

FARMERS STATE BANK

220 South Detroit Street
LaGrange, Indiana 46761
Telephone: (219) 463-7111

May 12, 1997

Dear Shareholder,

The Board of Directors of F.S. Bancorp (the "Corporation") is pleased to inform you that it has approved a split of the outstanding shares of common stock of the Corporation. The stock split involves the Corporation's issuance of one new share of common stock for each outstanding share of common stock held by shareholders of the Corporation of record as of the close of business on May 13, 1997.

Since you were a shareholder of the Corporation of record on May 13, 1997, you are entitled to receive shares in the stock split. Accordingly, enclosed is a stock certificate representing your shares issued in the stock split.

Please check your certificate for accuracy of names and number of shares. The number of shares should be equal to the number you owned on May 13, 1997. If you find any exceptions, please let us know immediately.

As of May 12, 1997, A.G. Edwards was bidding \$76.00 and asking \$80.00 per share for F.S. Bancorp stock. The affect of the split is a bid of \$38.00 and ask price of \$41.00 per share. Ron Pylant (1-800-332-3567) at A.G Edwards, Fort Wayne, states that the demand for the stock is firm and attributes that to a history of strong liquidity and good growth in earnings, thus a good record of cash dividend increases.

The affect on the next quarterly dividend is also a split from \$.70 to \$.35 per share.

Please sign the attached receipt, remove it, and return it in the enclosed postage paid envelope so we might know that your certificate was received.

We appreciate your continuing interest in F.S. Bancorp.

Very Truly Yours,

A handwritten signature in cursive script that reads "Miles S. Perkins".

Miles S. Perkins
President

"Your Locally Owned Independent Bank"

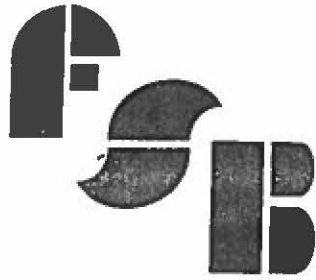
Howe
562-2232

Stroh
351-3001

Topeka
593-2259

Wolcottville
854-2551

Shipshewana
748-7484



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