

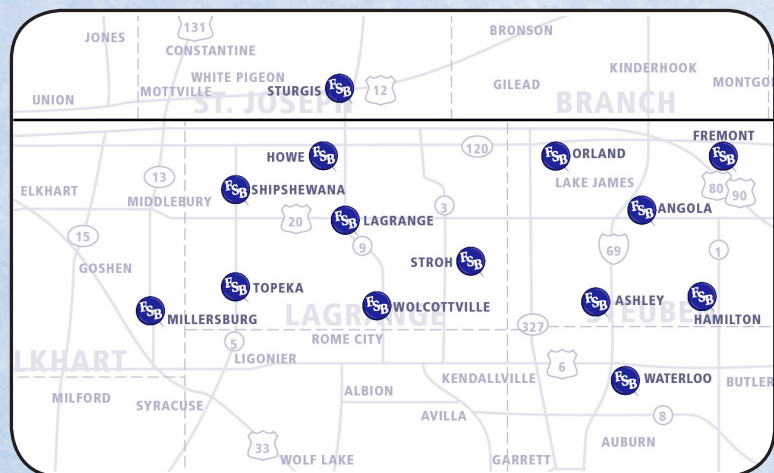
## F S Bancorp Reports First Quarter 2015 Financial Results

Following a record earnings year in 2014, we are excited to report continued improvement in our bottom line results. While 6% year over year growth in first quarter income is very solid, we are also very pleased to see that growth at the same time we are making significant investments in technology, advertising, training, and facility improvements. These investments place pressure on short term results but we believe they are important to our long term success.

Those strong earnings were driven by an 8% growth in our net interest income and that improvement was primarily due to the overall growth of our balance sheet as discussed below. We continue to focus our efforts on growing mutually beneficial customer relationships as we believe this will lead to sustainable financial results for our company.

We continue to see solid improvement in the strength of our balance sheet. During the past twelve months, we have achieved loan growth of more than 10%, deposit growth of 7% and shareholder equity growth of 10%. These results were driven by tremendous effort on the part of our entire bank family, and we believe that strength puts us in a great position to deliver solid financial results again in 2015.

We look forward to celebrating the Bank's 100 year anniversary throughout 2015. This anniversary serves as a reminder for us to continue to focus on the core values which have allowed the Bank to be successful over a very long period of time. It is also a great opportunity for us to focus on the steps we must take in order to achieve a great future for our shareholders, co-workers and communities. We appreciate your continued investment in F S Bancorp.



888.492.7111 / Telephone Banking 866.463.1110

## F S Bancorp and Farmers State Bank

March 31, 2015

# Report of Condition

F S Bancorp

Farmers State Bank

100 YEARS



**Gordon T. Anderson**  
*President, PowerScreen Indiana, Inc.*

**Roger A. Bird**  
*Shareholder-Bird, Brothers,  
Scheske, & Reed P.C.  
Attorneys-at-Law*

**Frederic J. Brown**  
*Chairman, F S BANCORP  
Chairman, Farmers State Bank  
Retired Pharmacist, Miller's Super Valu*

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

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

**Kevin Lambright**  
*Co-Owner, Shipshewana Auction/Flea Market  
Co-Owner, Shipshewana Farmstead Inn  
& Conference Center  
Co-Owner, Trading Places Antiques*

**Thomas L. Miller**  
*President, Topeka Pharmacy*

**Rodney Perkins**  
*Co-Owner of Perkins Twin Creek Farms,  
Stroh*

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**Joseph G. Pierce**  
*President & CEO, F S BANCORP  
President and CEO, Farmers State Bank*

**C. Lynn Tracey**  
*Retired-Farmers State Bank*

**Honorary Directors**  
*Jerry O. Grogg  
James W. Perkins  
Miles S. Perkins*

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Report of Condition

# CONSOLIDATED BALANCE SHEETS

March 31, 2015 and 2014

	2015	2014
<b>Assets</b>		
Cash and due from banks .....	\$51,650,165	\$49,711,608
Investment securities .....	78,164,093	77,854,587
Federal Home Loan Bank Stock .....	2,195,400	2,470,400
Total loans .....	406,471,784	367,559,428
Less deferred loan fees .....	(21,730)	(22,676)
Less allowance for loan losses .....	(5,077,986)	(5,477,566)
Loans, net .....	401,372,068	362,059,186
Premises and equipment, net .....	8,010,702	8,048,586
CVS-Insurance .....	10,297,364	10,416,613
Goodwill and other intangible assets .....	3,268,771	3,505,506
Other assets .....	5,181,292	5,301,793
<b>Total Assets</b>	<b><u>\$560,139,855</u></b>	<b><u>\$519,368,279</u></b>
<b>Liabilities</b>		
Deposits		
Noninterest-bearing demand .....	\$142,902,995	\$139,398,253
Interest-bearing demand .....	130,245,125	97,948,466
Savings .....	109,250,113	103,336,620
Time under \$100,000 .....	57,519,561	65,087,356
Time \$100,000 and over .....	33,550,941	35,065,366
Total Deposits .....	473,468,735	440,836,061
Repurchase Agreements .....	5,081,546	3,469,356
Federal Home Loan Bank Advances .....	20,823,680	20,720,504
Other liabilities .....	4,475,584	3,132,991
<b>Total Liabilities</b>	<b><u>503,849,545</u></b>	<b><u>488,158,912</u></b>
<b>Shareholders' Equity</b>		
Common stock: No par value, 5,000,000 shares		
authorized and 1,190,976 issued .....	148,872	148,872
Paid-in capital .....	3,784,528	3,762,058
Retained earnings .....	54,177,691	50,078,366
Net unrealized gains (losses) on securities .....	726,286	(208,000)
Less treasury stock, at cost .....	(2,547,067)	(2,571,929)
<b>Total Shareholders' Equity</b>	<b><u>56,290,310</u></b>	<b><u>51,209,367</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>560,139,855</u></b>	<b><u>\$519,368,279</u></b>

# CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 2015 and 2014

	2015	2014
<b>Interest Income</b>		
Interest and fees on loans .....	\$4,823,527	\$4,499,435
Interest on investment securities .....	384,379	428,834
Other interest and dividend income .....	72,877	69,619
<b>Total Interest Income</b>	<b><u>5,280,783</u></b>	<b><u>4,997,888</u></b>
<b>Interest Expense</b>		
Interest on deposits .....	191,926	260,123
Interest on FHLB advances and other borrowings .....	169,810	169,790
<b>Total Interest Expense</b>	<b><u>361,736</u></b>	<b><u>429,913</u></b>
<b>Net Interest Income</b> .....	4,919,047	4,567,975
Provision for loan losses .....	30,000	-
<b>Net Interest Income after Provision for Loan Losses</b> .....	<b>4,889,047</b>	<b>4,567,975</b>
<b>Other Income</b>		
Service charges on deposit accounts .....	398,347	433,122
Trust Department Income .....	98,463	60,950
Financial Services .....	54,137	84,154
Mortgage banking .....	40,700	56,625
Security gains and losses .....	5,385	23,692
Other service charges, commissions and fees .....	566,083	485,172
<b>Total Other Income</b>	<b><u>1,163,115</u></b>	<b><u>1,143,715</u></b>
<b>Other Expenses</b>		
Salaries and employee benefits .....	2,412,030	2,352,477
Occupancy expense of premises, net .....	276,306	289,645
Furniture and equipment, data processing expense .....	424,054	418,258
FDIC Assessment .....	80,851	78,594
Other expenses .....	892,478	778,565
<b>Total Other Expenses</b>	<b><u>4,085,719</u></b>	<b><u>3,917,539</u></b>
<b>Income Before Income Taxes</b> .....	1,966,443	1,794,151
Provision for income taxes .....	450,960	367,869
<b>Net Income</b> .....	<b><u>\$1,515,483</u></b>	<b><u>\$1,426,282</u></b>
<b>Basic Earnings per Common Share</b> .....	<b><u>\$1.36</u></b>	<b><u>\$1.28</u></b>
(Based on 1,117,894 and 1,117,219 average shares outstanding in 2015 and 2014.)		