



**2023**  
annual report  
FS Bancorp

# Remaining Consistent... Remaining Constant.

We continue to be excited about the future of FS Bancorp and Farmers State Bank. The past two years have presented our industry with several challenges including rapidly increasing interest rates. As we ended 2023, our company was positioned with its strongest regulatory capital position in the last 20 years, and the Bank enters 2024 with distinct advantages in several key areas including liquidity, asset quality and core earnings. While rapidly rising interest rates placed short term pressure on our margins, we believe the value of our core deposit franchise will become more evident should interest rates remain meaningfully above the low levels experienced by our industry for more than a decade. Simply put, FSB is well positioned to meet the needs of our communities going forward.

While our core earnings declined somewhat in 2023, we were able to execute a strategic balance sheet repositioning near the end of 2023. Despite the financial impact of the transactions executed near year end, we were able to produce solid core earnings and meaningful capital growth during 2023. At the end of 2023, we sold securities with a par value of approximately \$70 million, and those investments had a yield of approximately 0.85%. We are looking forward to utilizing the funds from this sale to achieve higher yields in new investments and loans.

Maintaining a strong and flexible balance sheet during the year was a key accomplishment in 2023. We were able to grow our loan portfolio by approximately \$48 million while maintaining a unique liquidity position. We ended the year with approximately \$100 million of cash and money market investments, and we ended 2023 with no borrowed funds from either the Federal Home Loan Bank or the Federal Reserve Bank. Many institutions borrowed significant funds from multiple funding sources in 2023, and some institutions may need to slow their lending efforts in order to limit increased reliance on borrowings. We are glad to be well positioned to meet the borrowing needs of the communities we serve.

During 2023, the FSB family was saddened by the passing of our former Board members Jim and Miles Perkins. Jim and Miles were incredibly impactful board members while serving FSB for many years, but their impact is much greater than their board service. The Perkins family was a founding family of FSB in 1915, and the Perkins family leadership has continued to impact the success of FSB and our communities for more than 100 years. Jim Perkins joined the FSB Board in 1983, and he was tremendously committed to the growth and success of FSB. In 1976, Miles became President of FSB and

served in that role until he retired in 2000. Miles became a board member in 1971, and he retired from the Board in 2010. In many ways, Miles was the heartbeat of FSB for decades. We are thankful for the many contributions Jim and Miles made to FSB and the communities we serve.

We believe that having a positive culture is a primary key to our success. This happens through the teammates we attract and retain. We truly believe we have the strongest team of bankers in the communities we serve, and our Blue Button Bankers care deeply about the communities we serve. We continue to be proud of our team's unselfish commitment to improving the quality of life in our communities. Our team doesn't take anything for granted, and we know that we have to earn our strong market position every day. We are really looking forward to what our team can accomplish in the future for FSB, our shareholders and the communities we serve.

Thank you for your continued investment in FS Bancorp!!

**Joseph Urbanski**  
President and CEO



**Roger A. Bird**  
Chairman



## Senior Leadership



**Joseph Urbanski**  
President  
Chief Executive Officer



**Stacy Merrifield**  
Executive Vice President  
Chief Financial Officer



**Lori White**  
Executive Vice President  
Chief Operations Officer



**TJ Kempf**  
Executive Vice President  
Chief Loan Officer



**Renea Boots**  
Executive Vice President  
Chief Administration Officer



**Mark Cowen**  
Executive Vice President  
Chief Business  
Development Officer

## Board of Directors

**Roger A. Bird**  
Retired Partner,  
Bird, Scheske, Reed &  
Beemer, P.C. Attorneys-at-Law  
Chairman, FS BANCORP  
Chairman, Farmers State Bank

**Jordi Disler**  
North Market President,  
Parkview Hospital

**Winford Jones**  
President, Yoder's  
Shipshewana Hardware

**Kevin Lambright**  
Partner, KC Squared Farms, LLC

**Rodney Perkins**  
Co-owner, Perkins  
Twin Creek Farms, Stroh

**Freeman D. Schlabach**  
President, Rock Run  
Industries, LLC

**Kerry Sprunger**  
Executive Vice President  
(Retired)  
Farmers State Bank

**Joseph Urbanski**  
President & CEO, F S BANCORP  
President and CEO,  
Farmers State Bank

**Kayla Warren, CPA**  
Vice President for Finance  
Trine University

**Honorary Directors**  
Gordon T. Anderson  
Frederic J. Brown  
Jerry O. Grogg  
Thomas L. Miller  
Ruth R. Perry  
Joseph G. Pierce  
C. Lynn Tracey

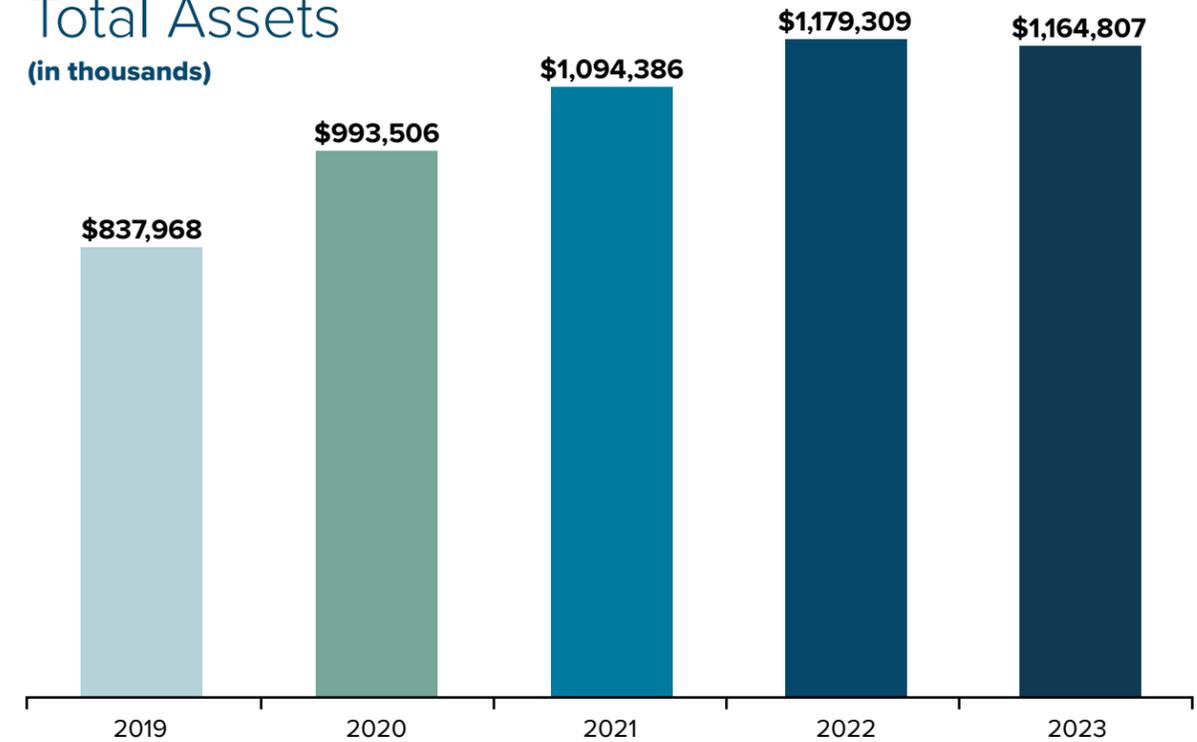
## Condensed Consolidated Balance Sheets

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 94,355,000	\$ 89,703,000
Investment securities	235,561,000	296,634,000
Loans, net of allowance of \$7,145,000 and \$6,708,000 as of December 31, 2023 and 2022	787,793,000	740,452,000
Premises and equipment, net	10,219,000	10,404,000
Bank owned life insurance	18,342,000	19,014,000
Other assets	18,537,000	23,102,000
<b>Total assets</b>	<b>\$ 1,164,807,000</b>	<b>\$ 1,179,309,000</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Noninterest-bearing demand deposits	\$ 255,298,000	\$ 286,637,000
Interest-bearing deposits	795,808,000	780,325,000
Total deposits	1,051,106,000	1,066,962,000
Advances from FHLB and other borrowings	5,068,000	16,970,000
Other liabilities	7,227,000	7,377,000
Total liabilities	1,063,401,000	1,091,309,000
Shareholders' equity	101,406,000	88,000,000
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,164,807,000</b>	<b>\$ 1,179,309,000</b>

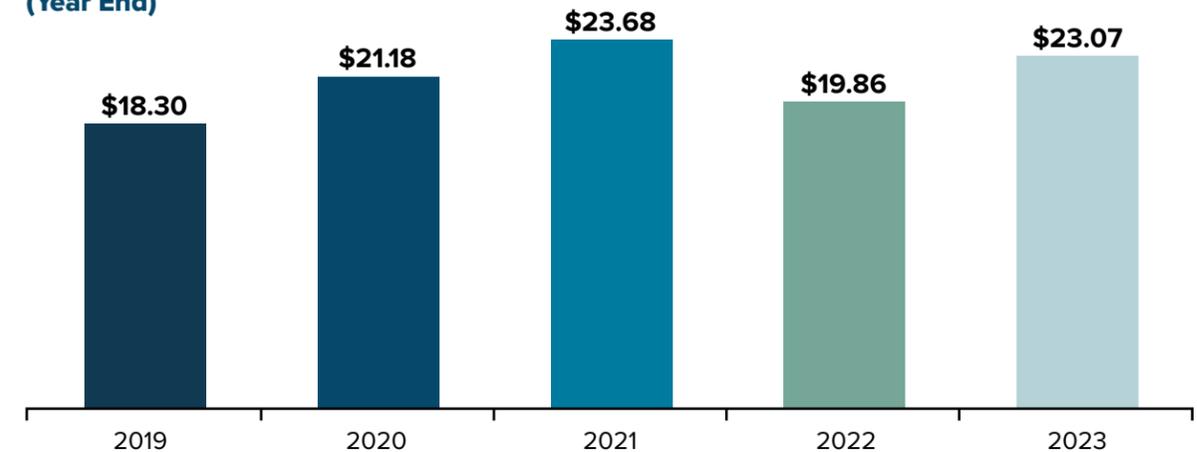
### Total Assets

(in thousands)



### Tangible Book Value per Share

(Year End)



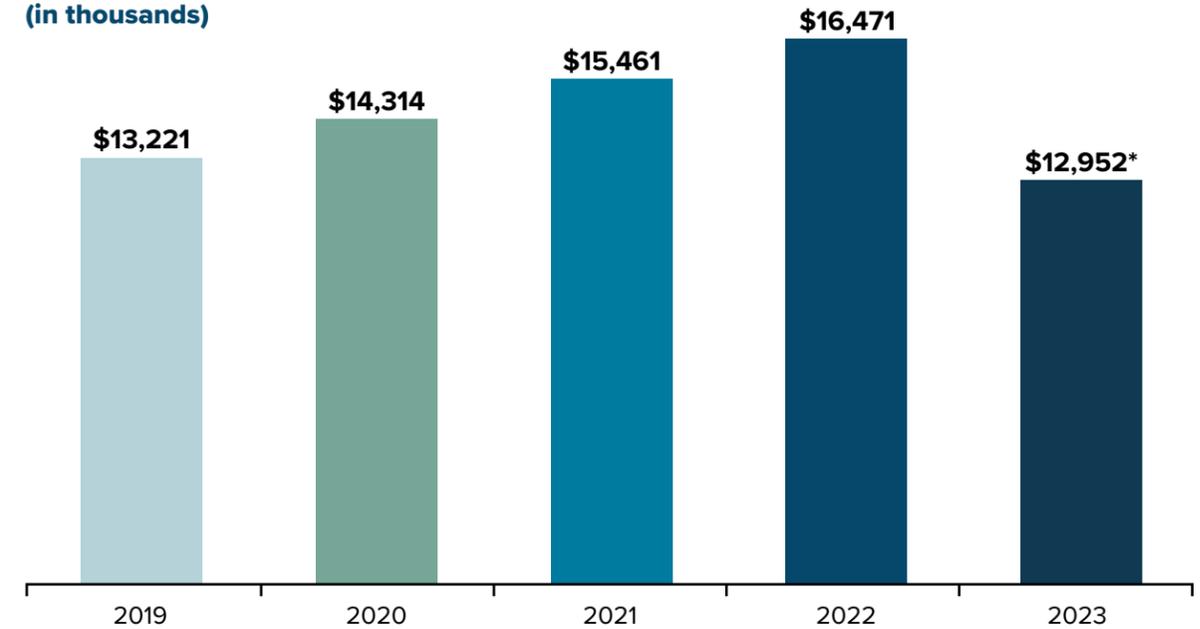
# Condensed Consolidated Statements of Income

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest income		
Interest and fees on loans	\$ 40,273,000	\$ 31,986,000
Interest on securities and other	9,616,000	7,166,000
Total interest income	<u>49,889,000</u>	<u>39,152,000</u>
Interest expense		
Deposits	14,250,000	3,733,000
Advances from FHLB and other borrowings	659,000	36,000
Total interest expense	<u>14,909,000</u>	<u>3,769,000</u>
Net interest income	34,980,000	35,383,000
Credit loss expense-loans	192,000	160,000
Net interest income after credit loss expense	<u>34,788,000</u>	<u>35,223,000</u>
Non-interest income		
Service charges on deposit accounts	2,023,000	1,973,000
Credit and debit card income	3,424,000	3,447,000
Security losses	(2,947,000)	(26,000)
Other income	1,154,000	1,219,000
Total non-interest income	<u>3,654,000</u>	<u>6,613,000</u>
Non-interest expenses		
Salaries and employee benefits	13,233,000	12,499,000
Occupancy expense of premises, furniture and equipment, net	1,937,000	1,966,000
Data processing	2,374,000	2,140,000
Other expenses	5,675,000	5,615,000
Total non-interest expenses	<u>23,219,000</u>	<u>22,220,000</u>
Income before income taxes	15,223,000	19,616,000
Provision for income taxes	2,271,000	3,145,000
<b>Net income</b>	<b><u>\$ 12,952,000</u></b>	<b><u>\$ 16,471,000</u></b>
<b>Basic earnings per share</b>	<b><u>\$3.02</u></b>	<b><u>\$3.82</u></b>
<b>Diluted earnings per share</b>	<b><u>\$3.01</u></b>	<b><u>\$3.80</u></b>

## Net Income

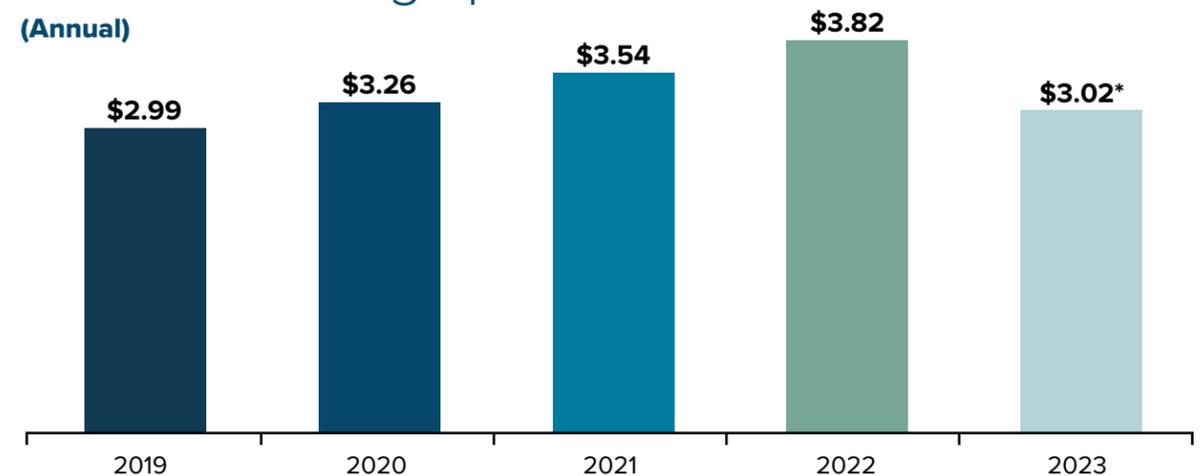
(in thousands)



\*2023 includes net of tax loss on sale of securities of \$2,328,000.

## Diluted Earnings per Share

(Annual)



\*2023 excluding net of tax loss on sale of securities of \$2,328,000 EPS was \$3.56.

# Farmers State Bank Officers

## OPERATIONS CENTER

Joe Urbanski  
*Chief Executive Officer*

Stacy Merrifield  
*Executive Vice President*

Lori White  
*Executive Vice President*

TJ Kempf  
*Executive Vice President*

Renea Boots  
*Executive Vice President*

Mark Cowen  
*Executive Vice President*

Chad German  
*Senior Vice President*

John Malone  
*Vice President*

April Alleshouse  
*Vice President*

Monica Severe  
*Vice President*

Nichole Marple  
*Vice President*

Becky Oakley  
*Vice President*

Brianne Thomas  
*Vice President*

Andrea Howe  
*Vice President*

Kim Emerson  
*Vice President*

Susan Allshouse  
*Vice President*

Lana Wright  
*Vice President*

Ryan Harrington  
*Vice President*

Debbra Taylor  
*Assistant Vice President*

Matt Dunker  
*Assistant Vice President*

Maria Curtis  
*Assistant Vice President*

Krystal Reed  
*Assistant Vice President*

Emily Burkhead  
*Assistant Vice President*

Collin Sherburne  
*Assistant Vice President*

Kathi Miller  
*Banking Officer*

Mandi Stearns  
*Banking Officer*

Kaitlyn Royal  
*Banking Officer*

Kelli Call  
*Banking Officer*

## ANGOLA

Nicole Lovett  
*Vice President*

Tim Newby  
*Vice President*

Quinton Crowl  
*Assistant Vice President*

## FREMONT

Nickie Grange  
*Banking Officer*

Wesley Ireland  
*Banking Officer*

## HAMILTON

Ginny Houlton  
*Assistant Vice President*

## HOWE

Nikole Byroad  
*Assistant Vice President*

## LAGRANGE

Marjorie Booth  
*Vice President*

Joe Walter  
*Vice President*

Dane Alexander  
*Assistant Vice President*

## MILLERSBURG

Sara Evers  
*Assistant Vice President*

## SHIPSHEWANA

Jonathan Puckett  
*Vice President*

Erin Olinger  
*Assistant Vice President*

Gabrielle Hites  
*Banking Officer*

## STROH

Aaron Folk  
*Banking Officer*

## STURGIS

Misti Gardner  
*Assistant Vice President*

## TOPEKA

Quinn Groff  
*Vice President*

Jordan Younce  
*Vice President*

Danielle Slabaugh  
*Vice President*

Francisco Tijerina  
*Assistant Vice President*

Marcy Yuska  
*Assistant Vice President*

Kenneth Wright  
*Assistant Vice President*

## WOLCOTTVILLE

Linda Wilson  
*Banking Officer*

Gary Fry  
*Banking Officer*

Lynne Zolman-Duncan  
*Branch Manager*

# Supporting our Communities.

Farmers State Bank supports over 100 local organizations each year through monetary donations, serving on non-profit boards and committees and volunteering in the community.

FSB – Angola Office Groundbreaking



Angola High School – Career Fair



The Community Health Clinic – Dutch Dinner



Habitat for Humanity St. Joseph Co. – Spring Gala

# Community Recognitions

LaGrange Chamber – Golf Outing



Steuben County United Way – Power of the Purse



Mike Thomas & Associates – Trunk or Treat



Paddle for Parkview

St. Joseph Co. Assoc. of Realtors Affiliate Expo



Steuben County 4H Fair Auction



LaGrange County Parks Jean-erosity Donation



Crossroads United Way Corporate Sponsor Recognition

# Locations

**Operations Center**  
220 S Detroit St  
LaGrange, IN 46761  
Call: (260) 463-7111

**Hamilton**  
3840 E Bellefontaine Rd  
Hamilton, IN 46742  
Call: (260) 488-2116

**Millersburg**  
400 N Benton St  
Millersburg, IN 46543  
Call: (574) 642-3734

**Sturgis**  
809 W Chicago Rd  
Sturgis, MI 49091  
Call: (269) 651-9820

**Angola**  
1800 N Wayne St  
Angola, IN 46703  
Call: (260) 665-7506

**Howe**  
5485 N State Road 9  
Howe, IN 46746  
Call: (260) 562-2232

**Shipshewana**  
110 W Walnut St  
Shipshewana, IN 46565  
Call: (260) 768-7484

**Topeka**  
109 N Main St  
Topeka, IN 46571  
Call: (260) 593-2259

**Fremont**  
105 S Wayne St  
Fremont, IN 46737  
Call: (260) 495-9861

**LaGrange**  
516 S Detroit St  
LaGrange, IN 46761  
Call: (260) 463-7500

**Stroh**  
100 N Main St  
Stroh, IN 46789  
Call: (260) 351-3001

**Wolcottville**  
107 N Main St  
Wolcottville, IN 46795  
Call: (260) 854-2551

## Information Request

### Investor Relations Contact

Stacy Merrifield  
(260) 463-7111 ext. 6015  
smerrifield@gofsb.com

### Transfer Agent

Continental Stock Transfer & Trust Company  
1 State Street 30th Floor  
New York, NY 10004-1561

# See the Difference.

**Farmers  
State Bank**



**(888) 492-7111**

**GoFSB.com**

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