

A Message to Shareholders

Dear Shareholders,

Celebrating 100 Years of Excellence

As we close a landmark year, I want to extend my deepest gratitude for your unwavering support and confidence in KS Bancorp and our subsidiary, KS Bank. This year, 2024, marks a historic milestone—our 100th year of serving the communities of Eastern North Carolina. Throughout this century-long journey, your steadfast loyalty has been the foundation of our growth and success.

Financial Performance and Stability

KS Bancorp delivered another strong financial performance in 2024, showcasing growth across key financial metrics. Total assets increased to \$690.8 million, a 12.6% rise from the previous year, while net loans grew to \$554.5 million, reflecting a 17.2% increase. Total deposits reached \$618.2 million, marking a 13.4% growth. Core deposit growth of \$66.1 million exceeded our internal targets, demonstrating strong customer trust and engagement. Our Wealth and Trust Division added over \$35 million in new assets under management, bringing the Division's total assets under management to \$250 million dollars.

Net income for 2024 was \$6.1 million compared to \$6.2 million in 2023, with the slight decline primarily due to one-time, non-recurring expenses related to the redevelopment of our Garner branch and strategic investments in other new locations. Our book value per share increased to \$40.90, up from \$36.54 in 2023, reflecting strong equity growth. In addition, dividends increased \$0.08 per share or 8.42% to \$1.03 in 2024 as compared to \$0.95 per share in 2023. Despite increased expenses, our return on average equity (ROAE) remained solid at 13.87%, further underscoring our financial strength.

Navigating Market Dynamics

Despite broader economic uncertainties and shifting interest rate environments, KS Bancorp remains agile and resilient. Our diversified financial portfolio, strong leadership, and proactive risk management strategies have enabled us to continue delivering value in a challenging landscape. Our Community Bank Leverage Ratio remains strong at 9.24% as of December 31, 2024, underscoring our solid financial foundation.

The counties we serve continue to experience significant economic and population growth, reinforcing our long-term market potential:

- **Johnston County:** One of the fastest-growing counties in North Carolina, with a population increase of 4.2% in the past year and robust commercial development, particularly in the manufacturing and logistics sectors.
- **Harnett County:** Experiencing a 3.8% population growth, with increasing residential development and a surge in small business expansion.
- **Wake County:** A major economic hub with a 2.9% population increase, driven by continued investments in technology, healthcare, and education sectors.
- **Wayne County:** Seeing steady economic improvement, with a 2.5% rise in new business registrations and infrastructure investments supporting long-term growth.
- **Wilson County:** Reporting a 2.1% growth rate, bolstered by advancements in agribusiness, manufacturing, and a strong push for workforce development.

These trends position KS Bancorp to capitalize on expanding economic activity and increased financial service needs within our footprint.

Operational Excellence and Industry Recognition

Successful regulatory reviews, including a strong FDIC examination and FHLB collateral review, reinforced our focus on operational efficiency and financial discipline. Additionally, KS Bancorp was recognized among the Top Banks under \$2 billion by the American Bankers Association, ranking #14 nationwide. We are also proud to announce that KS Bank has once again earned a 5-star rating from Bauer Financial, Inc., the nation's premier bank rating firm. Bauer evaluates every federally insured U.S. chartered bank with strict standards. Furthermore, KS Bank has been ranked nationally as one of the top 20 lending partners of the State Small Business Credit Initiative (SSBCI). Through our partnership with the North Carolina Rural Center, we are expanding our lending to eligible small businesses, including underserved communities and non-profits. This allows us to support local entrepreneurs and foster economic growth within our region. These recognitions highlight our continued commitment to excellence and prudent financial management.

Strategic Expansion and Market Growth

This year also marked significant milestones in our physical growth. In June 2024, we proudly opened our newest full-service branch in Dunn, North Carolina—our first presence in Harnett County. This expansion enhances our ability to serve a growing customer base and strengthens our community ties. Additionally, we completed a major redevelopment project at our Garner branch. This investment included subdividing excess land, constructing a modernized branch facility, and selling the remaining lot for commercial development. These strategic moves improve service delivery and position us for future growth in the Wake County market.

Looking Ahead to 2025


As we look toward 2025—our 101st year—we remain steadfast in our commitment to sustainable growth and innovation. We will continue expanding our market presence across our five-county footprint, focusing on organic growth and strategic partnerships. Enhancing our ability to serve you with more efficient and user-friendly technology will remain a priority, ensuring we continue to meet the evolving needs of our customers. We will also deepen our engagement with the communities we serve, fostering strong relationships with local businesses and residents to drive economic growth and create lasting value. Our goal is to build on our legacy of success while positioning KS Bancorp for continued prosperity in the years ahead.

Appreciation and Acknowledgments

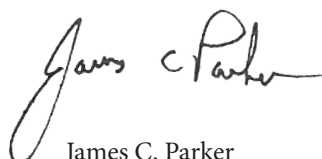
None of our achievements would be possible without our employees' dedication, our loyal customers' trust, and, most importantly, your unwavering support as shareholders. Your belief in KS Bancorp fuels our drive for excellence, and we are excited about the opportunities that lie ahead.

Thank you for being an essential part of this remarkable journey. Together, we will continue to build a future that honors our legacy and embraces new growth for years to come.

Sincerely,



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



James C. Parker
Chairman of the Board