



# 2025 ANNUAL REPORT



# Recognizing what's *Really* Important.

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KS Bancorp, Inc. is a Smithfield, North Carolina-based, single bank holding company with approximately \$822 million in assets as of December 31, 2025. KS Bank, Inc., a state-chartered savings bank, is KS Bancorp’s sole subsidiary. The Bank conducts its operations through eleven full service branch offices located in Bailey, Clayton, Dunn, Four Oaks, Garner, Goldsboro, Kenly, Selma, Smithfield, Wendell, and Wilson. There are 105 employees at the time of this writing.

The Company prides itself on being a community-oriented financial institution that offers a wide range of banking products and services for both individuals and businesses. On the personal banking side, customers can expect tailored deposit and loan products to meet their specific needs. Meanwhile, businesses can benefit from services such as deposit and loan products, payroll services, merchant card services, treasury services, and remote deposit.

For those seeking a mortgage, KS Mortgage Services provides competitive products delivered by a responsive team of specialists. Moreover, clients can turn to Kestrel Wealth Management for a variety of financial management solutions. These include trust services like investment management, IRAs, trust administration, estate planning, charitable giving, business succession planning, 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 1,110,776 shares of common stock, which were held by approximately 318 shareholders of record, as of December 31, 2025.

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 judgements 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.

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**

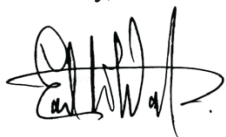
As we enter our 102<sup>nd</sup> year of operation, we remain optimistic about the future of KS Bancorp. We believe loan demand will continue across our markets, and we recognize the ongoing need to grow and diversify our deposit base to support that demand. Based on our current momentum and strategic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

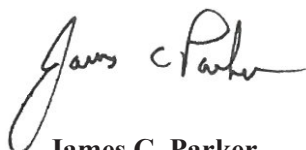
Our success would not be possible without the dedication of our employees, the loyalty of our customers, and the confidence you place in us as shareholders. We are deeply grateful for your continued support and trust. We are excited about the opportunities ahead and remain committed to delivering strong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

# Selected Financial Data

<b>Financial Condition Data:</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total Assets	822,603	690,849	613,610	546,350	571,225
Investments	126,646	107,566	115,487	109,255	206,625
Loans Receivable, Net	664,205	554,520	472,913	413,740	345,644
Deposits	749,601	618,156	545,038	481,565	487,437
FHLB Advances/Other Borrowings	11,248	22,392	23,248	28,276	43,248
Stockholders' Equity	55,844	45,303	40,477	32,236	36,645
Book Value per Common Share	50.41	40.90	36.54	29.10	33.08

## Operating Data:

Interest Income	43,355	36,150	29,402	22,053	19,805
Interest Expense	15,197	13,948	9,147	1,650	2,144
Net Interest Income	28,158	22,202	20,255	20,403	17,661
Provision for Loan Losses	967	494	290	-	369
Noninterest Income	3,951	3,488	3,219	3,276	2,876
Noninterest Expense	19,081	17,071	15,346	14,106	12,456
Income before Income Taxes	12,061	8,125	7,838	9,573	7,712
Income Tax (benefit) Expense	2,703	1,968	1,629	2,016	1,618
Net (loss) Income	9,358	6,157	6,209	7,557	6,094

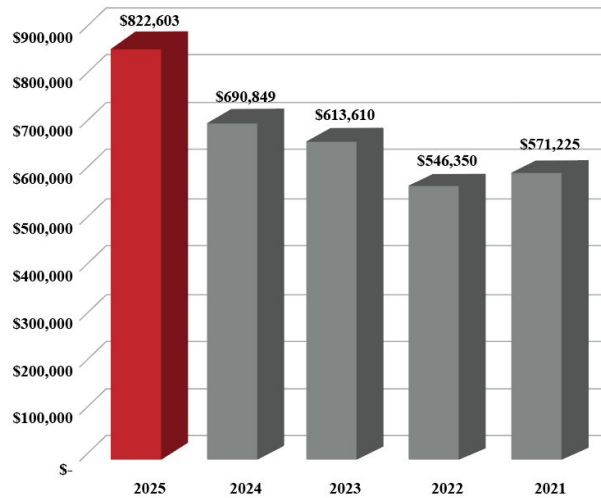
## Selected Other Data:

Basic Earnings (loss) Per Share	\$8.45	\$5.56	\$5.60	\$6.82	\$5.50
Diluted Earnings (loss) Per Share	\$8.45	\$5.56	\$5.60	\$6.82	\$5.50
Dividends per Share	\$1.10	\$1.03	\$0.95	\$0.72	\$0.56
Return on Average Assets	1.23%	0.91%	1.04%	1.35%	1.15%
Return on Average Equity	18.29%	13.87%	16.32%	23.56%	17.52%
Average Equity to Average Assets	6.72%	6.56%	6.37%	5.73%	6.55%

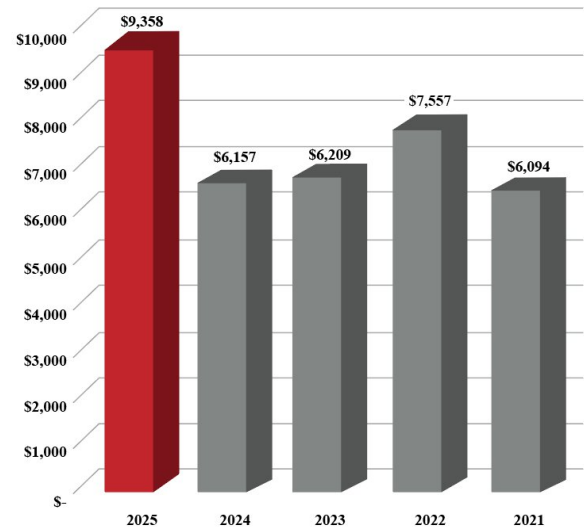


KS Bank's Trust and Wealth Division, KS Trust and Wealth, rebranded in 2025 to Kestrel Wealth Management. The rebrand allows them to distinguish their services and expand their reach into new markets, while ensuring the same exceptional service and dedication to their clients.

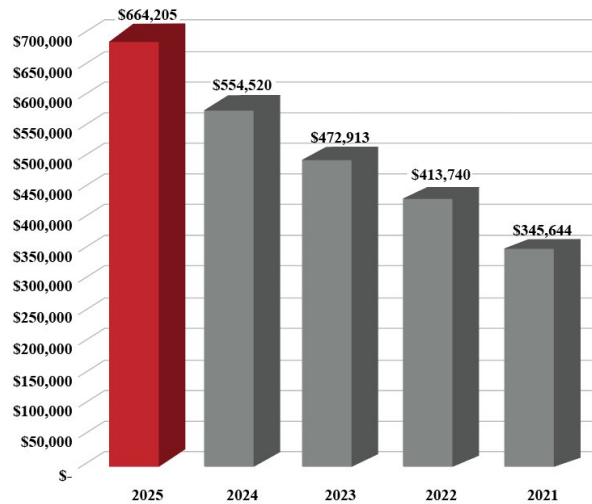
# Financial Highlights



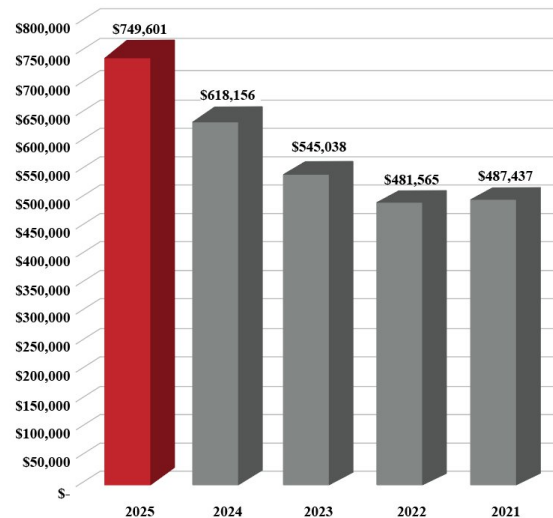
**Total Assets**



**Net Income Available to Common Shareholders**



**Loans Receivable, Net**



**Deposits**

“The name Kestrel was thoughtfully chosen to reflect our core approach: clarity, vision, and a strategic outlook in navigating complex financial landscapes. Like the Kestrel falcon, we aim to offer perspective and precision in helping clients plan for the future,” said Roger Thomas, Chief Wealth Officer with KS Bank.

While the name and brand are evolving, the core values, expertise, and personalized approach their clients have come to trust remain unchanged. Kestrel’s team of dedicated professionals will continue to provide the same high-quality services and innovative financial solutions that help their clients achieve their long-term financial goals.

# Year At A Glance

In 2025, KS Bank continued to grow alongside the communities we serve, marked by meaningful milestones and strengthened relationships. We welcomed new managers and an executive officer who bring fresh expertise and a shared commitment to service. This year also saw the opening of our newest branch in Bailey, expanding our brand of community banking into Nash County. We proudly increased our investment in local organizations through donations that uplift families, small businesses, and essential services. Additionally, we continued to fund meaningful community initiatives, reinforcing our dedication to meeting local needs through responsible lending.

## New Hires



**Travis B. Bailey**

*Chief Administrative Officer, EVP*



**Mark Eason**

*Sr. Commercial Relationship Manager, SVP*



**Linda Holloman**

*Deposit Operations Manager, VP*



**Matt McLamb**

*Deposit Relationship Officer*



Bailey Branch Ribbon Cutting - July 2025



KS Bank donated more than \$115,000 to our communities in 2025



Micro Fire Department New Truck Loan

# Executive Management



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



**Travis B. Bailey**  
*Chief Administrative Officer*



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



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



**Tracy E. McKinley**  
*Chief Information Officer*



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



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



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

# 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**



**Jerry Milton**



**R. Edward Scott, Jr.**



**Earl W. Worley, Jr.**



## 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 1,110,776 shares of Common Stock outstanding, which were held by approximately 318 shareholders of record as of December 31, 2025. 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:  
Equiniti Trust Company LLC  
Direct Transfer Compliance  
1110 Centre Point Curve, Suite 101  
Mendota Heights, MN 55120  
(919) 744-2722  
[transfer-ID@equiniti.com](mailto:transfer-ID@equiniti.com)

### Independent Certified Public Accountants

Forvis Mazars, 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.

### Graphic Design

Haley Daughtry  
Smithfield, NC

### Photography

Tracy McKinley  
Smithfield, NC



1031 N. BRIGHTLEAF BLVD.  
SMITHFIELD, NC 27577



[KSBANKINC.COM](http://KSBANKINC.COM)

Member  
**FDIC**