

## FS Bancorp Reports June 30, 2021 Financial Results

FS Bancorp is pleased to report record first half earnings for the first six months of 2021. Net income for the six months ended June 30, 2021 was \$7.6 million compared to \$6.5 million for the same period of 2020. FS Bancorp experienced the following highlights during the second quarter of 2021:

- FS Bancorp was ranked 21st on the American Banker's Association (ABA) list of top 200 banks (assets below \$2 billion) based on average return on equity for 2018 to 2020. This is the highest ABA ranking FS Bancorp has ever achieved, and FS Bancorp was the second highest ranked bank in Indiana for our asset size category on the ABA's report this year.
- Total assets grew to a record \$1.07 billion at June 30, 2021.
- Total deposits grew to a record \$925 million at June 30, 2021.
- Total shareholders' equity was more than \$99 million at June 30, 2021 representing an increase of more than \$10 million since June 30, 2020.
- Net income for the quarter ending June 30, 2021 was \$3.7 million compared to \$3.4 million for the same quarter of 2020.
- Total loans excluding warehouse participations and PPP loans totaled \$614 million at June 30, 2021 compared to \$587 million at June 30, 2020. At June 30, 2021, PPP loans totaled \$14 million, and warehouse participations were \$307,000.
- During the quarter ending June 30, 2021, the Company experienced a gain of \$387,000 on the sale of a restricted stock of a financial services company.
- During the 2nd quarter of 2021, the Bank committed nearly \$450,000 to area schools to support student athletes across our footprint. This expense is included in advertising and marketing expense in the 2nd quarter of 2021. We expect advertising and marketing expense to be closer to historical levels for the remainder of 2021.
- Asset quality remains very good through the 2nd quarter of 2021. Net charge-offs during the first half of 2021 totaled \$5,000, and total delinquencies were 0.16% of total loans at June 30, 2021.

As noted above, we received a one-time gain of \$387,000 from the sale of a restricted stock of a financial services organization. This gain helped facilitate our largest charitable sponsorship in the history of the Company. We are excited about our sponsorship of student athletes across our footprint, and we look forward to seeing the significant impact our sponsorships have on thousands of student athletes and their families. Farmers State Bank's mission is: To Make a Difference in the Communities we Serve. We know our commitment to our area schools will have a major impact on our communities for years to come.

While the industry is facing many headwinds including a very challenging interest rate environment, we are pleased with our results for the first half of 2021. As our industry continues to experience record low net interest margin levels, our team is working hard to continue to grow the Bank and become more efficient. Following our core system conversion in the first quarter of 2021, we are continuing to implement new technology that will be a benefit to our customers and our Farmers State Bank Team. During the 2nd quarter of 2021, we completed the roll out of FSB Connect, our new Online Banking suite. We know that we have to continue to make technology improvements in order to be successful going forward, and we have several additional technology projects scheduled for the next 12 months.

Thank you for your continued investment in FS Bancorp and your support of our Farmers State Bank Team.

888.492.7111 / Telephone Banking 866.463.1110

## FS Bancorp and Farmers State Bank

June 30, 2021

# Report of Condition

FS Bancorp

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

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

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

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

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

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

**Freeman D. Schlabach**  
*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  
Ruth R. Perry  
Joseph G. Pierce  
C. Lynn Tracey*

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# Farmers State Bank

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# CONSOLIDATED BALANCE SHEETS

June 30, 2021 and 2020 (Unaudited)

(Dollars in thousands)

	2021	2020
<b>Assets</b>		
Cash and due from banks	\$159,642	\$110,637
Investment securities	248,049	135,415
Federal Home Loan Bank stock	2,265	2,246
Total loans	628,315	663,830
Less allowance for loan losses	(6,689)	(6,515)
Loans, net	621,626	657,315
Premises and equipment, net	10,612	11,027
CSV-Insurance	14,499	14,216
Goodwill and other intangible assets	2,604	2,616
Other assets	10,291	5,236
<b>Total Assets</b>	<b>\$1,069,588</b>	<b>\$938,708</b>
<b>Liabilities</b>		
Deposits		
Noninterest-bearing demand	\$267,707	\$210,754
Interest-bearing demand	378,940	324,409
Savings	171,556	135,328
Time under \$250,000	85,783	89,141
Time \$250,000 and over	21,407	36,853
Total deposits	925,393	796,485
Repurchase agreements	5,386	5,887
Federal Home Loan Bank advances	31,434	43,419
Other liabilities	8,234	4,246
<b>Total Liabilities</b>	<b>970,447</b>	<b>850,037</b>
<b>Shareholders' Equity</b>		
Common stock: No par value, 5,000,000 shares authorized; 2,381,952 shares issued; and 2,164,429 and 2,180,428 shares outstanding 2021 and 2020	149	149
Paid-in capital	3,737	3,464
Retained earnings	99,363	87,685
Net unrealized gains (losses) on securities	3,573	3,768
Less treasury stock, at cost; 217,523 and 201,524 shares 2021 & 2020	(7,681)	(6,395)
<b>Total Shareholders' Equity</b>	<b>99,141</b>	<b>88,671</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$1,069,588</b>	<b>\$938,708</b>

# CONSOLIDATED STATEMENTS OF INCOME

For the Three and Six Months Ended June 30, 2021 and 2020 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
(Dollars in thousands except earnings per share)				
<b>Interest Income</b>				
Interest and fees on loans	\$7,004	\$7,668	\$14,886	\$15,413
Interest on investment securities	1,019	735	1,894	1,409
Other interest and dividend income	72	61	132	325
<b>Total Interest Income</b>	<b>8,095</b>	<b>8,464</b>	<b>16,912</b>	<b>17,147</b>
<b>Interest Expense</b>				
Interest on deposits	273	617	570	1,614
Interest on FHLB advances and other borrowings	106	171	210	341
<b>Total Interest Expense</b>	<b>379</b>	<b>788</b>	<b>780</b>	<b>1,955</b>
<b>Net Interest Income</b>	<b>7,716</b>	<b>7,676</b>	<b>16,132</b>	<b>15,192</b>
Provision for loan losses	-	52	56	302
<b>Net Interest Income after Provision for Loan Losses</b>	<b>7,716</b>	<b>7,624</b>	<b>16,076</b>	<b>14,890</b>
<b>Noninterest Income</b>				
Service charges on deposit accounts	406	317	761	779
Credit and debit card income	886	593	1,581	1,218
Mortgage banking	307	70	532	123
Gains (losses) on securities	400	-	401	-
Other income	281	287	633	582
<b>Total Noninterest Income</b>	<b>2,280</b>	<b>1,267</b>	<b>3,908</b>	<b>2,702</b>
<b>Noninterest Expense</b>				
Salaries and employee benefits	3,046	2,886	6,262	5,741
Occupancy expense of premises, furniture & equip. net	474	443	969	897
Data processing expense	430	469	952	947
Advertising and marketing expense	545	74	661	222
Other expense	1,086	995	2,015	1,989
<b>Total Noninterest Expense</b>	<b>5,581</b>	<b>4,867</b>	<b>10,859</b>	<b>9,796</b>
<b>Income Before Income Taxes</b>	<b>4,415</b>	<b>4,024</b>	<b>9,125</b>	<b>7,796</b>
Provision for income taxes	745	658	1,549	1,258
<b>Net Income</b>	<b>\$3,670</b>	<b>\$3,366</b>	<b>\$7,576</b>	<b>\$6,538</b>
<b>Basic Earnings per Common Share</b>	<b>\$1.69</b>	<b>\$1.55</b>	<b>\$3.50</b>	<b>\$3.00</b>
<b>Diluted Earnings per Common Share</b>	<b>\$1.68</b>	<b>\$1.53</b>	<b>\$3.47</b>	<b>\$2.97</b>