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FOR IMMEDIATE RELEASE

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FS Bancorp Reports June 30, 2022 Financial Results

LAGRANGE, IN. – FS Bancorp (the “Company”) (OTCPK: FXLG) parent company of Farmers State Bank (the “Bank”) announced earnings for the quarter ended June 30, 2022.

FS Bancorp is pleased to report record quarterly earnings for the quarter ending June 30, 2022. Net income for the quarter ended June 30, 2022 was \$4.2 million compared to \$3.7 million for the same quarter of 2021. The continued growth of our balance sheet combined with good expense management has allowed us to maintain strong core earnings. Highlights of the second quarter of 2022 included the following items:

- FS Bancorp was ranked 21st on the American Banker Association (ABA) list of top 200 banks (assets below \$2 billion) based on average return on equity for 2019 to 2021. This is the highest ABA ranking FS Bancorp has ever achieved, and FS Bancorp was the second highest ranked bank in Indiana for our asset size category on the ABA’s report this year.
- Total loans excluding warehouse participations and Paycheck Protection Program (PPP) loans totaled \$710 million at June 30, 2022 compared to \$613 million at June 30, 2021. At June 30, 2022 all PPP loans had been repaid and warehouse participations totaled \$2 million.
- Total assets, total loans and total deposits all reached record quarter end levels at June 30, 2022.
- Asset quality remains very good through the second quarter of 2022. Net recoveries during the second quarter of 2022 totaled \$1,000, and total delinquencies were 0.06% as of loans at June 30, 2022.
- During the quarter ending June 30, 2022 and 2021, the Company experienced gains of \$0 and \$387,000, respectively, on the sale of stock.

- During the second quarter of 2021, the Bank committed nearly \$450,000 to areas schools to support student athletes across our footprint. This expense was included in advertising and market expense in the second quarter of 2021. We did not recognize expense for contributions made in 2022 because they were expensed in the prior year when they were committed.

We are pleased to have achieved 16% loan growth (excluding warehouse participations and PPP loans) over the past twelve months while maintaining strong asset quality indicators. During the second quarter of 2022, changes in market conditions including interest rates negatively impacted the value of our investment portfolio and the net unrealized losses on securities which is a component of shareholders' equity. The resulting decline in shareholders' equity does not impact regulatory capital levels as this amount is not a component of regulatory capital.

We are very pleased that we had a great first half in 2022. Our entire team is focused on growing our Company and implementing changes that will be a benefit to our customers, employees and the communities we serve. Thank you for your continued investment in FS Bancorp and your support of our Farmers State Bank team.

Forward Looking Statements

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include expressions such as "expects," "intends," "believes," and "should," which are necessarily statements of belief as to the expected outcomes of future events. Actual results could materially differ from those presented. The Company's ability to predict future results involves a number of risks and uncertainties. The Company undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this release.

Founded in 1915 in Stroh, Indiana, Farmers State Bank is one of northeast Indiana's leading financial institutions and the home of Blue Button Banking. With corporate headquarters in LaGrange, Indiana, Farmers State Bank has been providing banking and financial services to both consumers and businesses for the past 100 years. To learn more, visit GoFSB.com.

FS BANCORP
CONSOLIDATED BALANCE SHEETS
June 30, 2022 and 2021 (Unaudited)

(Dollars in thousands)	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
Assets		
Cash and due from banks	\$ 94,640	\$ 159,642
Investment securities	297,531	248,049
Federal Home Loan Bank stock	2,143	2,265
Total loans	711,703	628,315
Less allowance for loan losses	(6,679)	(6,689)
Loans, net	705,024	621,626
Premises and equipment, net	10,261	10,612
CSV- Insurance	18,785	14,499
Goodwill and other intangible assets	2,604	2,604
Other assets	15,445	10,291
Total Assets	<u>\$ 1,146,433</u>	<u>\$ 1,069,588</u>
Liabilities		
Deposits		
Noninterest-bearing demand	\$ 287,838	\$ 267,707
Interest-bearing demand	457,739	378,940
Savings	193,827	171,556
Time under \$250,000	73,301	85,783
Time \$250,000 and over	32,604	21,407
Total deposits	1,045,309	925,393
Repurchase agreements	7,457	5,386
Federal Home Loan Bank advances	-	31,434
Other liabilities	6,683	8,234
Total Liabilities	1,059,449	970,447
Shareholders' Equity		
Common stock: No par value, 10,000,000 shares authorized; 4,763,904 shares issued and 4,329,876 and 4,328,858 shares outstanding 2022 and 2021	149	149
Paid-in capital	3,017	3,737
Retained earnings	111,341	99,363
Net unrealized gains (losses) on securities	(19,663)	3,573
Less treasury stock, at cost; 434,028 and 435,046 shares 2022 and 2021	(7,860)	(7,681)
Total Shareholders' Equity	86,984	99,141
Total Liabilities and Shareholders' Equity	<u>\$ 1,146,433</u>	<u>\$ 1,069,588</u>

FS BANCORP
CONSOLIDATED STATEMENTS OF INCOME

For the Three and Six Months Ended June 30, 2022 and 2021 (Unaudited)

(Dollars in thousands except earnings per share)	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest Income				
Interest and fees on loans	\$ 7,621	\$ 7,004	\$ 14,866	\$ 14,886
Interest on investment securities	1,424	1,019	2,771	1,894
Other interest and dividend income	184	72	234	132
Total Interest Income	9,229	8,095	17,871	16,912
Interest Expense				
Interest on deposits	399	273	665	570
Interest on FHLB advances and other borrowings	1	106	1	210
Total Interest Expense	400	379	666	780
Net Interest Income	8,829	7,716	17,205	16,132
Provision for loan losses	60	-	100	56
Net Interest Income after Provision for Loan Losses	8,769	7,716	17,105	16,076
Noninterest Income				
Service charges on deposit accounts	496	406	945	761
Credit and debit card income	900	886	1,713	1,581
Mortgage banking	89	307	237	532
Gains and losses on securities	-	400	-	401
Other income	275	281	558	633
Total Noninterest Income	1,760	2,280	3,453	3,908
Noninterest Expenses				
Salaries and employee benefits	3,117	3,046	6,278	6,262
Occupancy expense on premises, furniture and equipment, net	488	474	1,008	969
Data processing expense	505	430	1,025	952
Advertising and marketing expense	150	545	274	661
Other expenses	1,234	1,086	2,327	2,015
Total Noninterest Expenses	5,494	5,581	10,912	10,859
Income Before Income Taxes	5,035	4,415	9,646	9,125
Income tax expense (benefit)	807	745	1,565	1,549
Net Income	\$ 4,228	\$ 3,670	\$ 8,081	\$ 7,576
Basic Earnings Per Share	\$ 0.97	\$ 0.85	\$ 1.86	\$ 1.75
Diluted Earnings Per Common Share	\$ 0.97	\$ 0.84	\$ 1.85	\$ 1.74