

KS BANCORP, INC
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PRESS RELEASE

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KS Bancorp, Inc. (KSBI) Announces Second Quarter 2024 Financial Results and Cash Dividend

Smithfield, NC—(ACCESSWIRE) July 22, 2024, KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the second quarter of 2024.

The Company reported net income of \$1.7 million or \$1.50 per diluted share for the three months ended June 30, 2024, compared to net income of \$1.6 million or \$1.41 per diluted share for the three months ended June 30, 2023.

Net interest income before the provision for credit losses for the three months ended June 30, 2024 was \$5.5 million, compared to \$5.1 million at June 30, 2023. Non-interest income for the three months ended June 30, 2024, was \$863,000, compared to \$829,000 for the comparable period ended June 30, 2023. Non-interest expense was \$4.1 million for the three months ended June 30, 2024, compared to \$3.8 million in the comparable period in 2023.

For the six months ending June 30, 2024, net interest income before the provision for credit losses was \$10.6 million, compared to \$10.3 million for the six months ending June 30, 2023, which was a 2.9% increase. Non-interest income was \$1.7 million for the six months ending June 30, 2024, compared to \$1.6 million for the same period ended June 30, 2023. For the six months ended June 30, 2024, non-interest expenses were \$8.1 million, compared to \$7.6 million for the same period ending June 30, 2023.

The Company’s unaudited consolidated total assets increased \$55.2 million to \$668.8 million on June 30, 2024, compared to \$613.6 million on December 31, 2023. Net loan balances increased by \$31.4 million to \$504.3 million on June 30, 2024, compared to \$472.9 million on December 31, 2023. The Company’s investment securities totaled \$97.9 million on June 30, 2024, compared to \$98.0 million on December 31, 2023. Total deposits increased \$64.0 million to \$609.0 million on June 30, 2024, compared to \$545.0 million on December 31, 2023. The increase in deposits included a \$57.6 million increase or 11.5% in core deposits. For the six months ended June 30, 2024, short-term borrowings decreased \$12.0 million. Total stockholders’ equity increased \$3.0 million to \$43.5 million on June 30, 2024, from \$40.5 million on December 31, 2023.

On June 30, 2024, nonperforming assets consisted of nonaccrual loans of \$797,000, representing less than 0.20% of the Company’s total assets. No foreclosed real estate was owned on June 30, 2024. The allowance for credit losses on June 30, 2024, totaled \$4.1 million, or 0.80% of total loans.

Commenting on the second quarter results, Earl W. Worley, Jr., President and CEO of the Company, stated, “During the first six months of 2024, KS Bank continues to experience solid growth in both deposits and loans. Net loan balances have increased 6.64%, and deposit balances have increased 11.75%, respectively, year-to-date. On June 30, 2024, the bank’s loan balances

were \$504 million, exceeding the one-half billion-dollar threshold for the first time in the bank's history. We are pleased with our year-to-date results as we are on track with our projections for the year. As the Federal Reserve works toward their 'soft landing,' we will continue to make adjustments as warranted."

In addition, Worley stated, "The second quarter for KS Bank was exciting not just because of our history-making loan balances but also due to the opening of our newest full-service branch location in Dunn, North Carolina. On June 20, 2024, KS Bank held a ribbon cutting in Dunn with more than 100 community members, city officials, and bank employees in attendance. The new branch marks the Bank's tenth full-service location and its first branch location in Harnett County, North Carolina. We are extremely pleased with the community's reception and the new customers the bank is acquiring."

In addition, the Company announced today that its Board of Directors has declared a quarterly dividend of \$0.26 per share for stockholders of record as of July 29, 2024, with payment to be made on August 8, 2024.

KS Bank continues to be well capitalized according to regulatory standards with a Community Bank Leverage Ratio of 9.49%, compared to 9.67% on December 31, 2023.

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 that has served the citizens of eastern North Carolina since 1924. The Bank offers a broad range of personal and business banking products and services, as well as mortgage and trust services. Ten full-service branches are located in Kenly, Selma, Clayton, Garner, Goldsboro, Wilson, Wendell, Smithfield, Four Oaks, and Dunn, North Carolina. 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

	June 30, 2024 (unaudited)	December 31, 2023*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 37,348	\$ 15,962
Noninterest-earning	4,462	2,983
Time Deposit	513	500
Investment securities available for sale, at fair value	97,915	98,047
Federal Home Loan Bank stock, at cost	469	978
Loans	508,382	476,679
Less allowance for loan losses	<u>(4,048)</u>	<u>(3,766)</u>
Net loans	504,334	472,913
Accrued interest receivable	2,601	2,389
Property and equipment, net	13,089	11,050
Other assets	<u>8,073</u>	<u>8,774</u>
 Total assets	 <u>\$ 668,804</u>	 <u>\$ 613,596</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 609,072	\$ 545,038
Short-term borrowings	\$ -	\$ 12,000
Long-term borrowings	11,248	11,248
Accrued interest payable	325	432
Accrued expenses and other liabilities	<u>4,638</u>	<u>4,401</u>
 Total liabilities	 <u>625,283</u>	 <u>573,119</u>
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 June 30, 2024 and December 31, 2023, respectively	1,359	1,359
Retained earnings, substantially restricted	50,137	47,659
Accumulated other comprehensive Income	<u>(7,975)</u>	<u>(8,541)</u>
 Total stockholders' equity	 <u>43,521</u>	 <u>40,477</u>
 Total liabilities and stockholders' equity	 <u>\$ 668,804</u>	 <u>\$ 613,596</u>

* Derived from audited financial statements

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

	Three Months Ended 30-Jun		Six Months Ended June 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(In thousands, except per share data)			
Interest and dividend income:				
Loans	\$ 7,784	\$ 6,174	\$ 15,237	\$ 12,038
Investment securities				
Taxable	513	479	1,013	961
Tax-exempt	202	204	404	409
Dividends	6	3	12	10
Interest-bearing deposits	277	326	397	543
Total interest and dividend income	<u>8,782</u>	<u>7,186</u>	<u>\$ 17,063</u>	<u>13,961</u>
Interest expense:				
Deposits	3,132	1,944	5,938	3,318
Borrowings	192	175	565	378
Total interest expense	<u>3,324</u>	<u>2,119</u>	<u>6,503</u>	<u>3,696</u>
Net interest income	5,458	5,067	10,560	10,265
Provision for loan losses	114	110	283	110
Net interest income after provision for loan losses	<u>5,344</u>	<u>4,957</u>	<u>10,277</u>	<u>10,155</u>
Noninterest income:				
Service charges on deposit accounts	320	345	634	655
Fees from trust services	334	302	651	582
Other income	209	182	407	330
Total noninterest income	<u>863</u>	<u>829</u>	<u>1,692</u>	<u>1,567</u>
Noninterest expenses:				
Compensation and benefits	2,513	2,358	5,015	4,722
Occupancy and equipment	596	504	1,153	1,038
Data processing & outside service fees	244	208	479	413
Advertising	64	67	110	115
Other	712	671	1,354	1,277
Total noninterest expenses	<u>4,129</u>	<u>3,808</u>	<u>8,111</u>	<u>7,565</u>
Income before income taxes	2,078	1,978	3,858	4,157
Income tax	421	419	815	879
Net income	<u>\$ 1,657</u>	<u>\$ 1,559</u>	<u>\$ 3,043</u>	<u>\$ 3,278</u>
Basic and Diluted earnings per share	<u>\$ 1.50</u>	<u>\$ 1.41</u>	<u>\$ 2.75</u>	<u>\$ 2.96</u>