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FOR IMMEDIATE RELEASE

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FS Bancorp Reports March 31, 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 March 31, 2022.

FS Bancorp is pleased to report solid earnings for the quarter ending March 31, 2022. Net income for the quarter ended March 31, 2022 was \$3.9 million compared to \$3.9 million for the same quarter of 2021. While the first quarter of 2021 included \$437,000 of fee income from the Paycheck Protection Program (PPP), our first quarter results for 2022 did not include any PPP fee income. Additionally, income from warehouse participations loans decreased \$328,000 when comparing the first quarter of 2022 to the first 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 first quarter of 2022 included the following items:

- Total loans excluding warehouse participations and Paycheck Protection Program (PPP) loans totaled \$678 million at March 31, 2022 compared to \$600 million at March 31, 2021. At March 31, 2022 our one remaining PPP loan had an outstanding balance of \$2,000 and warehouse participations totaled \$20 million.
- Total assets, total loans and total deposits all reached record quarter end levels at March 31, 2022.
- Asset quality remains very good through the first quarter of 2022. Net charge-offs during the first quarter of 2022 totaled \$20,000, and total delinquencies were 0.23% as of loans at March 31, 2022.

We are pleased to have achieved 13% loan growth (excluding warehouse participations and PPP loans) over the past twelve months while maintaining strong asset quality indicators. During the first 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. As of March 31, 2022,

Farmers State Bank's Tier 1 Leverage ratio was 8.9% compared to 8.7% at December 31, 2021 and 9.0% at March 31, 2021.

We are very pleased that we have a great start to 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
March 31, 2022 and 2021 (Unaudited)

(Dollars in thousands)	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2021</u>
Assets		
Cash and due from banks	\$ 66,991	\$ 142,323
Investment securities	303,366	205,752
Federal Home Loan Bank stock	2,143	2,246
Total loans	697,615	644,919
Less allowance for loan losses	(6,618)	(6,687)
Loans, net	690,997	638,232
Premises and equipment, net	10,292	10,658
CSV- Insurance	14,705	14,430
Goodwill and other intangible assets	2,604	2,604
Other assets	12,425	5,353
Total Assets	<u>1,103,523</u>	<u>1,021,598</u>
Liabilities		
Deposits		
Noninterest-bearing demand	\$ 291,511	\$ 272,003
Interest-bearing demand	419,672	345,411
Savings	193,206	160,206
Time under \$250,000	73,703	84,490
Time \$250,000 and over	21,522	19,245
Total deposits	999,614	881,355
Repurchase agreements	6,930	5,356
Federal Home Loan Bank advances	-	31,430
Other liabilities	6,676	8,142
Total Liabilities	<u>1,013,220</u>	<u>926,283</u>
Shareholders' Equity		
Common stock: No par value, 10,000,000 shares authorized; 4,763,904 shares issued and 4,341,876 and 4,328,858 shares outstanding 2022 and 2021	149	149
Paid-in capital	3,006	3,692
Retained earnings	107,938	96,450
Net unrealized gains (losses) on securities	(13,423)	2,705
Less treasury stock, at cost; 422,028 and 435,046 shares 2022 and 2021	(7,367)	(7,681)
Total Shareholders' Equity	<u>90,303</u>	<u>95,315</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,103,523</u>	<u>\$ 1,021,598</u>

FS BANCORP
CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 2022 and 2021 (Unaudited)

	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2022</u>	<u>2021</u>
(Dollars in thousands except earnings per share)		
Interest Income		
Interest and fees on loans	\$ 7,245	\$ 7,882
Interest on investment securities	1,347	875
Other interest and dividend income	50	60
Total Interest Income	<u>8,642</u>	<u>8,817</u>
Interest Expense		
Interest on deposits	266	297
Interest on FHLB advances and other borrowings	-	104
Total Interest Expense	<u>266</u>	<u>401</u>
Net Interest Income	8,376	8,416
Provision for loan losses	40	56
Net Interest Income after Provision for Loan Losses	8,336	8,360
Noninterest Income		
Service charges on deposit accounts	449	355
Credit and debit card income	813	695
Mortgage banking	148	225
Gains and losses on securities	-	1
Other income	283	352
Total Noninterest Income	<u>1,693</u>	<u>1,628</u>
Noninterest Expenses		
Salaries and employee benefits	3,161	3,216
Occupancy expense on premises, furniture and equipment, net	520	495
Data processing expense	520	522
Advertising and marketing expense	124	116
Other expenses	1,093	929
Total Noninterest Expenses	<u>5,418</u>	<u>5,278</u>
Income Before Income Taxes	4,611	4,710
Income tax expense	758	804
Net Income	<u>\$ 3,853</u>	<u>\$ 3,906</u>
Basic Earnings Per Share	\$ 0.89	\$ 0.90
Diluted Earnings Per Common Share	\$ 0.88	\$ 0.90