



2023
annual report
FS Bancorp

Remaining Consistent... Remaining Constant.

We continue to be excited about the future of FS Bancorp and Farmers State Bank. The past two years have presented our industry with several challenges including rapidly increasing interest rates. As we ended 2023, our company was positioned with its strongest regulatory capital position in the last 20 years, and the Bank enters 2024 with distinct advantages in several key areas including liquidity, asset quality and core earnings. While rapidly rising interest rates placed short term pressure on our margins, we believe the value of our core deposit franchise will become more evident should interest rates remain meaningfully above the low levels experienced by our industry for more than a decade. Simply put, FSB is well positioned to meet the needs of our communities going forward.

While our core earnings declined somewhat in 2023, we were able to execute a strategic balance sheet repositioning near the end of 2023. Despite the financial impact of the transactions executed near year end, we were able to produce solid core earnings and meaningful capital growth during 2023. At the end of 2023, we sold securities with a par value of approximately \$70 million, and those investments had a yield of approximately 0.85%. We are looking forward to utilizing the funds from this sale to achieve higher yields in new investments and loans.

Maintaining a strong and flexible balance sheet during the year was a key accomplishment in 2023. We were able to grow our loan portfolio by approximately \$48 million while maintaining a unique liquidity position. We ended the year with approximately \$100 million of cash and money market investments, and we ended 2023 with no borrowed funds from either the Federal Home Loan Bank or the Federal Reserve Bank. Many institutions borrowed significant funds from multiple funding sources in 2023, and some institutions may need to slow their lending efforts in order to limit increased reliance on borrowings. We are glad to be well positioned to meet the borrowing needs of the communities we serve.

During 2023, the FSB family was saddened by the passing of our former Board members Jim and Miles Perkins. Jim and Miles were incredibly impactful board members while serving FSB for many years, but their impact is much greater than their board service. The Perkins family was a founding family of FSB in 1915, and the Perkins family leadership has continued to impact the success of FSB and our communities for more than 100 years. Jim Perkins joined the FSB Board in 1983, and he was tremendously committed to the growth and success of FSB. In 1976, Miles became President of FSB and

served in that role until he retired in 2000. Miles became a board member in 1971, and he retired from the Board in 2010. In many ways, Miles was the heartbeat of FSB for decades. We are thankful for the many contributions Jim and Miles made to FSB and the communities we serve.

We believe that having a positive culture is a primary key to our success. This happens through the teammates we attract and retain. We truly believe we have the strongest team of bankers in the communities we serve, and our Blue Button Bankers care deeply about the communities we serve. We continue to be proud of our team's unselfish commitment to improving the quality of life in our communities. Our team doesn't take anything for granted, and we know that we have to earn our strong market position every day. We are really looking forward to what our team can accomplish in the future for FSB, our shareholders and the communities we serve.

Thank you for your continued investment in FS Bancorp!!

Joseph Urbanski
President and CEO



Roger A. Bird
Chairman



Senior Leadership



Joseph Urbanski
President
Chief Executive Officer



Stacy Merrifield
Executive Vice President
Chief Financial Officer



Lori White
Executive Vice President
Chief Operations Officer



TJ Kempf
Executive Vice President
Chief Loan Officer



Renea Boots
Executive Vice President
Chief Administration Officer



Mark Cowen
Executive Vice President
Chief Business
Development Officer

Board of Directors

Roger A. Bird
Retired Partner,
Bird, Scheske, Reed &
Beemer, P.C. Attorneys-at-Law
Chairman, FS BANCORP
Chairman, Farmers State Bank

Jordi Disler
North Market President,
Parkview 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, LLC

Kerry Sprunger
Executive Vice President
(Retired)
Farmers State Bank

Joseph Urbanski
President & CEO, F S BANCORP
President and CEO,
Farmers State Bank

Kayla Warren, CPA
Vice President for Finance
Trine University

Honorary Directors
Gordon T. Anderson
Frederic J. Brown
Jerry O. Grogg
Thomas L. Miller
Ruth R. Perry
Joseph G. Pierce
C. Lynn Tracey

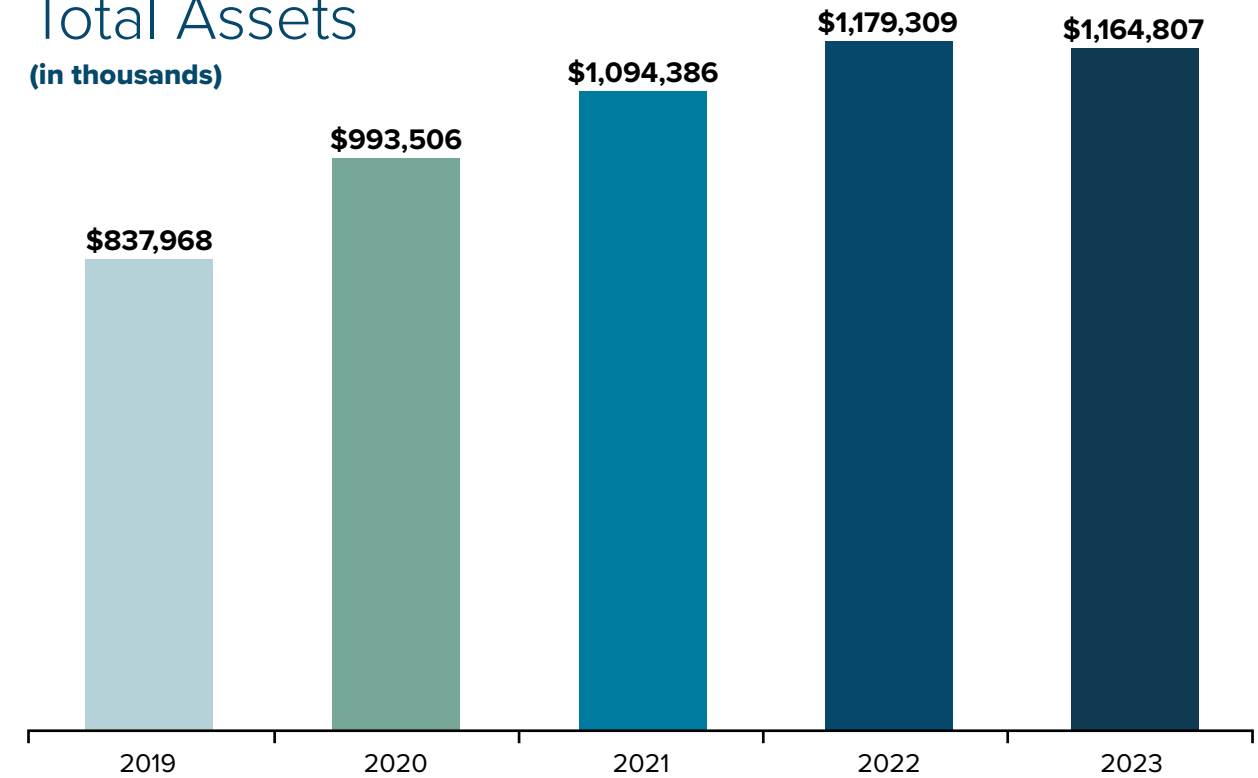
Condensed Consolidated Balance Sheets

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 94,355,000	\$ 89,703,000
Investment securities	235,561,000	296,634,000
Loans, net of allowance of \$7,145,000 and \$6,708,000 as of December 31, 2023 and 2022	787,793,000	740,452,000
Premises and equipment, net	10,219,000	10,404,000
Bank owned life insurance	18,342,000	19,014,000
Other assets	<u>18,537,000</u>	<u>23,102,000</u>
Total assets	<u>\$ 1,164,807,000</u>	<u>\$ 1,179,309,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Noninterest-bearing demand deposits	\$ 255,298,000	\$ 286,637,000
Interest-bearing deposits	<u>795,808,000</u>	<u>780,325,000</u>
Total deposits	1,051,106,000	1,066,962,000
Advances from FHLB and other borrowings	5,068,000	16,970,000
Other liabilities	<u>7,227,000</u>	<u>7,377,000</u>
Total liabilities	1,063,401,000	1,091,309,000
Shareholders' equity	<u>101,406,000</u>	<u>88,000,000</u>
Total liabilities and shareholders' equity	<u>\$ 1,164,807,000</u>	<u>\$ 1,179,309,000</u>

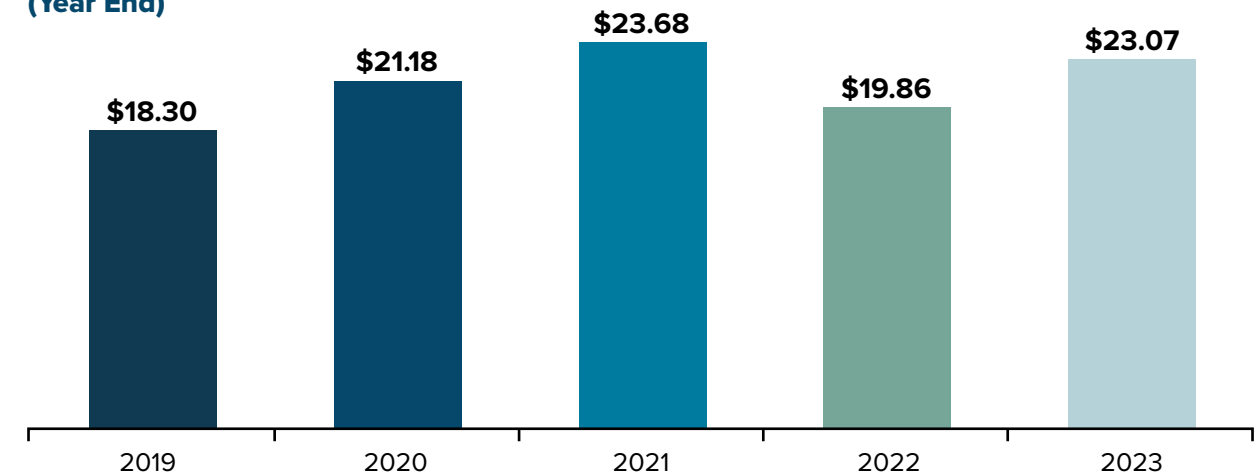
Total Assets

(in thousands)



Tangible Book Value per Share

(Year End)



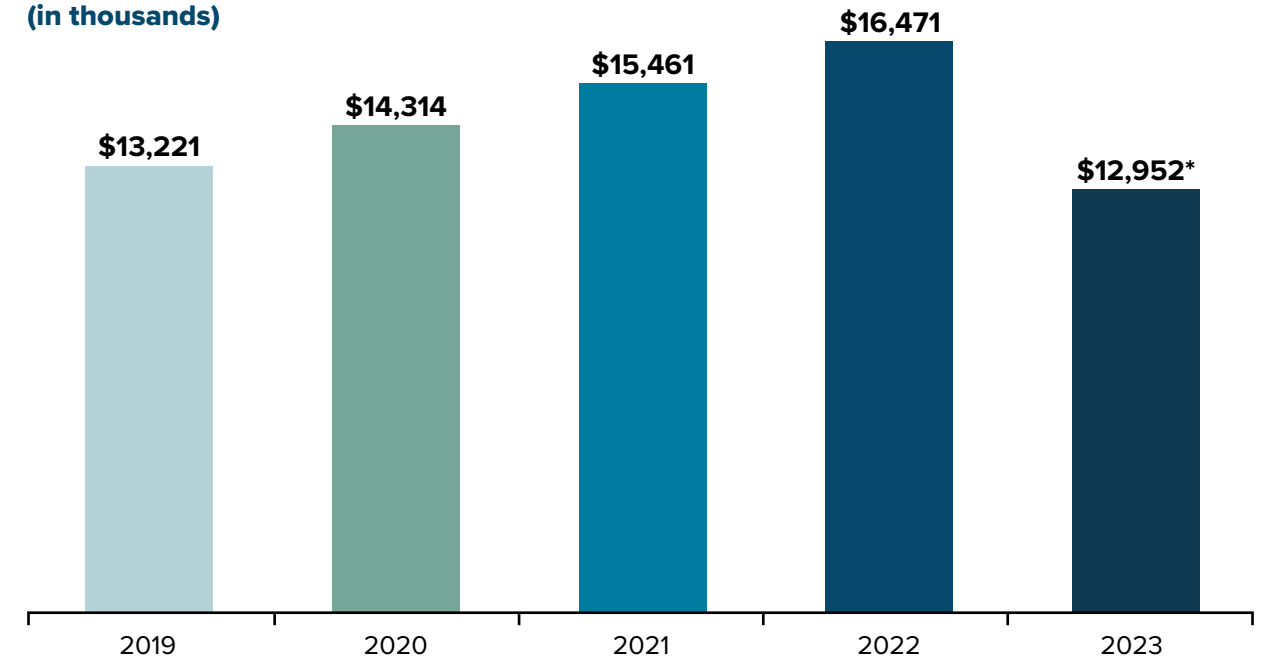
Condensed Consolidated Statements of Income

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest income		
Interest and fees on loans	\$ 40,273,000	\$ 31,986,000
Interest on securities and other	9,616,000	7,166,000
Total interest income	<u>49,889,000</u>	<u>39,152,000</u>
Interest expense		
Deposits	14,250,000	3,733,000
Advances from FHLB and other borrowings	659,000	36,000
Total interest expense	<u>14,909,000</u>	<u>3,769,000</u>
Net interest income	34,980,000	35,383,000
Credit loss expense-loans	192,000	160,000
Net interest income after credit loss expense	<u>34,788,000</u>	<u>35,223,000</u>
Non-interest income		
Service charges on deposit accounts	2,023,000	1,973,000
Credit and debit card income	3,424,000	3,447,000
Security losses	(2,947,000)	(26,000)
Other income	1,154,000	1,219,000
Total non-interest income	<u>3,654,000</u>	<u>6,613,000</u>
Non-interest expenses		
Salaries and employee benefits	13,233,000	12,499,000
Occupancy expense of premises, furniture and equipment, net	1,937,000	1,966,000
Data processing	2,374,000	2,140,000
Other expenses	5,675,000	5,615,000
Total non-interest expenses	<u>23,219,000</u>	<u>22,220,000</u>
Income before income taxes	15,223,000	19,616,000
Provision for income taxes	2,271,000	3,145,000
Net income	<u>\$ 12,952,000</u>	<u>\$ 16,471,000</u>
Basic earnings per share	<u>\$3.02</u>	<u>\$3.82</u>
Diluted earnings per share	<u>\$3.01</u>	<u>\$3.80</u>

Net Income

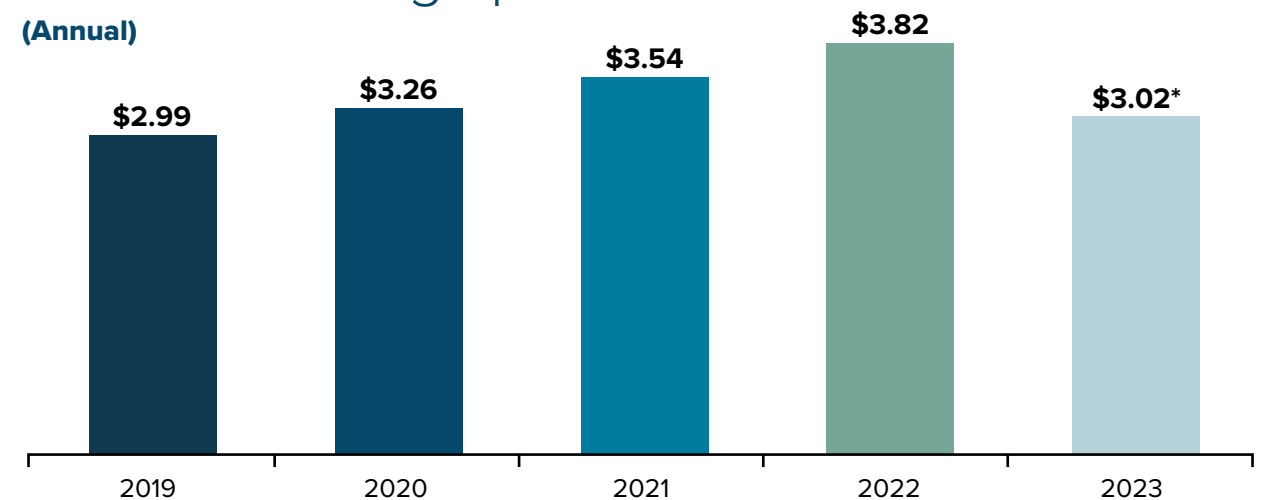
(in thousands)



*2023 includes net of tax loss on sale of securities of \$2,328,000.

Diluted Earnings per Share

(Annual)



*2023 excluding net of tax loss on sale of securities of \$2,328,000 EPS was \$3.56.

Farmers State Bank Officers

OPERATIONS CENTER

Joe Urbanski
Chief Executive Officer

Stacy Merrifield
Executive Vice President

Lori White
Executive Vice President

TJ Kempf
Executive Vice President

Renea Boots
Executive Vice President

Mark Cowen
Executive Vice President

Chad German
Senior Vice President

John Malone
Vice President

April Alleshouse
Vice President

Monica Severe
Vice President

Nichole Marple
Vice President

Becky Oakley
Vice President

Brianne Thomas
Vice President

Andrea Howe
Vice President

Kim Emerson
Vice President

Susan Allshouse
Vice President

Lana Wright
Vice President

Ryan Harrington
Vice President

Debbra Taylor
Assistant Vice President

Matt Dunker
Assistant Vice President

Maria Curtis
Assistant Vice President

Krystal Reed
Assistant Vice President

Emily Burkhead
Assistant Vice President

Collin Sherburne
Assistant Vice President

Kathi Miller
Banking Officer

Mandi Stearns
Banking Officer

Kaitlyn Royal
Banking Officer

Kelli Call
Banking Officer

ANGOLA

Nicole Lovett
Vice President

Tim Newby
Vice President

Quinton Crowl
Assistant Vice President

FREMONT

Nickie Grange
Banking Officer

Wesley Ireland
Banking Officer

HAMILTON

Ginny Houlton
Assistant Vice President

HOWE

Nikole Byroad
Assistant Vice President

LAGRANGE

Marjorie Booth
Vice President

Joe Walter
Vice President

Dane Alexander
Assistant Vice President

MILLERSBURG

Sara Evers
Assistant Vice President

SHIPSHEWANA

Jonathan Puckett
Vice President

Erin Olinger
Assistant Vice President

Gabrielle Hites
Banking Officer

STROH

Aaron Folk
Banking Officer

STURGIS

Misti Gardner
Assistant Vice President

TOPEKA

Quinn Groff
Vice President

Jordan Younce
Vice President

Danielle Slabaugh
Vice President

Francisco Tijerina
Assistant Vice President

Marcy Yuska
Assistant Vice President

Kenneth Wright
Assistant Vice President

WOLCOTTVILLE

Linda Wilson
Banking Officer

Gary Fry
Banking Officer

Lynne Zolman-Duncan
Branch Manager

Supporting our Communities.

Farmers State Bank supports over 100 local organizations each year through monetary donations, serving on non-profit boards and committees and volunteering in the community.

FSB – Angola Office Groundbreaking



Angola High School – Career Fair



The Community Health Clinic – Dutch Dinner



Community Recognitions

LaGrange Chamber – Golf Outing



Steuben County United Way – Power of the Purse



Mike Thomas & Associates – Trunk or Treat



Paddle for Parkview

St. Joseph Co. Assoc. of Realtors Affiliate Expo



Steuben County 4H Fair Auction



LaGrange County Parks Jean-erosity Donation



Crossroads United Way Corporate Sponsor Recognition

Locations

Operations Center

220 S Detroit St
LaGrange, IN 46761
Call: (260) 463-7111

Angola

1800 N Wayne St
Angola, IN 46703
Call: (260) 665-7506

Fremont

105 S Wayne St
Fremont, IN 46737
Call: (260) 495-9861

Hamilton

3840 E Bellefontaine Rd
Hamilton, IN 46742
Call: (260) 488-2116

Howe

5485 N State Road 9
Howe, IN 46746
Call: (260) 562-2232

LaGrange

516 S Detroit St
LaGrange, IN 46761
Call: (260) 463-7500

Millersburg

400 N Benton St
Millersburg, IN 46543
Call: (574) 642-3734

Shipshewana

110 W Walnut St
Shipshewana, IN 46565
Call: (260) 768-7484

Stroh

100 N Main St
Stroh, IN 46789
Call: (260) 351-3001

Sturgis

809 W Chicago Rd
Sturgis, MI 49091
Call: (269) 651-9820

Topeka

109 N Main St
Topeka, IN 46571
Call: (260) 593-2259

Wolcottville

107 N Main St
Wolcottville, IN 46795
Call: (260) 854-2551

Information Request

Investor Relations Contact

Stacy Merrifield
(260) 463-7111 ext. 6015
smerrifield@gofsb.com

Transfer Agent

Continental Stock Transfer & Trust Company
1 State Street 30th Floor
New York, NY 10004-1561

See the Difference.



**Farmers
State Bank**

(888) 492-7111

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