

Dear Shareholders,

As we reflect on 2025, we are proud to share that this past year was the strongest in the history of KS Bancorp, Inc. On behalf of our Board of Directors, management team, and dedicated employees, I want to thank you for your continued confidence in our Company. Your trust and support remain central to everything we do and allow us to remain focused on delivering relationship-driven community banking while building long-term value for our shareholders.

## 2025 Financial Highlights

- **Record Earnings:** Net income increased 52% to \$9.4 million, representing the highest annual earnings in Company history.
- **Strong Balance Sheet Growth:** Total assets grew by \$131.7 million to \$822.6 million, driven by net loan growth of \$109.7 million.
- **Core Franchise Strength:** Total deposits reached \$749.6 million, reflecting continued growth in core deposits and strong customer relationships.
- **Capital and Wealth Platform Growth:** Stockholders' equity increased to \$55.8 million, and Assets Under Management for our wealth platform exceeded \$300 million at year end.

## A Record Year of Financial Performance

In 2025, we delivered exceptional financial results that reflect disciplined execution, strong customer relationships, and the resilience of our community banking model. Net income increased 52% to \$9.4 million, marking the highest earnings year in our history. Net interest income before the provision for credit losses rose 26.8% to \$28.2 million, driven by sustained loan demand and prudent balance sheet management.

Our balance sheet growth was equally impressive. Total assets increased by \$131.7 million to \$822.6 million, exceeding our internal budget by nearly \$79 million. Net loans grew by \$109.7 million to \$664.2 million, while total deposits reached \$749.6 million, supported by continued growth in core deposits. Stockholders' equity increased by \$10.5 million to \$55.8 million, and our Community Bank Leverage Ratio remained strong at 9.02%, reflecting our well-capitalized position.

Credit quality remained excellent throughout the year, with nonperforming assets representing less than 0.20% of total assets. These results demonstrate the strength of our disciplined credit culture and prudent balance sheet management.

## Kestrel Wealth Management and Trust Services

Our Wealth and Trust business delivered outstanding results in 2025 and continues to be an important component of our diversified franchise. During the year, our team added \$53.2 million in new assets, and total Assets Under Management exceeded \$300 million at year end for our Kestrel Wealth Management team. This milestone reflects both strong market conditions and, more importantly, the confidence our clients place in our advisors to protect, manage, and grow their wealth. We are proud of the momentum within this business and believe it is well positioned for continued growth.

As part of our long-term strategy, we rebranded our wealth platform as Kestrel Wealth Management to better position the business for expansion beyond our traditional client base. The Kestrel brand reflects the depth of our advisory expertise, fiduciary focus, and scalable service model while clearly distinguishing our wealth capabilities from our core banking operations. This repositioning enhances our ability to deliver investment and trust services not only to our customers but also to other financial institutions seeking a trusted wealth management partner.

## Investing in Our People and Our Future

Throughout the year, we continued to invest in our people, technology, and infrastructure. These investments enhanced the customer experience, strengthened our risk management capabilities, and positioned us for sustainable long-term growth. While expenses increased as a result of these strategic initiatives, we believe these investments are essential to supporting our expanding franchise and maintaining the high standards our customers expect.

During 2025, we were pleased to strengthen our leadership and operational teams. Travis Bailey joined KS Bank as Executive Vice President and Chief Administrative Officer, bringing more than twenty years of community banking experience and leadership that will support our continued organizational growth.

We also welcomed Mark Eason as Senior Vice President and Commercial Relationship Manager. Mark serves businesses in Lillington, Angier, and Coats, helping expand our commercial lending presence and deepen our relationships with local businesses.

Additionally, Matt McLamb joined the Bank as Deposit Relationship Officer. In this role, Matt focuses on developing new deposit relationships and supporting our growing treasury services customer base.

We were also pleased to welcome Linda Holloman back to KS Bank as Deposit Operations Manager. With more than 25 years of banking experience and prior service with KS Bank, Linda brings valuable operational expertise to the organization and plays an important role in supporting the Bank's deposit operations and compliance functions.

Together, these additions reinforce our commitment to building a strong team capable of supporting the Bank's continued growth and delivering exceptional service to our customers and communities.

### **Strategic Expansion and Community Commitment**

One of the most meaningful milestones of 2025 was the opening of our eleventh full-service branch in Bailey, North Carolina—our first location in Nash County. After receiving regulatory approval, the branch officially opened on July 7, 2025, and we have been encouraged by the strong reception from the community. This expansion represents an important step in our long-term strategy to grow thoughtfully while remaining deeply rooted in the communities we serve.

In November, we also purchased land in Wendell, North Carolina, with plans to build a new branch facility to replace our current leased building in that market. This investment underscores our long-term commitment to the Wendell community and our confidence in the market's continued growth.

### **Looking Ahead**

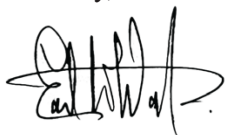
As we enter our 102<sup>nd</sup> year of operation, we remain optimistic about the future of KS Bancorp. We believe loan demand will continue across our markets, and we recognize the ongoing need to grow and diversify our deposit base to support that demand. Based on our current momentum and strategic plans, we believe 2026 will be another strong year for asset growth.

Later this year, the Bank intends to expand its presence in Harnett County with the opening of an additional branch, further strengthening our footprint and enhancing our ability to serve customers in this growing market. While we remain mindful of economic and regulatory uncertainties, our fundamentals are strong and our strategy is clear.

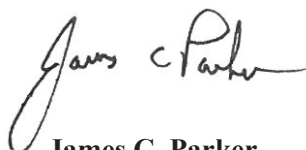
Our success would not be possible without the dedication of our employees, the loyalty of our customers, and the confidence you place in us as shareholders. We are deeply grateful for your continued support and trust. We are excited about the opportunities ahead and remain committed to delivering strong performance, sound leadership, and long-term value.

Thank you for being a part of the KS Bancorp story.

Sincerely,



**Earl W. Worley, Jr.**  
President and Chief Executive Officer  
KS Bancorp, Inc.



**James C. Parker**  
Chairman of the Board of Directors  
KS Bancorp, Inc.