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FOR IMMEDIATE RELEASE

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FS Bancorp Reports September 30, 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 September 30, 2023.

FS Bancorp is pleased to report quarterly earnings for the quarter ending September 30, 2023. Net income for the quarter ended September 30, 2023 was \$3.9 million compared to \$4.3 million for the same quarter of 2022. Core earnings continued to be solid with net interest income remaining relatively stable in a volatile interest rate environment. Net interest income for the quarter ended September 30, 2023 was \$8.7 million compared to \$8.7 million for the quarter ended June 30, 2023. Net interest income for the nine months ended 2023 and 2022 were \$26.0 and \$26.3 million respectively. Highlights of the third quarter of 2023 included the following items:

- Total loans were \$774 million at September 30, 2023 compared to \$731 million at September 30, 2022.
- Total deposits were \$1,027,517,000 at September 30, 2023 compared to \$1,056,331,000 at September 30, 2022, which represents a 3% decrease. Total deposits include \$69.5 million and \$6.3 million of brokered deposits at September 30, 2023 and 2022, respectively. Noninterest-bearing demand deposits were \$259.2 million at September 30, 2023 compared to \$268.1 million at June 30, 2023.
- Total equity increased \$11.1 million to \$93.4 million at September 30, 2023 compared to September 30, 2022.
- Asset quality remains very good through the third quarter of 2023. Net charge-offs during the third quarter of 2023 totaled \$13,000, and total delinquencies were 0.23% of loans at September 30, 2023.
- There may be changes to the Internal Revenue Services’ (IRS) treatment of captive insurance subsidiaries. There may be future changes to our organizational structure as a result of actions taken by the IRS that may negatively impact earnings in the period the

change is enacted. Subsequent earnings of the Company are not expected to be materially impacted.

We are pleased to have solid earnings for the first nine months of 2023. 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
September 30, 2023 and 2022 (Unaudited)

(Dollars in thousands)	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Assets		
Cash and due from banks	\$ 70,773	\$ 86,817
Investment securities	261,762	291,483
Federal Home Loan Bank stock	3,348	2,143
Total loans	774,871	730,635
Less allowance for credit losses	(7,161)	(6,721)
Loans, net	767,710	723,914
Premises and equipment, net	10,084	10,448
Cash surrender value of life insurance	18,225	18,897
Goodwill and other intangible assets	2,604	2,604
Other assets	18,016	17,241
Total Assets	\$ 1,152,522	\$ 1,153,547
Liabilities		
Deposits		
Noninterest-bearing demand	\$ 259,205	\$ 292,133
Interest-bearing demand	424,049	465,642
Savings	181,297	192,925
Time under \$250,000	137,582	73,466
Time \$250,000 and over	25,384	32,165
Total deposits	1,027,517	1,056,331
Repurchase agreements	4,894	7,432
Federal Home Loan Bank advances	20,000	-
Other liabilities	6,685	7,464
Total Liabilities	1,059,096	1,071,227
Shareholders' Equity		
Common stock: No par value, 10,000,000 shares authorized; 4,763,904 shares issued and 4,286,713 and 4,297,676 shares outstanding 2023 and 2022	149	149
Paid-in capital	3,030	3,045
Retained earnings	124,897	114,013
Net unrealized gains (losses) on securities	(25,231)	(25,973)
Less treasury stock, at cost; 477,191 and 466,228 shares 2023 and 2022	(9,419)	(8,914)
Total Shareholders' Equity	93,426	82,320
Total Liabilities and Shareholders' Equity	\$ 1,152,522	\$ 1,153,547

FS BANCORP
CONSOLIDATED STATEMENTS OF INCOME

For the Three and Nine Months Ended September 30, 2023 and 2022 (Unaudited)

(Dollars in thousands except earnings per share)	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest Income				
Interest and fees on loans	\$ 10,393	\$ 8,225	\$ 29,332	\$ 23,091
Interest on investment securities	1,447	1,476	4,479	4,247
Other interest and dividend income	807	346	2,595	580
Total Interest Income	12,647	10,047	36,406	27,918
Interest Expense				
Interest on deposits	3,709	941	9,828	1,606
Interest on FHLB advances and other borrowings	197	1	550	2
Total Interest Expense	3,906	942	10,378	1,608
Net Interest Income	8,741	9,105	26,028	26,310
Credit loss expense -loans	144	60	192	160
Net Interest Income after Credit Loss Expense	8,597	9,045	25,836	26,150
Noninterest Income				
Service charges on deposit accounts	488	573	1,541	1,518
Credit and debit card income	849	868	2,556	2,581
Mortgage banking	76	108	170	345
Gains and losses on securities	-	(42)	(224)	(42)
Other income	398	303	1,059	861
Total Noninterest Income	1,811	1,810	5,102	5,263
Noninterest Expenses				
Salaries and employee benefits	3,181	3,174	9,819	9,452
Occupancy expense on premises, furniture and equipment, net	485	482	1,482	1,490
Data processing expense	638	564	1,763	1,589
Advertising and marketing expense	149	131	413	405
Other expenses	1,375	1,354	4,223	3,681
Total Noninterest Expenses	5,828	5,705	17,700	16,617
Income Before Income Taxes	4,580	5,150	13,238	14,796
Income tax expense (benefit)	712	877	2,024	2,442
Net Income	\$ 3,868	\$ 4,273	\$ 11,214	\$ 12,354
Basic Earnings Per Share	\$ 0.90	\$ 1.00	\$ 2.61	\$ 2.86
Diluted Earnings Per Common Share	\$ 0.90	\$ 0.99	\$ 2.60	\$ 2.84