



FARMERS STATE BANK

220 South Detroit Street
LaGrange, Indiana 46761
Telephone: (219) 463-7111
Fax: (219) 463-7341

June 20, 2000

Dear Shareholder:

You should have received my letter dated May 12, 2000 informing you that the Board of Directors of F. S. Bancorp (the "Corporation") had approved a two-for-one stock 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 June 6, 2000.

Since you were a shareholder of the Corporation on June 6, 2000, you are entitled to receive shares in the stock split. Accordingly, your stock certificate was mailed to your broker/trustee. The number of shares on the new certificate equals the number you owned on June 6, 2000.

The affect on the current quarterly dividend is also a split from \$.60 to \$.30 per share. Your second quarter dividend check was mailed to your broker/trustee.

As of June 6, 2000, A. G. Edwards was bidding \$38.00 and asking \$41.00 per share of F. S. Bancorp stock. Prior to the split, the bid was \$76.00 and asking price of \$81.00 per share. Ron Pylant (800-332-3567) at A. G. Edwards is the contact person for buying/selling F. S. Bancorp stock.

We thank you for your continuing support in making F. S. Bancorp the success it is today.

Sincerely,
F. S. Bancorp

Miles S. Perkins
Chairman of the Board

"Your Locally Owned Independent Community Bank"

Howe
562-2232

Stroh
351-3001

Topeka
593-2259

Wolcottville
854-2551

Shipshewana
768-7484



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Since you were a shareholder of the Corporation on June 6, 2000, you are entitled to receive shares in the stock split. Accordingly, enclosed is a stock certificate representing your shares in the stock split. Please check your certificate for accuracy of names and number of shares. The number of shares should equal the number you owned on June 6, 2000. If you find any exception, please let us know immediately.

The affect on the current quarterly dividend is also a split from \$.60 to \$.30 per share. Your second quarter dividend check dated June 20, is enclosed. Please help us by cashing your dividend check at your earliest convenience.

As of June 6, 2000, A. G. Edwards was bidding \$38.00 and asking \$41.00 per share of F. S. Bancorp stock. Prior to the split, the bid was \$76.00 and asking price of \$81.00 per share. Ron Pylant (800-332-3567) at A. G. Edwards is the contact person for buying/selling F. S. Bancorp stock.

Please sign the attached receipt, remove it, and return it in the enclosed postage paid envelope. This will assure us that your certificate was received.

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May 12, 2000

Dear Shareholder:

I am pleased to inform you that the Board of Directors of F. S. Bancorp (the "Corporation"), at their meeting held May 9, approved a two-for-one stock split of the outstanding shares of common stock of the Corporation. The stock split will affect shareholders of record June 6, 2000. The Corporation will issue one new share of common stock for each outstanding share owned as of June 6, 2000. Stock certificates will be mailed to shareholders on or about June 20th.

I also want to take this opportunity to inform you that after forty-six years in banking, I will begin my retirement in the very near future. I will, however, continue to serve as Chairman of the Board of Farmers State Bank and Chairman/President of F. S. Bancorp.

I am pleased to announce that effective May 15, your new President of Farmers State Bank is Joseph G. Pierce, formerly of Winchester, Indiana. Mr. Pierce has 29 years of banking experience in operations, loans and management. The past three years he has served as President of Randolph County Bank in Winchester. The Directors are very enthused with his qualifications and past accomplishments. Mr. Pierce has a very pleasant personality and has been very active in community service in Winchester.

Please join me in welcoming Joe and his wife, Kay, to our community and your Bank.

Sincerely,
F. S. Bancorp

Miles S. Perkins
Chairman of the Board

"Your Locally Owned Independent Community Bank"

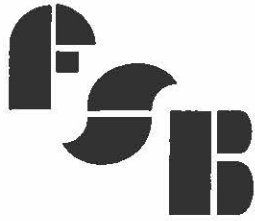
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May 12, 2000

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