

**KS BANCORP, INC
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PRESS RELEASE

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

Smithfield, NC—(ACCESSWIRE) April 23, 2024 KS Bancorp, Inc. (the “Company”) (OTCBB: KSBI), parent company of KS Bank, Inc. (the “Bank”), announced unaudited results for the first quarter of 2024.

The Company reported net income of \$1.4 million or \$1.25 per diluted share, for the three months ended March 31, 2024, compared to net income of \$1.7 million or \$1.55 per diluted share, for the three months ended March 31, 2023.

Net interest income before the provision for credit losses for the three months ended was \$5.1 million, compared to \$5.2 million at March 31, 2023. Noninterest income for the three months ended March 31, 2024 was \$829,000, compared to \$738,000 for the comparable period ended March 31, 2023. Noninterest expense was \$4.0 million for the three months ended March 31, 2024, compared to \$3.8 million in the comparable period in 2023.

The Company’s unaudited consolidated total assets increased \$44.7 million, to \$658.3 million at March 31, 2024, compared to \$613.6 million at March 31, 2023. Net loan balances increased by \$14.5 million to \$487.4 million at March 31, 2024, compared to \$472.9 million at December 31, 2023. The Company’s investment securities totaled \$98.9 million at March 31, 2024, compared to \$98.0 million at December 31, 2023. Total deposits increased \$54.6 million to \$599.6 million at March 31, 2024, compared to \$545.0 million at December 31, 2023. The increase in deposits included a \$50.8 million increase or 10.1% in core deposits. For the three months ended March 31, 2024, short-term borrowings decreased \$12.0 million. Total stockholders’ equity increased \$1.6 million to \$42.1 million at March 31, 2024, from \$40.5 million at December 31, 2023.

At March 31, 2024, nonperforming assets consisted of nonaccrual loans of \$875,000, which represented less than 0.20% of the Company’s total assets. There were no foreclosed real estate owned at March 31, 2024. The allowance for credit losses at March 31, 2024 totaled \$3.9 million, or 0.81% of total loans.

Commenting on the first quarter results, Earl W. Worley, Jr., President and CEO of the Company, stated, “At March 31, 2024, the Bank is on target with our projections for 2024. The first quarter results show a quarter of solid earnings and balance sheet growth due to the good work of all our team members across our foot print. While we experienced an increase of nearly \$45.0 million in assets during the quarter, this growth was primarily attributable to transitory deposits from several of the Bank’s larger customers. If you discount the large deposits, the Bank still maintained solid asset growth. In addition, while interest rates do not appear to be moderating in the near term, we believe based on our projections that we are poised to continue to achieve positive results for our stakeholders.”

Worley continued by stating, “KS Bank is proud that throughout the year of 2024 we are celebrating our 100th anniversary in business, a milestone few other businesses have reached. Our longevity is a testament to the trust and loyalty of our Customers, Board of Directors and our Shareholders. We’re excited for the future of KS Bank and are committed to continuing to offer superior service and support for the next 100 years.”

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 April 29, 2024 with payment to be made on May 9, 2024. This is an increase of approximately 30.0% from the dividend paid in the first quarter of 2023 and a 4.0% increase from the dividend paid for the fourth quarter of 2023.

KS Bank continues to be well capitalized according to regulatory standards with a Community Bank Leverage Ratio of 9.63%, compared to 9.67% at 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 serving the citizens of eastern North Carolina since 1924. The Bank offers a broad range of personal and business banking products and services, mortgage products and trust services. There are nine full service branches located in Kenly, Selma, Clayton, Garner, Goldsboro, Wilson, Wendell, Smithfield, and Four Oaks, North Carolina. There is a loan production office in Dunn, NC which opened in April, 2022. Additionally, the Bank has received regulatory approval to build a full service branch in Dunn, NC to be completed by the end second quarter of 2024. 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

	March 31, 2024 (unaudited)	December 31, 2023*
(Dollars in thousands)		
ASSETS		
Cash and due from banks:		
Interest-earning	\$ 45,129	\$ 15,962
Noninterest-earning	3,331	2,983
Time Deposit	503	500
Investment securities available for sale, at fa	98,869	98,047
Federal Home Loan Bank stock, at cost	469	978
Loans	491,295	476,679
Less allowance for loan losses	<u>(3,935)</u>	<u>(3,766)</u>
Net loans	487,360	472,913
Accrued interest receivable	2,627	2,389
Foreclosed assets, net	-	-
Property and equipment, net	11,903	11,050
Other assets	<u>8,105</u>	<u>8,774</u>
Total assets	<u>\$ 658,296</u>	<u>\$ 613,596</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 599,654	\$ 545,038
Short-term borrowings	\$ -	\$ 12,000
Long-term borrowings	11,248	11,248
Accrued interest payable	435	432
Accrued expenses and other liabilities	<u>4,858</u>	<u>4,401</u>
Total liabilities	<u>616,195</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 March 31, 2024 and December 31, 2023, respectively	1,359	1,359
Retained earnings, substantially restricted	48,768	47,659
Accumulated other comprehensive Income	<u>(8,026)</u>	<u>(8,541)</u>
Total stockholders' equity	<u>42,101</u>	<u>40,477</u>
Total liabilities and stockholders' equity	<u>\$ 658,296</u>	<u>\$ 613,596</u>

* Derived from audited financial statements

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

	Three Months Ended	
	31-Mar	
	<u>2024</u>	<u>2023</u>
	(In thousands, except per share data)	
Interest and dividend income:		
Loans	\$ 7,453	\$ 5,864
Investment securities		
Taxable	500	482
Tax-exempt	202	205
Dividends	6	7
Interest-bearing deposits	<u>120</u>	<u>217</u>
Total interest and dividend income	<u>8,281</u>	<u>6,775</u>
Interest expense:		
Deposits	2,806	1,374
Borrowings	<u>373</u>	<u>203</u>
Total interest expense	<u>3,179</u>	<u>1,577</u>
Net interest income	5,102	5,198
Provision for loan losses	<u>169</u>	<u>-</u>
Net interest income after provision for loan losses	<u>4,933</u>	<u>5,198</u>
Noninterest income:		
Service charges on deposit accounts	314	310
Fees from trust services	317	280
Other income	<u>198</u>	<u>148</u>
Total noninterest income	<u>829</u>	<u>738</u>
Noninterest expenses:		
Compensation and benefits	2,502	2,364
Occupancy and equipment	557	534
Data processing & outside service fees	235	205
Advertising	46	48
Other	<u>642</u>	<u>606</u>
Total noninterest expenses	<u>3,982</u>	<u>3,757</u>
Income before income taxes	1,780	2,179
Income tax	<u>394</u>	<u>460</u>
Net income	<u>\$ 1,386</u>	<u>\$ 1,719</u>
Basic and Diluted earnings per share	<u>\$ 1.25</u>	<u>\$ 1.55</u>