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FOR IMMEDIATE RELEASE

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FS Bancorp Reports December 31, 2025 Financial Results

LAGRANGE, IN. – FS Bancorp (the “Company”) (OTCID: FXLG) parent company of Farmers State Bank (the “Bank”) announced record earnings for the quarter ended December 31, 2025.

FS Bancorp is pleased to report strong earnings for the quarter ending December 31, 2025. Net income for the quarter ended December 31, 2025 was \$5.4 million compared to \$4.8 million for the same quarter of 2024. Core earnings continued to be strong with net interest income increasing \$1,722,000 for the three months ended December 31, 2025 compared to the same period in 2024. Highlights of the fourth quarter of 2025 included the following items:

- Total loans were \$887 million at December 31, 2025 compared to \$829 million at December 31, 2024.
- Total equity increased \$16.8 million to \$130.2 million at December 31, 2025 compared to December 31, 2024.
- Credit loss expense was \$972,000 for the year ended December 31, 2025 compared to \$221,000 for December 31, 2024. Credit loss expense for 2025 was primarily driven by loan growth and a \$300,000 loan loss allocation for a single \$4.9 million commercial loan. The loan is a participation loan secured by an apartment building and was placed on nonaccrual status near the end of December. The borrower is in the process of liquidating certain business interests including the real estate that secures our loan and has expressed a desire to satisfy all of its debt obligations. The participation loan had not previously been delinquent, and the loan was less than 30 days delinquent at December 31, 2025.
- Overall asset quality remains good through the fourth quarter of 2025. Net recoveries during the fourth quarter of 2025 totaled \$30,000, and total delinquencies were 0.84% of loans at December 31, 2025.

The Company's Board of Directors approved a new stock repurchase program that allows the Company to repurchase up to \$12.0 million of its stock during 2026 and 2027.

We are very pleased with the solid results our team produced in 2025. The financial performance achieved by our team is the result of our commitment to the communities we serve and strong banking principles. It is truly exciting to see the results of our team's many efforts to move our company forward. We are working hard to reward our shareholders for their investment in FS Bancorp, and our shareholder initiatives for 2025 included record dividends and share repurchases of any year in our history. Thank you for your continued investment in FS Bancorp.

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
December 31, 2025 and 2024 (Unaudited)

| (Dollars in thousands) | <u>December 31,</u> | | <u>December 31,</u> | |
|--|---------------------|---------------------|---------------------|--|
| | <u>2025</u> | <u>2024</u> | | |
| Assets | | | | |
| Cash and due from banks | \$ 111,781 | \$ 94,989 | | |
| Investment securities | 237,723 | 264,605 | | |
| Federal Home Loan Bank stock | 1,537 | 1,537 | | |
| Total loans | 886,917 | 829,165 | | |
| Less allowance for credit losses | (8,254) | (7,288) | | |
| Loans, net | 878,663 | 821,877 | | |
| Premises and equipment, net | 10,814 | 11,139 | | |
| Cash surrender value of life insurance | 19,117 | 18,847 | | |
| Goodwill and other intangible assets | 2,604 | 2,604 | | |
| Other assets | 13,245 | 14,618 | | |
| Total Assets | <u>\$ 1,275,484</u> | <u>\$ 1,230,216</u> | | |
| Liabilities | | | | |
| Deposits | | | | |
| Noninterest-bearing demand | \$ 288,933 | \$ 252,808 | | |
| Interest-bearing demand | 440,427 | 423,310 | | |
| Savings | 195,227 | 218,255 | | |
| Time under \$250,000 | 133,780 | 136,300 | | |
| Time \$250,000 and over | 64,358 | 62,745 | | |
| Total deposits | 1,122,725 | 1,093,418 | | |
| Repurchase agreements | 4,136 | 5,007 | | |
| Federal Home Loan Bank advances | 10,000 | 10,000 | | |
| Other liabilities | 8,454 | 8,462 | | |
| Total Liabilities | <u>1,145,315</u> | <u>1,116,887</u> | | |
| Shareholders' Equity | | | | |
| Common stock: No par value, 10,000,000 shares authorized; 4,763,904 shares issued and 4,117,385 and 4,220,333 shares outstanding 2025 and 2024 | 149 | 149 | | |
| Paid-in capital | 3,005 | 3,183 | | |
| Retained earnings | 154,334 | 138,505 | | |
| Accumulated other comprehensive income (loss), net of tax | (11,722) | (17,008) | | |
| Less treasury stock, at cost; 646,519 and 543,571 shares 2025 and 2024 | (15,597) | (11,500) | | |
| Total Shareholders' Equity | <u>130,169</u> | <u>113,329</u> | | |
| Total Liabilities and Shareholders' Equity | <u>\$ 1,275,484</u> | <u>\$ 1,230,216</u> | | |

FS BANCORP
CONSOLIDATED STATEMENTS OF INCOME

For the Three and Twelve Months Ended December 31, 2025 and 2024 (Unaudited)

| (Dollars in thousands except earnings per share) | Three Months Ended | | Twelve Months Ended | |
|---|---------------------------|-----------------|----------------------------|------------------|
| | December 31, | 2025 | December 31, | 2025 |
| | | 2024 | | 2024 |
| Interest Income | | | | |
| Interest and fees on loans | \$ 13,487 | \$ 12,143 | \$ 51,210 | \$ 46,801 |
| Interest on investment securities | 1,961 | 2,026 | 8,236 | 7,569 |
| Other interest and dividend income | 912 | 1,224 | 4,316 | 4,802 |
| Total Interest Income | 16,360 | 15,393 | 63,762 | 59,172 |
| Interest Expense | | | | |
| Interest on deposits | 4,241 | 4,995 | 18,789 | 19,646 |
| Interest on FHLB advances and other borrowings | 97 | 98 | 390 | 329 |
| Total Interest Expense | 4,338 | 5,093 | 19,179 | 19,975 |
| Net Interest Income | 12,022 | 10,300 | 44,583 | 39,197 |
| Credit loss expense - loans | 573 | - | 972 | 221 |
| Net Interest Income after Credit Loss Expense | 11,449 | 10,300 | 43,611 | 38,976 |
| Noninterest Income | | | | |
| Service charges on deposit accounts | 457 | 456 | 1,831 | 1,819 |
| Credit and debit card income | 908 | 912 | 3,640 | 3,545 |
| Mortgage banking | 43 | 40 | 186 | 137 |
| Gains and (losses) on securities | 1 | 1 | 21 | (23) |
| Other income | 309 | 291 | 1,268 | 1,213 |
| Total Noninterest Income | 1,718 | 1,700 | 6,946 | 6,691 |
| Noninterest Expenses | | | | |
| Salaries and employee benefits | 3,644 | 3,485 | 13,927 | 13,577 |
| Occupancy expense on premises, furniture and equipment, net | 564 | 490 | 2,109 | 1,899 |
| Data processing expense | 800 | 699 | 2,890 | 2,635 |
| Advertising and marketing expense | 111 | 118 | 542 | 736 |
| Other expenses | 1,498 | 1,454 | 6,314 | 5,977 |
| Total Noninterest Expenses | 6,617 | 6,246 | 25,782 | 24,824 |
| Income Before Income Taxes | 6,550 | 5,754 | 24,775 | 20,843 |
| Income tax expense | 1,116 | 1,004 | 4,248 | 3,568 |
| Net Income | \$ 5,434 | \$ 4,750 | \$ 20,527 | \$ 17,275 |
| Basic Earnings Per Share | \$ 1.32 | \$ 1.12 | \$ 4.97 | \$ 4.06 |
| Diluted Earnings Per Common Share | \$ 1.30 | \$ 1.12 | \$ 4.94 | \$ 4.05 |