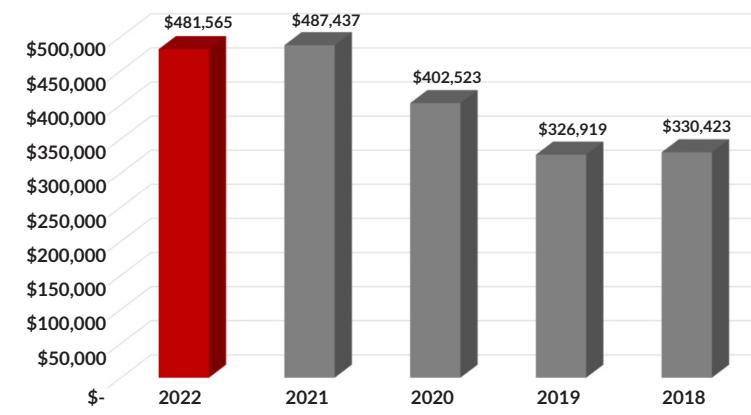
Basic Earnings (loss) per share	\$6.82	\$5.50	\$3.95	\$3.29	\$3.00
Diluted Earnings (loss) per share	\$6.82	\$5.50	\$3.95	\$3.29	\$3.00
Dividends per Share	\$0.72	\$0.56	\$0.40	\$0.34	\$0.28
Return on avg Assets	1.35%	1.15%	0.94%	0.91%	0.92%
Return on avg Equity	23.56%	17.52%	14.49%	14.41%	16.12%
Avg Equity to Avg Assets	5.73%	6.55%	6.49%	6.31%	5.68%



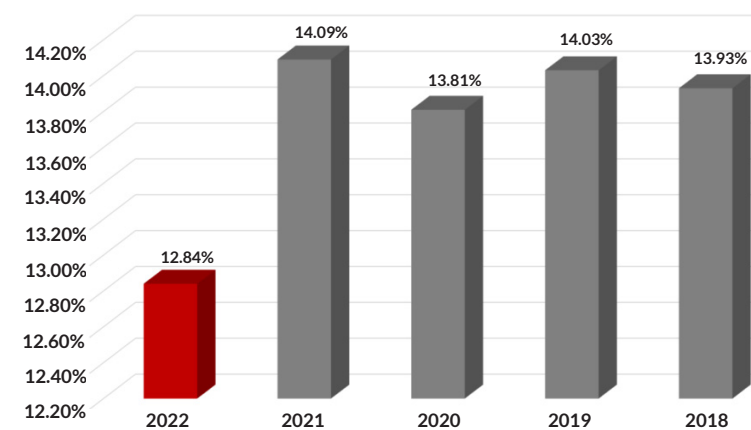
# Financial Highlights



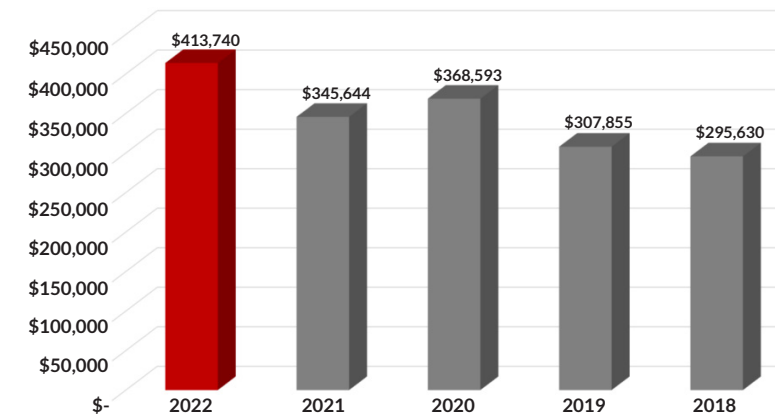
**TOTAL ASSETS**



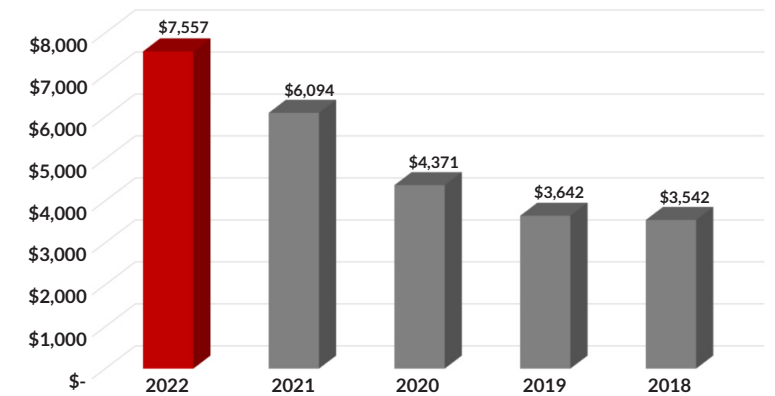
**DEPOSITS**



**TOTAL RISK BASED CAPITAL**



**LOANS RECEIVABLE, NET**



**NET INCOME AVAILABLE TO COMMON SHAREHOLDERS**

# Honoring Harold T. Keen

## 33 Years of Dedication, Vision, & Leadership

Harold T. Keen is a native of Johnston County, North Carolina, having the special opportunity to grow up on a family farm just outside of Four Oaks, where he lives today. He flew helicopters in the US Army, including a tour in Vietnam, and retired from the North Carolina National Guard with the rank of Chief Warrant Officer Four (CW4) as a Master Army Aviator.

After service, Harold came back to Johnston County and completed his degree in accounting at Johnston Community College, and began his banking career with Smithfield Savings and Loan Association. In 1990 he joined Kenly Savings and Loan Association as its President, and held that role through 2021 with the renamed KS Bank. Today, he serves as the bank's Executive Vice Chairman.

Harold has served the local community and state in numerous roles including being an active member and deacon of Four Oaks First Baptist Church, advisory board member of South Johnston High School, member of the Four Oaks Downtown Revitalization Committee, and the Uptown Selma Business Partnership. He was also a founding member of the Johnston County Education Foundation and the Downtown Smithfield Development Corporation.



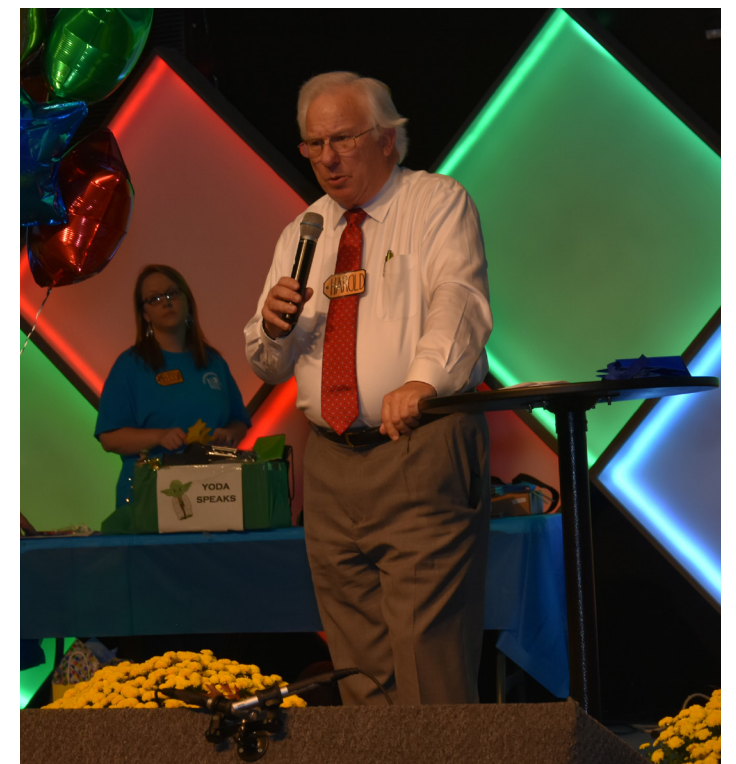
Mr. Keen has earned numerous awards and honors throughout his lifetime. He was awarded the Bronze Star for military service in Vietnam in 1969, the Order of the Long Leaf Pine award by Governor Jim Hunt in 2000, and the Political Leadership award from the North Carolina Bankers Association in 2017. Johnston County Schools gave him their Honorary Hero Award in 1996, and in 2010 he was given the Distinguished Citizens Award by the Triangle East Chamber of Commerce. Also, in 2019 Harold was inducted into the North Carolina Banking Hall of Fame, which was established in 2001 to pay tribute to the leaders of our state's banking industry and acknowledge the impact that they have had on their communities. Harold served as Chairman of the North Carolina Bankers Association in 2001.

**"Harold has always reminded us that it is about relationships and trust."**

*- Earl W. Worley, Jr., KS Bank President/CEO*

Mr. Keen reflected on his time with KS Bank, stating, "I began my journey at KS Bank in July of 1990. At that time, it was a small savings and loan association with very limited customer products, offering only fixed rate home loans, CDs, and passbook savings accounts. In December 1993, we did a mutual to stock conversion and began our efforts to make what was then Kenly Savings & Loan into a full-service community bank. Over the years, we have expanded from two offices to ten and moved the corporate office from Kenly to Smithfield in 2003. With the addition of our Trust and Wealth department, we can now meet customer's needs from a basic checking account to complex wealth planning. However, what I am the most proud of is the relationships between the men and women who have shared in this on-going journey."

Current KS Bank President/CEO, Mr. Earl W. Worley, Jr., has worked very closely alongside Mr. Keen for several years. When asked about Mr. Keen's impact on the bank as a whole, Worley said, "On December 31, 1990, KS Bank's (then Kenly Savings and Loan Association) net assets totaled \$59.3 million. On December 31, 2022, KS Bank's net assets totaled \$546.3 million. The 'dash' between those two net asset numbers is attributable to Harold's leadership and determination. Harold had a vision to transform Kenly Savings and Loan to a full-service community bank. He led the bank through the transformation to become a stock owned community savings bank in 1993 and over the last 29 years since the inception of KS Bancorp, we have seen his vision unfold and flourish. In good times and challenging times, Harold has led the bank forward, kept the bank on a trajectory of growth, and continued success." Worley continued, "One of the many valuable lessons that I have learned from Harold is to 'stick to your knitting,' meaning do what we (the bank) do well but understand we cannot be all things to all people. In addition, Harold has always reminded us that it is about relationships and trust. During his 33-year career here at KS Bank, he personally has built many relationships on the foundation of trust that continues to serve the bank very well today. It has been my pleasure to work alongside of Harold for 31 of his 33 years here at the bank. I value him as a supervisor, co-colleague, and as a person, and for the many contributions he has brought to KS Bank and to himself personally."



# We are a TRUE Community Bank committed to the needs of our customers, communities, and employees!



KS Bank is a community bank that believes in our local community relationships. We know that the best way to build a sustainable business is to invest in the people who live and work in our communities. This is why we help businesses get started, grow, and thrive. We are also here for you when it comes time to buy a home or make an investment, because we understand how important it is to have a financial partner who cares about your future as much as we do. Our employees are also important to us because they live in these communities too! They understand what it's like to be part of a community, and many of them volunteer their time to serve on different organization boards, help out at local events, and more!

ABOVE: 1: KS Bank donated \$10,000 to the Johnston County Education Foundation. 2: The Four Oaks Staff has some summer fun. 3: Employees and their families enjoyed painting door hangers at our family fun day. 4: Shannon Austin spoke at Princeton High School about financial literacy. 5: Todd Anderson volunteered several hours with Waymakers of NC. He had the most volunteer hours in the bank for 2022. 6: Britt Holland graduated from Leadership Johnston, a program presented by KS Bank. 7: Members of our Smithfield branch donated school supplies to Micro Elementary School. 8: Tracy McKinley presents a seminar on identity theft prevention to local senior citizens. 9: Employees enjoy time together at our quarterly celebration. 10: KS Bank donated \$3,500 to the Johnston Health Foundation. 11: David Barber drops off school supplies to a community organization in Wayne County. 12: Our Selma branch had some fun dressing up for Halloween. 13: John Parker accepts a plaque recognizing our relationship with JCBIA. 14: Members of several branches pose with their award certificates at our quarterly celebration. 15: Earl W. Worley, Jr. exhibits exceptional bowling form at our quarterly celebration. 16: HOOPLA team members dropped off donations to local nursing homes for Easter.

# Employee Spotlight



**Geoff Harper**

In October, Geoff Harper joined KS Bank as a Commercial Relationship Manager in our Garner office. He is responsible for deposit growth and loan production as well as developing new business. Harper has over 18 years of experience as a Commercial Relationship Manager. He has a B.S. in Marketing from Appalachian State University and graduated from the Risk Management Association Commercial Lending School in 2005. He resides in Raleigh and enjoys golfing, hiking, and skiing in his free time.



**Justin McLamb**

Justin McLamb joined us in December as a Commercial Relationship Manager in our Goldsboro market. In this role, he is responsible for developing new business, deposit growth, and loan production. McLamb has 16 years of experience working in the finance industry, most recently as a Market Executive. He earned his MBA with a Certificate in Finance from East Carolina University in 2015. He lives in Goldsboro with his family, and enjoys traveling from the beach to the mountains in his free time.



**Cindy Minchew**

In November, KS Bank hired Cindy Minchew as our Deposit Operations Manager. She oversees the day-to-day operations of the Deposit Support team, monitors and identifies changes in deposit compliance laws and regulations, and assists with maintenance of the bank's core system. Minchew has over 30 years of experience in the banking industry serving in several supervisory roles. She graduated with a B.S. in Business Administration and an accounting minor from NC Wesleyan College. She lives in Goldsboro with her family.



**Judy Page**

Judy Page came to KS Bank in April as a Commercial Relationship Manager in our newly opened Loan Production Office in Dunn. With over 20 years of lending experience in the Dunn and Harnett County markets she has a proven track record of managing multi-million dollar loan portfolios and expanding business. Page graduated from East Carolina University with a B.S. in Business Administration. She lives in Dunn with her husband and spends her free time with her children and grandchildren.



**Haley Pinkowski**

Haley Pinkowski was hired as the bank's Marketing Manager in March. She oversees the bank's overall strategic marketing plans. Her responsibilities encompass marketing leadership with the corporate team and the bank's nine branches, increasing community brand awareness, and promoting products and services. She has proven experience managing marketing campaigns from creation to completion. Pinkowski graduated from Meredith College with a B.A. in Graphic Design and a minor in Marketing. She resides in Kenly.



**Keith Williams**

In December, KS Bank hired Keith Williams as a Senior Credit Analyst. In his role Williams provides guidance and assistance to the bank's lending personnel in the review, enhancement, and standardization of loans and lending policies and procedures. He has over 15 years of experience in the banking industry, and has worked as a credit analyst since 2016 evaluating the credit worthiness of businesses and their ability to repay their loans. He graduated from East Carolina University with a B.S. in Political Science. He lives in Dunn with his family.

## Retirees



**Greta Edwards**

Greta retired from KS Bank in October after 25 years of dedicated service. She served the bank in a variety of roles. Her first position with the bank was as a customer service representative in our Garner office in October of 1997. From there, she moved on to become a loan assistant in Clayton in 2004, a loan officer in Garner in 2010, a member of the credit department in 2012, and then moved into her final role with loan operations in 2015. Before joining KS Bank, she worked as a teller at Raleigh Federal Savings and First Union bank. In her retirement, Greta is still working with the bank part-time, and spending more time with her family.

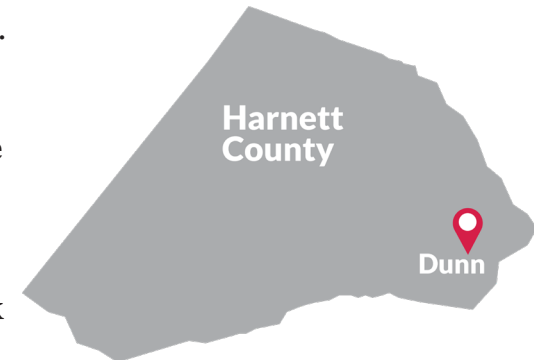


**Tim Taylor**

Tim retired in February after 11 years of working with KS Bank. He joined the bank in September 2011 as Chief Credit Officer, SVP. He was promoted to Executive Vice President in February of 2019, then became the Wilson branch Market Executive in January 2020. Prior to working with KS Bank, Tim began his career in finance in 1983 with Planters Bank in Rocky Mount. Over the years he rose up from the role of Branch Manager to Commercial Lender, Regional Commercial Banking Manager, Mortgage Banking Division Manager, and then President/CEO of First Carolina State Bank in Rocky Mount in 2011. He was very involved in the communities he served holding Board Member roles with several community organizations.

# KS Bank Now Open in Dunn!

This spring, KS Bank opened a Loan Production Office in Dunn, NC. The office serves businesses in and around Harnett County as they look for assistance with commercial loans. Judy Page, long-time Dunn resident and banking professional, joined KS Bank to manage the office.



The bank felt this was the right time to enter the Dunn and Harnett County market as the area was undergoing many changes with bank branches closing and several large institutions merging.

An official ribbon cutting was held at the office in July. The event was well-attended by several members of the Dunn community. Wesley Johnson, President of the Dunn Chamber of Commerce, as well as William Elmore, Mayor of Dunn, spoke at the ceremony welcoming KS Bank to Dunn. Remarks were also made by Harold Keen, KS Bank Executive Vice-Chairman, and Earl W. Worley, Jr., KS Bank President/CEO. "We are very thankful for the overwhelming amount of support we have received since bringing our brand of community banking to Dunn in the form of this Loan Office. We are excited to serve the Dunn and Harnett County markets and all of their lending needs," said Worley.



**(Left to Right) Front Row:** Nanda Jones, Lee Byrd, Regina Smith, Tammy Mitchell, Judy Page, William P. Elmore, Jr., Harold Keen. **Back Row:** David Barber, Geoff Kokiko, Hannah Keen, Dit Breault, Earl W. Worley, Jr., John Parker, Sid Sauls, Wesley Johnson.

Board of Directors

Executive Leadership



James C. Parker  
Chairman



Gordon C. Woodruff  
Vice-Chairman



Harold T. Keen  
Executive Vice-Chairman



Lisa H. Brogdon



April S. Culver



B. Kenneth Jones



Sidney E. Sauls



R. Edward Scott, Jr.



Earl W. Worley, Jr.



Matthew T. Keen\*



Winston Kirby\*



Earl W. Worley, Jr.  
President & CEO



Dit L. Breault  
Chief Operations Officer



H. Geoff Kokiko  
Chief Banking Officer



John A. Parker  
Chief Credit Officer



Regina J. Smith  
Chief Financial Officer



Roger K. Thomas  
Chief Wealth Officer

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 316 shareholders of record (excluding shares held in street name), as of December 31, 2022. The Common Stock was listed for quotation on the OTC Bulletin Board and the “Pink Sheets” at 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 2022**  
Dixon Hughes Goodman, LLC  
1003 Red Banks Rd.  
P.O. Drawer 20157  
Greenville, NC 27858

**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 Pinkowski  
Smithfield, NC

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



1031 N. Brightleaf Blvd.  
Smithfield, NC 27577



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

