

## FS Bancorp Reports September 30, 2021 Financial Results

FS Bancorp is pleased to report record earnings for the first nine months of 2021. Net income for the nine months ended September 30, 2021 was \$11.6 million compared to \$10.6 million for the same period of 2020. FS Bancorp experienced the following highlights during the third quarter of 2021:

- Total loans excluding warehouse participations and Paycheck Protection Program (PPP) loans totaled \$629 million at September 30, 2021 compared to \$595 million at September 30, 2020. At September 30, 2021, PPP loans totaled \$3 million, and there were no warehouse participations.
- We prepaid \$21.5 million of Federal Home Loan Bank advances with penalties totaling \$248,000.
- Total deposits grew to a record \$949 million at September 30, 2021.
- Total shareholders' equity was more than \$100 million at September 30, 2021 representing an increase of more than \$9 million since September 30, 2020.
- Net income for the quarter ending September 30, 2021 was \$4.0 million compared to \$4.1 million for the same quarter of 2020.
- PPP fee income was \$724,000 and \$165,000 for the three months ended September 30, 2021 and 2020 and \$1,217,000 and \$415,000 for the nine months ended September 30, 2021 and 2020, respectively.
- During the quarter ending September 30, 2021, the Company experienced a \$132,000 gain on the sale of securities.
- Asset quality remains very good through the third quarter of 2021. Net charge-offs during the first nine months of 2021 totaled \$35,000, and total delinquencies were 0.12% of total loans at September 30, 2021.

The Company continues to perform very well in a challenging interest rate environment. Excess liquidity is the primary challenge that many financial institutions are currently facing, and we have continued to take a balanced approach between investing excess liquidity in our investment portfolio and holding higher levels of cash on our balance sheet.

We are pleased to have achieved 6% loan growth (excluding warehouse participations and PPP loans) over the past twelve months. Income from PPP loans has been a source of income for Farmers State Bank and other financial institutions during the past two years. As most of our PPP loans have been forgiven, we do not expect this to be a meaningful source of income going forward.

The Company's Board of Directors approved a special dividend of \$0.32 per share and increased our regular dividend to \$0.38 per share for the third quarter. Thank you for your continued investment in FS Bancorp and your support of our Farmers State Bank Team.

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## FS Bancorp and Farmers State Bank

**Roger A. Bird**  
*Chairman, F S BANCORP  
Chairman, Farmers State Bank  
Member, Bird, Scheske, Reed &  
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**Jordi Disler**  
*President, Parkview LaGrange Hospital*

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[www.GoFSB.com](http://www.GoFSB.com)



September 30, 2021

# Report of Condition

FS Bancorp



# Farmers State Bank

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Report of Condition

# CONSOLIDATED BALANCE SHEETS

September 30, 2021 and 2020 (Unaudited)

(Dollars in thousands)

	2021	2020
<b>Assets</b>		
Cash and due from banks .....	\$158,666	\$70,953
Investment securities.....	247,314	171,858
Federal Home Loan Bank stock .....	2,343	2,246
Total loans .....	631,804	678,229
Less allowance for loan losses.....	(6,611)	(6,619)
Loans, net.....	625,193	671,610
Premises and equipment, net.....	10,475	10,862
CSV-Insurance .....	14,569	14,288
Goodwill and other intangible assets.....	2,604	2,607
Other assets .....	11,052	5,368
<b>Total Assets</b>	<b>\$1,072,216</b>	<b>\$949,792</b>
<b>Liabilities</b>		
Deposits		
Noninterest-bearing demand.....	\$272,360	\$228,274
Interest-bearing demand .....	393,732	306,310
Savings.....	189,879	140,832
Time \$250,000 and under.....	73,640	92,312
Time over \$250,000.....	19,526	35,572
Total deposits.....	949,137	803,300
Repurchase agreements .....	7,498	6,876
Federal Home Loan Bank advances .....	10,000	43,423
Other liabilities .....	5,383	4,712
<b>Total Liabilities</b>	<b>972,018</b>	<b>858,311</b>
<b>Shareholders' Equity</b>		
Common stock: No par value, 5,000,000 shares authorized; 2,381,952 shares issued; and 2,163,232 and 2,180,428 shares outstanding 2021 and 2020 .....	149	149
Paid-in capital.....	3,697	3,493
Retained earnings .....	101,878	90,347
Net unrealized gains (losses) on securities.....	2,306	3,887
Less treasury stock, at cost; 218,720 and 201,524 shares 2021 & 2020 .....	(7,832)	(6,395)
<b>Total Shareholders' Equity</b>	<b>100,198</b>	<b>91,481</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$1,072,216</b>	<b>\$949,792</b>

# CONSOLIDATED STATEMENTS OF INCOME

For the Three and Nine Months Ended September 30, 2021 and 2020 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(Dollars in thousands except earnings per share)				
<b>Interest Income</b>				
Interest and fees on loans.....	\$7,581	\$7,869	\$22,467	\$23,282
Interest on investment securities.....	1,104	821	2,998	2,230
Other interest and dividend income .....	101	85	233	410
<b>Total Interest Income</b>	<b>8,786</b>	<b>8,775</b>	<b>25,698</b>	<b>25,922</b>
<b>Interest Expense</b>				
Interest on deposits .....	283	502	853	2,116
Interest on FHLB advances and other borrowings.....	77	172	287	513
<b>Total Interest Expense</b>	<b>360</b>	<b>674</b>	<b>1,140</b>	<b>2,629</b>
<b>Net Interest Income</b> .....	8,426	8,101	24,588	23,293
Provision for loan losses .....	(56)	78	-	380
<b>Net Interest Income after Provision for Loan Losses</b> .....	8,482	8,023	24,588	22,913
<b>Noninterest Income</b>				
Service charges on deposit accounts .....	465	410	1,226	1,189
Credit and Debit card income.....	891	670	2,472	1,888
Mortgage banking.....	177	232	709	355
Gains (losses) on securities .....	132	-	533	-
Other income .....	281	308	914	890
<b>Total Noninterest Income</b>	<b>1,946</b>	<b>1,620</b>	<b>5,854</b>	<b>4,322</b>
<b>Noninterest Expense</b>				
Salaries and employee benefits .....	3,163	2,801	9,425	8,542
Occupancy expense of premises, furniture & equip. net....	490	473	1,459	1,370
Data processing expense.....	473	403	1,425	1,350
Advertising and marketing expense.....	150	145	811	367
Other expense.....	1,341	900	3,356	2,889
<b>Total Noninterest Expense</b>	<b>5,617</b>	<b>4,722</b>	<b>16,476</b>	<b>14,518</b>
<b>Income Before Income Taxes</b> .....	4,811	4,921	13,936	12,717
Provision for income taxes .....	780	863	2,329	2,121
<b>Net Income</b> .....	<b>\$4,031</b>	<b>\$4,058</b>	<b>\$11,607</b>	<b>\$10,596</b>
<b>Basic Earnings per Common Share</b> .....	\$1.86	\$1.86	\$5.36	\$4.86
<b>Diluted Earnings per Common Share</b> .....	\$1.85	\$1.85	\$5.32	\$4.82