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FOR IMMEDIATE RELEASE

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FS Bancorp Reports March 31, 2023 Financial Results

LAGRANGE, IN. – FS Bancorp (the “Company”) (OTCPK: FXLG) parent company of Farmers State Bank (the “Bank”) announced earnings for the quarter ended March 31, 2023.

FS Bancorp is pleased to report solid earnings for the quarter ending March 31, 2023. Net income for the quarter ended March 31, 2023 was \$3.7 million compared to \$3.9 million for the same quarter of 2022. Core earnings continued to be strong with net interest income increasing \$163,000 for the first three months of 2023 compared to the same period in 2022. Inflation and other factors led to higher overhead costs during 2023 resulting in slightly lower net income. Highlights of the first quarter of 2023 included the following items:

- Total loans were \$746 million at March 31, 2023 compared to \$698 million at March 31, 2022.
- Total deposits were \$1,055,940,000 at March 31, 2023 compared to \$999,614,000 at March 31, 2022, which represents a 6% increase. Total deposits include \$30,939,000 and \$4,711,000 of brokered deposits at March 31, 2023 and 2022, respectively.
- We maintained a solid balance sheet liquidity profile. At March 31, 2023, cash and due from banks totaled \$78.6 million, and we also maintained \$21.0 million in money market mutual funds (included in investment securities on the balance sheet). Additionally, our investment portfolio contains \$101.6 million in other investments that are either floating rate or mature by June 30, 2025.
- We have meaningful borrowing capacity with the Federal Home Loan Bank of Indianapolis (FHLBI), Federal Reserve and other institutions totaling more than \$450 million. Our borrowing capacity is greatly enhanced by the significant assets including mortgage loans that we pledge as collateral to FHLBI. Based on existing mortgage loans and investments pledged as collateral to FHLBI, Farmers State Bank has the ability to borrow \$301 million beyond the current outstanding borrowings which only totaled \$10 million at March 31, 2023.

- Asset quality remained very good through the first quarter of 2023. Net charge-offs during the first quarter of 2023 totaled \$22,000, and total delinquencies were 0.15% of loans at March 31, 2023.

We are pleased to have achieved 7% loan growth over the past twelve months while maintaining strong asset quality indicators and a solid liquidity profile.

We are very pleased that we have had a good start to 2023. 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
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2023 and 2022 (Unaudited)

(Dollars in thousands)	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
Assets		
Cash and due from banks	\$ 78,564	\$ 66,991
Investment securities	299,005	303,366
Federal Home Loan Bank stock	6,136	2,143
Total loans	745,826	697,615
Less allowance for credit losses	(7,003)	(6,618)
Loans, net	738,823	690,997
Premises and equipment, net	10,300	10,292
Cash surrender value of life insurance	19,125	14,705
Goodwill and other intangible assets	2,604	2,604
Other assets	16,070	12,425
Total Assets	<u>1,170,627</u>	<u>1,103,523</u>
Liabilities		
Deposits		
Noninterest-bearing demand	\$ 288,101	\$ 291,511
Interest-bearing demand	452,742	419,672
Savings	190,209	193,206
Time under \$250,000	98,982	73,703
Time \$250,000 and over	25,906	21,522
Total deposits	1,055,940	999,614
Repurchase agreements	5,524	6,930
Federal Home Loan Bank advances	10,000	-
Other liabilities	6,575	6,676
Total Liabilities	<u>1,078,039</u>	<u>1,013,220</u>
Shareholders' Equity		
Common stock: No par value, 10,000,000 shares authorized; 4,763,904 shares issued and 4,299,615 and 4,341,876 shares outstanding 2023 and 2022	149	149
Paid-in capital	2,895	3,006
Retained earnings	119,838	107,938
Net unrealized gains (losses) on securities	(21,243)	(13,423)
Less treasury stock, at cost; 464,289 and 422,028 shares 2023 and 2022	(9,051)	(7,367)
Total Shareholders' Equity	<u>92,588</u>	<u>90,303</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,170,627</u>	<u>\$ 1,103,523</u>

FS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 2023 and 2022 (Unaudited)

(Dollars in thousands except earnings per share)	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest Income		
Interest and fees on loans	\$ 9,244	\$ 7,245
Interest on investment securities	1,557	1,347
Other interest and dividend income	789	50
Total Interest Income	<u>11,590</u>	<u>8,642</u>
Interest Expense		
Interest on deposits	2,851	266
Interest on FHLB advances and other borrowings	200	-
Total Interest Expense	<u>3,051</u>	<u>266</u>
Net Interest Income	8,539	8,376
Credit loss expense -loans	-	40
Net Interest Income after Credit Loss Expense	8,539	8,336
Noninterest Income		
Service charges on deposit accounts	554	449
Credit and debit card income	835	813
Mortgage banking	23	148
Gains and (losses) on securities	25	-
Other income	179	283
Total Noninterest Income	<u>1,616</u>	<u>1,693</u>
Noninterest Expenses		
Salaries and employee benefits	3,293	3,161
Occupancy expense on premises, furniture and equipment, net	499	520
Data processing expense	514	520
Advertising and marketing expense	150	124
Other expenses	1,417	1,093
Total Noninterest Expenses	<u>5,873</u>	<u>5,418</u>
Income Before Income Taxes	4,282	4,611
Income tax expense	616	758
Net Income	<u>\$ 3,666</u>	<u>\$ 3,853</u>
Basic Earnings Per Share	\$ 0.85	\$ 0.89
Diluted Earnings Per Common Share	\$ 0.85	\$ 0.88