

**F S Bancorp Reports First Quarter 2019 Financial Results**

We are pleased to report record earnings for the first quarter of 2019. Net income grew by 19% compared to the first quarter of 2018, increasing from \$2,510,000 in 2018 to \$2,987,000 in 2019. During the first three months of 2019 our diluted earnings per share grew to \$1.34 compared to \$1.13 for the same period in the prior year. Our earnings were driven by strong growth in net interest income resulting from the overall growth of our balance sheet.

	<b>Key Ratios</b>	
	<u>2019</u>	<u>2018</u>
Return on average assets	1.60%	1.48%
Return on average equity	16.44%	15.25%
Net interest margin	4.09%	3.94%

We continue to see solid improvement in the strength of our balance sheet. Portfolio loans grew 10% during the past twelve months, deposits grew 9%, and shareholders' equity grew 11%. Meaningful balance sheet growth has not compromised our conservative approach to sound banking. Loan delinquencies remain at historically low levels as we head into the second quarter of 2019, and we recognized net recoveries of \$249,000 during the quarter on loans previously charged off. Our strong balance sheet was one of the factors that earned us another 5-star rating from Bauer Financial, ranking us one of the strongest financial institutions in the nation.

We are excited about making a difference in the communities that we serve. In February, we celebrated the grand opening of our new LaGrange branch, which provides customers with another high quality branch to conduct business with us in person. We also continue to focus on the implementation of new technology to make sure we are delivering the products and services our customers want.

We are also returning significant capital to our shareholders through our ongoing dividends and share repurchases. We paid a dividend of \$0.32 per share in March. We have also repurchased nearly 4,900 shares under our Stock Repurchase Program at an average price of \$65.07 per share. We continue to focus on generating strong returns on your investment and delivering service that enhances customer loyalty.

**888.492.7111 / Telephone Banking 866.463.1110**

**Gordon T. Anderson**  
*Owner, I&A Properties, LLC*

**Roger A. Bird**  
*Chairman, F S Bancorp  
Chairman, Farmers State Bank  
President, Bird, Scheske, Reed & Beemer P.C., Attorneys-at-Law*

**Jordi Disler**  
*President, Parkview LaGrange Hospital*

**James M. Ingledue**  
*Founder, Jim Ingledue Construction, Inc.*

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

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

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

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*President, Rock Run Industries*

**Kerry G. Sprunger**  
*Retired Executive Vice President,  
Farmers State Bank*

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

**Honorary Directors**  
*Frederic J. Brown  
Jerry O. Grogg  
Thomas L. Miller  
James W. Perkins  
Miles S. Perkins  
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# CONSOLIDATED BALANCE SHEETS

March 31, 2019 and 2018  
(Unaudited - dollars in thousands)

	2019	2018
<b>Assets</b>		
Cash and due from banks .....	\$63,212	\$62,049
Investment securities .....	100,890	102,041
Federal Home Loan Bank stock .....	2,246	2,246
Total loans .....	569,622	516,354
Less deferred loan fees .....	(62)	(20)
Less allowance for loan losses .....	(6,011)	(5,432)
Loans, net .....	563,549	510,902
Premises and equipment, net .....	10,651	8,574
CSV-Insurance .....	13,844	13,538
Goodwill and other intangible assets .....	2,682	2,774
Other assets .....	5,458	5,879
<b>Total Assets</b>	<b>\$762,532</b>	<b>\$708,003</b>
<b>Liabilities</b>		
Deposits		
Noninterest-bearing demand .....	\$167,710	\$162,993
Interest-bearing demand .....	241,191	196,036
Savings .....	123,144	124,812
Time under \$100,000 .....	48,721	48,337
Time \$100,000 and over .....	53,959	52,193
Total deposits .....	634,725	584,371
Repurchase agreements .....	4,324	4,053
Federal Home Loan Bank advances .....	43,402	48,388
Other liabilities .....	5,788	4,102
<b>Total Liabilities</b>	<b>688,239</b>	<b>640,914</b>
<b>Shareholders' Equity</b>		
Common stock: No par value, 5,000,000 shares authorized; 1,190,976 shares issued; and 2,193,575 and 2,196,694 shares outstanding 2019 and 2018* .....	149	149
Paid-in capital .....	3,495	3,709
Retained earnings .....	75,222	68,544
Net unrealized gains (losses) on securities .....	684	(705)
Less treasury stock, at cost; 188,377 and 185,258 shares 2019 & 2018* .....	(5,257)	(4,608)
<b>Total Shareholders' Equity</b>	<b>74,293</b>	<b>67,089</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$762,532</b>	<b>\$708,003</b>

\*2018 share amounts have been adjusted for our two-for-one stock split

# CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 2019 and 2018  
(Unaudited - dollars in thousands except earnings per share)

	2019	2018
<b>Interest and Dividend Income</b>		
Interest and fees on loans .....	\$7,218	\$6,137
Interest on investment securities .....	652	616
Other interest and dividend income .....	290	169
<b>Total Interest and Dividend Income</b>	<b>8,160</b>	<b>6,922</b>
<b>Interest Expense</b>		
Interest on deposits .....	909	485
Interest on FHLB advances and other borrowings .....	168	183
<b>Total Interest Expense</b>	<b>1,077</b>	<b>668</b>
<b>Net Interest Income</b>		
Provision for loan losses .....	7,083	6,254
<b>Net Interest Income after Provision for Loan Losses</b>	<b>6,973</b>	<b>6,100</b>
<b>Other Income</b>		
Service charges on deposit accounts .....	461	433
Trust department income .....	-	55
Debit card income .....	505	478
Mortgage banking .....	39	72
Security gains and losses .....	23	-
Other service charges, commissions and fees .....	306	307
<b>Total Other Income</b>	<b>1,334</b>	<b>1,345</b>
<b>Other Expenses</b>		
Salaries and employee benefits .....	2,832	2,682
Occupancy expense of premises, net .....	263	255
Furniture and equipment, data processing expense .....	682	560
Advertising and marketing expense .....	119	110
FDIC assessment .....	47	54
Other expenses .....	853	770
<b>Total Other Expenses</b>	<b>4,796</b>	<b>4,431</b>
<b>Income Before Income Taxes</b>		
Provision for income taxes .....	3,511	3,014
<b>Net Income</b>	<b>\$2,987</b>	<b>\$2,510</b>
<b>Basic Earnings per Common Share*</b>		
<b>Diluted Earnings per Common Share*</b>	<b>\$1.36</b>	<b>\$1.14</b>
<b>Diluted Earnings per Common Share*</b>	<b>\$1.34</b>	<b>\$1.13</b>
Basic weighted average common shares outstanding* .....	2,193,433	2,196,621
Diluted weighted average common shares outstanding* .....	2,227,551	2,220,085

\*2018 share and per share amounts have been adjusted for our two-for-one stock split