



**2022**  
annual report  
FS Bancorp

# New Challenges... Consistent Performance.

Like previous years, 2022 was filled with interesting challenges, and I am pleased our team was able to produce another year of record earnings performance. We ended 2022 with record net income of \$16.5 million and with record total assets of almost \$1.2 billion. We are also pleased that our earnings per share grew by 7% during a year with a lot of economic volatility. While we always compare our current year results to the previous year, it is also important to look back further in time to see if our strategies are working over longer time frames. It is hard to believe that ten years ago we ended 2012 with less than \$500 million in total assets and net income of \$5.1 million. This means total assets grew by almost 240% in the past 10 years while net income grew 320% over that same period.

This past year seemed to be filled with significant uncertainty in many ways. During the first half of 2022, it appeared that the economy may be headed into a recession. As we reached the summer of 2022, it became unclear how high the Federal Reserve would need to raise rates in order to cool inflation. As we moved through the final quarter of the year, the RV industry was showing signs of significant slowing. Additionally, the entire year was headlined by financial market volatility that created significant negative returns for both stock and bond investors. While there were plenty of opportunities to make excuses, our team simply focused on meeting the needs of the communities we serve.

We continue to believe our success has been driven by our focus on being a benefit to our communities. Our team continues to be incredibly committed to our mission: To make a difference in the communities we serve. FSB was recently named "Member of the Year" by the LaGrange County Chamber of Commerce. Additionally, the Angola Chamber of Commerce recognized FSB for "Best Business Contribution to the Community."

While we are truly thankful for the recognition given to us by our local chambers, we are even more thankful that the communities we serve continue to choose FSB for banking needs. In recent years, we have received strong market share data from the FDIC regarding the communities in which FSB does business. The market share data received in the middle of 2022 was quite strong once again for our bank. Our largest concentration of business is in LaGrange County, Indiana, and the FDIC market share ranks FSB #1 for FDIC insured deposits as of June 30, 2022. Similarly, we rank #1 in market share for FDIC insured deposits in Steuben County, Indiana. In both of these key markets, FSB's market share is multiples of our nearest competitor's market share. We are pleased that our focus on meeting the needs of our communities is resulting in continued growth in customer relationships.

Our financial performance during 2022 allowed us to increase our total dividend payout to a record \$4.1 million this past year compared to \$3.9 million in 2021. Additionally, we repurchased approximately \$1.8 million of our stock during 2022. When we repurchase shares of our stock, the ongoing shareholders own a greater percentage of the Company. The combination of shareholder dividends and a slight increase in our stock price during 2022 resulted in a total return for our shareholders of approximately 6%. While we have had many years with stronger total returns, 2022 results compare very favorably to the negative returns experienced in the financial markets in general.

Our team remains committed to creating long-term value for our shareholders. As we entered 2023, we believed there was a wider than normal range of potential economic scenarios in the near future, and we knew this meant we would have to continue to be extremely focused and intentional with our strategies. We have a strong balance sheet and very solid core earnings. We believe this financial position will allow us to be balanced as we manage risk while we work on implementing strategic growth initiatives. We know our work is never done.

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**  
Of Counsel to the Firm,  
Bird, Scheske, Reed &  
Beemer, P.C. Attorneys-at-Law  
Chairman, FS BANCORP  
Chairman, Farmers State Bank

**Jordi Disler**  
Senior Vice President,  
Parkview Neurosciences

**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  
James W. Perkins  
Miles S. Perkins  
Ruth R. Perry  
Joseph G. Pierce  
C. Lynn Tracey

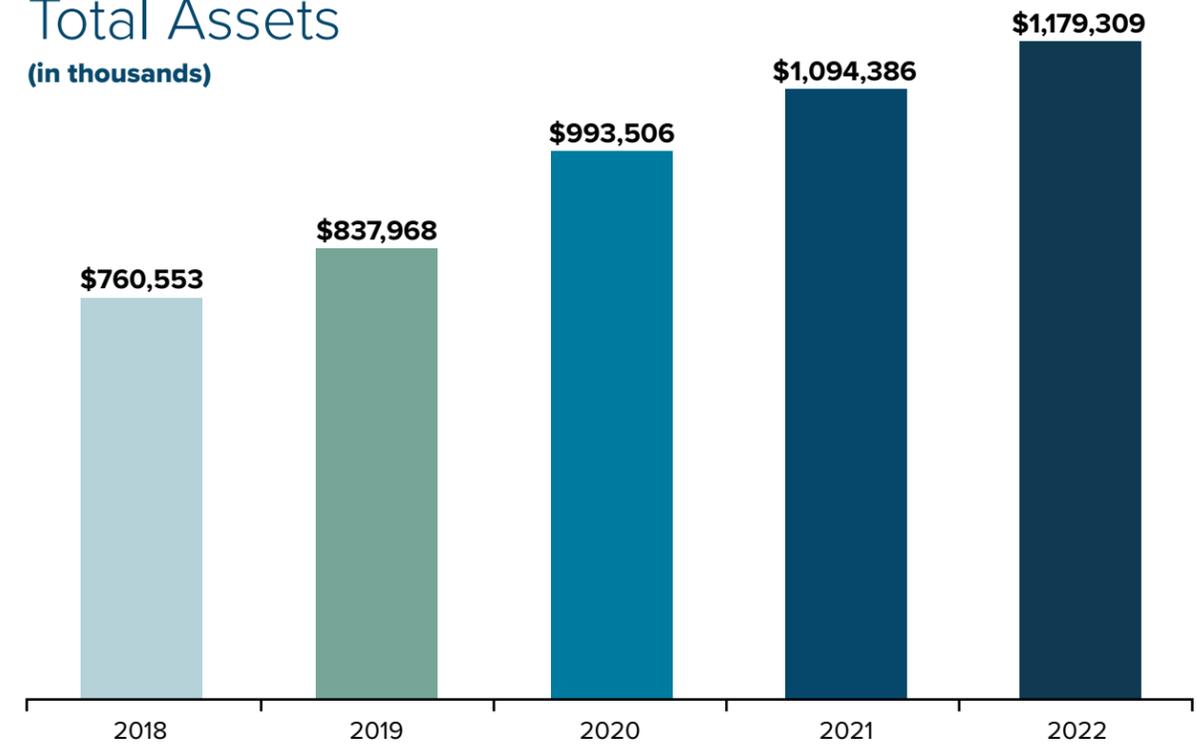
## Condensed Consolidated Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 86,703,000	\$ 72,304,000
Investment securities	296,634,000	320,960,000
Loans, net of allowance of \$6,708,000 and \$6,598,000 as of December 31, 2022 and 2021	740,452,000	666,252,000
Premises and equipment, net	10,404,000	10,340,000
Bank owned life insurance	19,014,000	14,638,000
Other assets	23,102,000	9,892,000
<b>Total assets</b>	<b>\$ 1,179,309,000</b>	<b>\$ 1,094,386,000</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Noninterest-bearing demand deposits	\$ 286,637,000	\$ 274,268,000
Interest-bearing deposits	780,325,000	704,591,000
Total deposits	1,066,962,000	978,859,000
Advances from FHLB and other borrowings	16,970,000	7,607,000
Other liabilities	7,377,000	5,355,000
Total liabilities	1,091,309,000	991,821,000
Shareholders' equity	88,000,000	102,565,000
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,179,309,000</b>	<b>\$ 1,094,386,000</b>

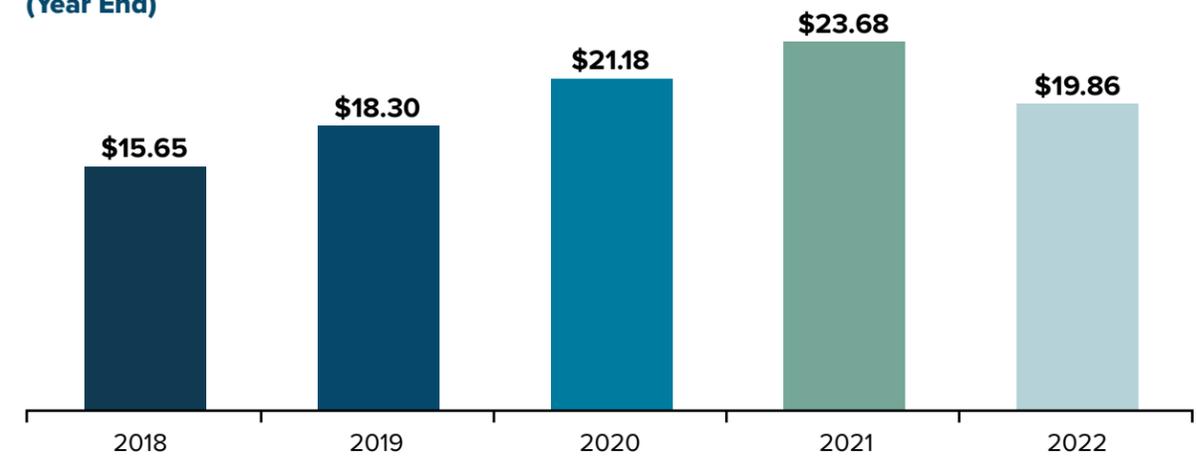
### Total Assets

(in thousands)



### Tangible Book Value per Share

(Year End)



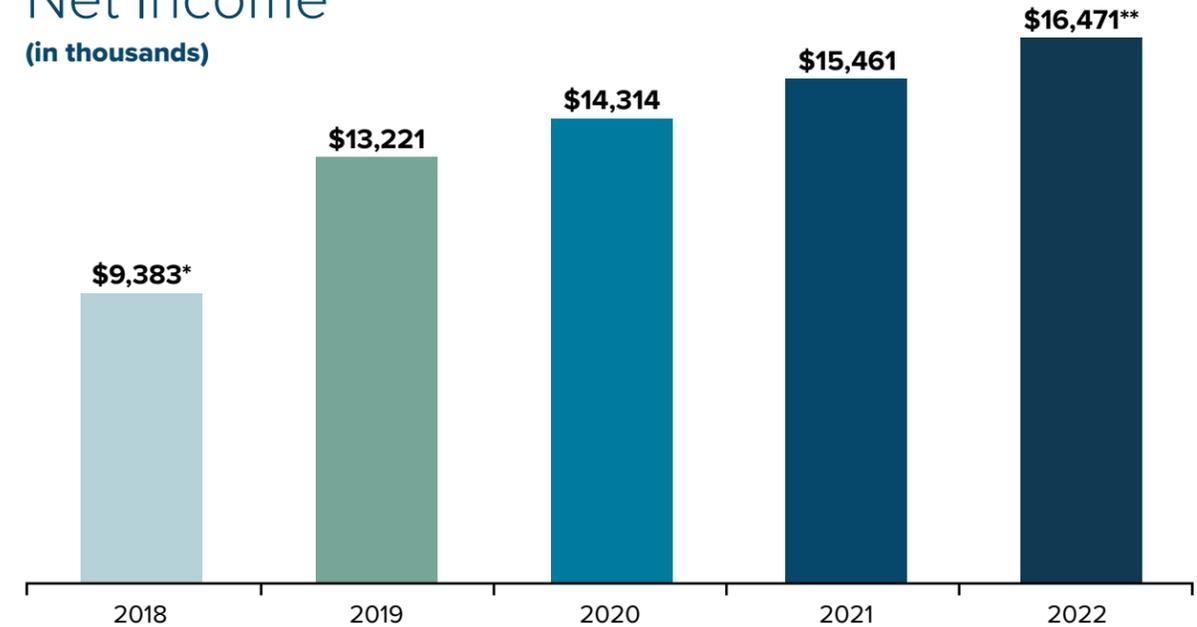
# Condensed Consolidated Statements of Income

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Interest income		
Interest and fees on loans	\$ 31,986,000	\$ 29,585,000
Interest on securities and other	<u>7,166,000</u>	<u>4,631,000</u>
Total interest income	39,152,000	34,216,000
Interest expense		
Deposits	3,733,000	1,122,000
Advances from FHLB and other borrowings	<u>36,000</u>	<u>306,000</u>
Total interest expense	3,769,000	1,428,000
Net interest income	35,383,000	32,788,000
Provision for loan losses	<u>160,000</u>	<u>—</u>
Net interest income after provision for loan losses	35,223,000	32,788,000
Non-interest income		
Service charges on deposit accounts	1,973,000	1,706,000
Credit and debit card income	3,447,000	3,372,000
Other income	<u>1,193,000</u>	<u>2,564,000</u>
Total non-interest income	6,613,000	7,642,000
Non-interest expenses		
Salaries and employee benefits	12,499,000	12,496,000
Occupancy expense of premises, furniture and equipment, net	1,966,000	1,958,000
Data processing	2,140,000	1,886,000
Other expenses	<u>5,615,000</u>	<u>5,687,000</u>
Total non-interest expenses	22,220,000	22,027,000
Income before income taxes	19,616,000	18,403,000
Provision for income taxes	<u>3,145,000</u>	<u>2,942,000</u>
<b>Net income</b>	<b><u>\$ 16,471,000</u></b>	<b><u>\$ 15,461,000</u></b>
<b>Basic earnings per share</b>	<b><u>\$3.82</u></b>	<b><u>\$3.57</u></b>
<b>Diluted earnings per share</b>	<b><u>\$3.80</u></b>	<b><u>\$3.54</u></b>

## Net Income

(in thousands)

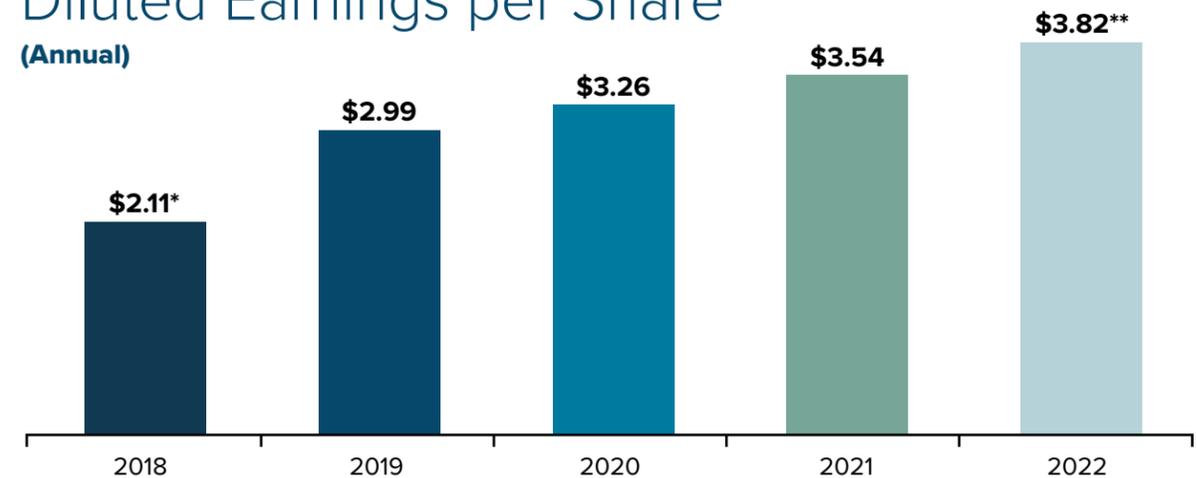


\*2018 includes \$1,907,000 expense to settle pension obligation, net of tax.

\*\*2022 includes \$265,000 writedown of interest rate cap derivative, net of tax.

## Diluted Earnings per Share

(Annual)



\*2018 excluding \$1,907,000 expense to settle pension obligation, net of tax, EPS was \$2.54

\*\*2022 excluding \$265,000 writedown of interest rate cap derivative, net of tax, EPS was \$3.88

# 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.

ADVANCE ROME CITY  
 AMERICAN LEGION  
 ANGOLA HIGH SCHOOL ATHLETICS  
 ANGOLA BOWL  
 ANGOLA AREA CHAMBER OF COMMERCE  
 ANGOLA POLICE DEPARTMENT  
 ARK ANIMAL RESCUE  
 BANZAI FINANCIAL LITERACY - ALL 7 AREA HIGH SCHOOLS  
 BURR OAK 4H  
 CAMERON HOSPITAL FOUNDATION  
 CANCER SERVICES OF NORTHEAST INDIANA - COBBLESTONE  
 CHILD EVANGELISM FELLOWSHIP  
 CHILD SAFETY OF AMERICA  
 CITY OF STURGIS  
 THE COMMUNITY HEALTH CLINIC  
 COMMUNITY HUMANE SHELTER OF STEUBEN COUNTY  
 CROSSROADS UNITED WAY  
 CRUSHED BUT NOT BROKEN  
 DOMESTIC AND SEXUAL ABUSE SERVICES  
 ELKHART COUNTY 4H FAIR  
 ENHANCING MILLERSBURG  
 FAIRFIELD MUSIC BOOSTERS  
 FREMONT HIGH SCHOOL ATHLETIC BOOSTERS  
 FREMONT CHAMBER OF COMMERCE  
 FREMONT HIGH SCHOOL ATHLETICS  
 FREMONT POLICE DEPARTMENT  
 FRIENDS OF THE PARK  
 GIRL SCOUTS HEART OF MICHIGAN  
 HAMILTON HIGH SCHOOL BOOSTER CLUB  
 HAMILTON CHAMBER OF COMMERCE  
 HAMILTON COMMUNITY SCHOOLS  
 HAMILTON SUMMER LEAGUE  
 HAMILTON POLICE DEPARTMENT  
 INDIANA BANKPAC  
 JUNIOR ACHIEVEMENT LAGRANGE COUNTY  
 JUNIOR ACHIEVEMENT STEUBEN COUNTY  
 JUNIOR ACHIEVEMENT SOUTHWEST MICHIGAN

LAGRANGE COUNTY CHAMBER OF COMMERCE  
 LAGRANGE COUNTY COUNCIL ON AGING  
 LAGRANGE ROTARY  
 LAGRANGE VOLUNTEER FIRE DEPARTMENT  
 LAGRANGE BASEBALL LEAGUE  
 LAGRANGE COUNTY 4H FAIR  
 LAGRANGE COUNTY CLOTHES AND FOOD BASKET  
 LAGRANGE COUNTY HABITAT FOR HUMANITY  
 LAGRANGE COUNTY SHERIFF'S DEPARTMENT  
 LAGRANGE CHURCH OF GOD - NIGHT TO SHINE  
 LAGRANGE POLICE DEPARTMENT  
 LAKELAND ATHLETIC DEPARTMENT  
 LAKELAND HIGH SCHOOL BUILDING TRADES  
 MICHIANA EVENT CENTER  
 MILLERSBURG POLICE DEPARTMENT  
 NORTHEAST INDIANA ASSOCIATION OF REALTORS  
 NATIONAL FIRE SAFETY  
 NORTHEAST INDIANA CASA  
 NORTHEAST INDIANA REGIONAL PARTNERSHIP  
 NORTHEASTERN INDIANA TRI-STATE REGIONAL SCIENCE FAIR  
 NEW PARIS/BENTON 4-H BOOSTERS  
 ORLAND CHAMBER OF COMMERCE  
 PANTHER COUNTY  
 PARKVIEW LAGRANGE FOUNDATION  
 PRAIRIE HEIGHTS BOYS BASKETBALL BOOSTER  
 PRAIRIE HEIGHTS VOLLEYBALL  
 PRAIRIE HEIGHTS HIGH SCHOOL  
 PURDUE EXTENSION LAGRANGE  
 REASON 4 HOPE  
 ROME CITY CHAMBER OF COMMERCE  
 ROME CITY YOUTH BASEBALL  
 SHIPSHAWANA AUCTION  
 SHIPSHAWANA POLICE DEPARTMENT

SHIPSHAWANA RETAIL MERCHANTS ASSOCIATION  
 SHIPSHAWANA SCOTT PTO  
 SOUTH MILFORD COMMUNITY  
 STEUBEN COUNTY COUNCIL ON AGING  
 ST JOSEPH COUNTY 4H LIVESTOCK AUCTION  
 ST JOSEPH COUNTY FRATERNAL ORDER OF POLICE  
 ST JOSEPH COUNTY UNITED WAY  
 ST JOSEPH COUNTY ASSOCIATION OF REALTORS  
 STEUBEN COUNTY COMMUNITY FOUNDATION  
 STEUBEN COUNTY 4H FAIR BOARD  
 STEUBEN COUNTY CANCER ASSOCIATION  
 STEUBEN COUNTY SHERIFF'S DEPARTMENT  
 STEUBEN COUNTY ECONOMIC DEVELOPMENT CORPORATION  
 STROH CHURCH OF GOD  
 STROH FIRE DEPARTMENT  
 STROH YOUTH LEAGUE  
 STURGES-YOUNG AUDITORIUM  
 STURGIS CHAMBER OF COMMERCE  
 STURGIS DOWNTOWN DEVELOPMENT  
 STURGIS FIRE DEPARTMENT  
 STURGIS GRIDIRON CLUB  
 STURGIS NEIGHBORHOOD PROGRAM  
 STURGIS POLICE DEPARTMENT  
 THE COVE LTD  
 THURSTON WOODS  
 TOPEKA CHAMBER OF COMMERCE  
 TOPEKA POLICE DEPARTMENT  
 TOWN OF WOLCOTTVILLE  
 TRINE UNIVERSITY  
 WARRIOR BASEBALL  
 WARRIOR YOUTH BASKETBALL  
 WEST END SOCCER  
 WESTVIEW HIGH SCHOOL  
 WOLCOTTVILLE LIONS CLUB  
 WOLCOTTVILLE POLICE DEPARTMENT  
 WOLCOTTVILLE YOUTH SPORTS  
 YMCA STEUBEN COUNTY

Angola Chamber Annual Meeting and Expo



Feed My Starving Children Event



LaGrange Chamber Annual Meeting and Expo



Paddle for Parkview



Steuben County United Way Day of Caring



Sturgis Fest Kid's Night

# Community Recognitions

LaGrange Chamber Member of the Year for 2022



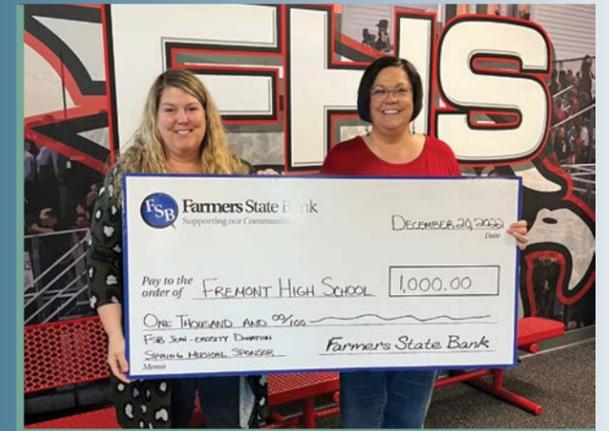
Voted by KPC Readers –  
Best Bank in Steuben County  
Best Mortgage Lender in Steuben County



Farmers State Bank was recognized as a Corporate Friend of Crossroads United Way for being the largest employee campaign in LaGrange County.

# Blue Button Jean-erosity 2022 Donations

Blue Button Jean-erosity is a program that allows employees to wear blue jeans on specific days for a small monetary donation. The money collected is then donated to support local organizations within the communities the Bank serves. To date, a total of \$37,000.00 has been donated from the program to local organizations.



Fremont Theater Jean-erosity Donation



Angola Theater Jean-erosity Donation



Westview Musical Jean-erosity Donation



Lakeland Theater Jean-erosity Donation

At the end of 2022, Farmers State Bank made donations to each of the area high schools within its markets to benefit the schools' theater and music programs. The schools that received the donations included Angola High School, Fremont High School, Hamilton High School, Lakeland High School, Prairie Heights High School, Westview High School, Fairfield High School, and Sturgis High School. The donations were made to sponsor the 2023 spring theater musicals or choir/band concerts.

# Locations

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

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

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

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

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

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

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

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

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

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

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

**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**

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