

FS BANCORP, INC.

FS Bancorp, Inc. Reports First Quarter Net Income of \$8.0 Million or \$1.01 Per Diluted Share and the Forty-Ninth Consecutive Quarterly Cash Dividend

Apr 22, 2025

MOUNTLAKE TERRACE, Wash., April 22, 2025 (GLOBE NEWSWIRE) -- FS Bancorp, Inc. (NASDAQ: FSBW) (the "Company"), the holding company for 1st Security Bank of Washington (the "Bank") today reported 2025 first quarter net income of \$8.0 million, or \$1.01 per diluted share, compared to \$8.4 million, or \$1.06 per diluted share, for the comparable quarter one year ago.

"Deposit growth exceeded expectations in the first quarter of 2025, enabling the Bank to be well positioned for our loan pipeline going into the second quarter," stated Matthew Mullet, President/CFO.

"We are also pleased that our Board of Directors approved our forty-ninth consecutive quarterly cash dividend of \$0.28 per common share, demonstrating our continued commitment to returning value to shareholders. The cash dividend will be paid on May 22, 2025, to shareholders of record as of May 8, 2025," noted Joe Adams, CEO.

2025 First Quarter Highlights

- Net income was \$8.0 million for the first quarter of 2025, compared to \$7.4 million for the previous quarter, and \$8.4 million for the comparable quarter one year ago;
- Total deposits increased \$275.7 million, or 11.8%, to \$2.62 billion at March 31, 2025, primarily due to an increase of \$226.9 million in brokered deposits, compared to \$2.34 billion at December 31, 2024, and increased \$149.9 million, or 6.1%, from \$2.47 billion at March 31, 2024. Noninterest-bearing deposits were \$676.7 million at March 31, 2025, \$638.2 million at December 31, 2024, and \$646.9 million at March 31, 2024, reflecting growth in core deposits;
- Borrowings decreased \$239.0 million, or 77.6% to \$68.8 million at March 31, 2025, compared to \$307.8 million at December 31, 2024, and decreased \$61.1 million, or 47.0%, from \$129.9 million at March 31, 2024, and were primarily repositioned into wholesale brokered CDs noted above;
- Loans receivable, net was virtually unchanged at \$2.50 billion at both March 31, 2025, and December 31, 2024, and increased \$85.7 million, or 3.5%, from \$2.42 billion at March 31, 2024;
- Consumer loans, of which 87.4% are home improvement loans, decreased \$11.3 million, or 1.8%, to \$608.9 million at March 31, 2025, compared to \$620.2 million in the previous quarter, and decreased \$37.2 million, or 5.8%, from \$646.1 million in the comparable quarter one year ago. During the three months ended March 31, 2025, consumer loan originations included 79.9% of home improvement loans originated with a Fair Isaac Corporation ("FICO") score above 720;
- Repurchased 98,317 shares of the Company's common stock in the first quarter of 2025 at an average price of \$39.06 per share with \$873,000 remaining for future purchases under the existing share repurchase plan. On April 4, 2025, the Board authorized an additional share repurchase program of up to \$5.0 million of the Company's common stock;
- Book value per share increased \$0.86 to \$39.12 at March 31, 2025, compared to \$38.26 at December 31, 2024, and increased \$3.06 from \$36.06 at March 31, 2024. Tangible book value per share (non-GAAP financial measure) increased \$0.94 to \$36.96 at March 31, 2025, compared to \$36.02 at December 31, 2024, and increased \$3.49 from \$33.47 at March 31, 2024. See, "Non-GAAP Financial Measures."
- Segment reporting in the first quarter of 2025 reflected net income of \$7.8 million for the Commercial and Consumer Banking segment and \$241,000 for the Home Lending segment, compared to net income of \$7.4 million and net loss of \$39,000 in the prior quarter, and net income of \$8.2 million and \$246,000 in the first quarter of 2024, respectively; and

- Regulatory capital ratios at the Bank were 14.4% for total risk-based capital and 11.3% for Tier 1 leverage capital at March 31, 2025, compared to 14.2% for total risk-based capital and 11.2% for Tier 1 leverage capital at December 31, 2024.

Segment Reporting

The Company reports on two segments: Commercial and Consumer Banking and Home Lending. The Commercial and Consumer Banking segment provides diversified financial products and services to our commercial and consumer customers. These products and services include deposit products; residential, consumer, business and commercial real estate lending and cash management services. This segment is also responsible for managing the Bank's investment portfolio and other assets. The Home Lending segment originates one-to-four-family residential mortgage loans primarily for sale in the secondary markets as well as loans held for investment.

The tables below provide a summary of segment reporting at or for the three months ended March 31, 2025 and 2024 (dollars in thousands):

| Condensed income statement: | At or For the Three Months Ended March 31, 2025 | | |
|--|---|--------------|--------------|
| | Commercial and Consumer Banking | Home Lending | Total |
| Net interest income ⁽¹⁾ | \$ 28,407 | \$ 2,575 | \$ 30,982 |
| Provision for credit losses | (1,321) | (271) | (1,592) |
| Noninterest income ⁽²⁾ | 2,246 | 2,880 | 5,126 |
| Noninterest expense ⁽³⁾ | (20,176) | (4,879) | (25,055) |
| Income before provision for income taxes | 9,156 | 305 | 9,461 |
| Provision for income taxes | (1,376) | (64) | (1,440) |
| Net income | \$ 7,780 | \$ 241 | \$ 8,021 |
| Total average assets for period ended | \$ 2,414,100 | \$ 618,412 | \$ 3,032,512 |
| Full-time employees ("FTEs") | 454 | 113 | 567 |

| Condensed income statement: | At or For the Three Months Ended March 31, 2024 | | |
|--|---|--------------|--------------|
| | Commercial and Consumer Banking | Home Lending | Total |
| Net interest income ⁽¹⁾ | \$ 28,086 | \$ 2,260 | \$ 30,346 |
| Provision for credit losses | (1,251) | (148) | (1,399) |
| Noninterest income ⁽²⁾ | 2,393 | 2,718 | 5,111 |
| Noninterest expense ⁽³⁾ | (19,008) | (4,521) | (23,529) |
| Income before provision for income taxes | 10,220 | 309 | 10,529 |
| Provision for income taxes | (2,069) | (63) | (2,132) |
| Net income | \$ 8,151 | \$ 246 | \$ 8,397 |
| Total average assets for period ended | \$ 2,401,864 | \$ 556,683 | \$ 2,958,547 |
| FTEs | 440 | 130 | 570 |

- (1) Net interest income is the difference between interest earned on assets and the cost of liabilities to fund those assets. Interest earned includes actual interest earned on segment assets and, if the segment has excess liabilities, interest credits for providing funding to the other segment. The cost of liabilities includes interest expense on segment liabilities and, if the segment does not have enough liabilities to fund its assets, a funding charge based on the cost of assigned liabilities to fund segment assets.
- (2) Noninterest income includes activity from certain residential mortgage loans that were initially originated for sale and measured at fair value and subsequently transferred to loans held for investment. Gains and losses from changes in fair value for these loans are reported in earnings as a component of noninterest income. For the three months ended March 31, 2025, the Company recorded a net increase in fair value of \$263,000, compared to a net increase in fair value of \$2,000 for the three months ended March 31, 2024. As of March 31, 2025 and 2024, there were \$14.5 million and \$15.0 million, respectively, in residential mortgage loans recorded at fair value as they were previously transferred from loans held for sale to loans held for investment.
- (3) Noninterest expense includes allocated overhead expense from general corporate activities. Allocation is determined based on a combination of segment assets and FTEs. For the three months ended March 31, 2025 and 2024, the Home Lending segment included allocated overhead expenses of \$1.8 million and \$1.5 million, respectively.

Asset Summary

Total assets increased \$36.9 million, or 1.2%, to \$3.07 billion at March 31, 2025, compared to \$3.03 billion at December 31, 2024, and increased \$96.4 million, or 3.2%, from \$2.97 billion at March 31, 2024. The increase in total assets at March 31, 2025, compared to December 31, 2024, included increases of \$31.1 million in total cash and cash equivalents, \$10.0 million in securities available-for-sale, \$3.4 million in other assets, \$3.2 million in loans held for sale ("HFS") and \$2.0 million in securities held-to-maturity, partially offset by decreases in FHLB stock of \$10.4 million, loans receivable, net of \$834,000 and core deposit intangible ("CDI"), net of \$831,000. The increase compared to March 31, 2024, was primarily due to increases in loans receivable, net of \$85.7 million, other assets of \$21.1 million, total cash and cash equivalents of \$17.3 million, and securities available-for-sale of \$11.5 million. These increases were partially offset by decreases in certificates of deposit at other financial institutions of \$22.0 million.

million, loans HFS of \$18.9 million, and CDI, net of \$3.5 million.

LOAN PORTFOLIO

| (Dollars in thousands) | March 31, 2025 | | December 31, 2024 | | March 31, 2024 | | Linked Quarter \$ Change | Prior Year Quarter \$ Change |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|--------------------------|------------------------------|
| | Amount | % | Amount | % | Amount | % | | |
| COMMERCIAL REAL ESTATE ("CRE") LOANS | | | | | | | | |
| CRE owner occupied | \$ 164,911 | 6.5% | \$ 170,396 | 6.7% | \$ 174,946 | 7.2% | \$ (5,485) | \$ (10,035) |
| CRE non-owner occupied | 174,188 | 6.9 | 174,921 | 6.9 | 184,109 | 7.5 | (733) | (9,921) |
| Commercial and speculative construction and development | 288,978 | 11.4 | 280,798 | 11.1 | 244,217 | 10.0 | 8,180 | 44,761 |
| Multi-family | 244,940 | 9.7 | 245,222 | 9.7 | 222,410 | 9.1 | (282) | 22,530 |
| Total CRE loans | <u>873,017</u> | <u>34.5</u> | <u>871,337</u> | <u>34.4</u> | <u>825,682</u> | <u>33.8</u> | <u>1,680</u> | <u>47,335</u> |
| RESIDENTIAL REAL ESTATE LOANS | | | | | | | | |
| One-to-four-family (excludes HFS) | 637,299 | 25.2 | 617,322 | 24.4 | 580,050 | 23.7 | 19,977 | 57,249 |
| Home equity | 73,846 | 2.9 | 75,147 | 3.0 | 73,323 | 3.0 | (1,301) | 523 |
| Residential custom construction | 48,810 | 1.9 | 49,902 | 2.0 | 57,129 | 2.3 | (1,092) | (8,319) |
| Total residential real estate loans | <u>759,955</u> | <u>30.0</u> | <u>742,371</u> | <u>29.4</u> | <u>710,502</u> | <u>29.0</u> | <u>17,584</u> | <u>49,453</u> |
| CONSUMER LOANS | | | | | | | | |
| Indirect home improvement | 532,038 | 21.0 | 541,946 | 21.4 | 568,802 | 23.2 | (9,908) | (36,764) |
| Marine | 73,737 | 2.9 | 74,931 | 3.0 | 73,921 | 3.0 | (1,194) | (184) |
| Other consumer | 3,118 | 0.1 | 3,304 | 0.1 | 3,409 | 0.1 | (186) | (291) |
| Total consumer loans | <u>608,893</u> | <u>24.0</u> | <u>620,181</u> | <u>24.5</u> | <u>646,132</u> | <u>26.3</u> | <u>(11,288)</u> | <u>(37,239)</u> |
| COMMERCIAL BUSINESS LOANS | | | | | | | | |
| Commercial and industrial ("C&I") | 274,956 | 10.9 | 287,014 | 11.3 | 256,429 | 10.6 | (12,058) | 18,527 |
| Warehouse lending | 15,949 | 0.6 | 12,918 | 0.4 | 8,113 | 0.3 | 3,031 | 7,836 |
| Total commercial business loans | <u>290,905</u> | <u>11.5</u> | <u>299,932</u> | <u>11.7</u> | <u>264,542</u> | <u>10.9</u> | <u>(9,027)</u> | <u>26,363</u> |
| Total loans receivable, gross | <u>2,532,770</u> | <u>100.0%</u> | <u>2,533,821</u> | <u>100.0%</u> | <u>2,446,858</u> | <u>100.0%</u> | <u>(1,051)</u> | <u>85,912</u> |
| Allowance for credit losses on loans | <u>(31,653)</u> | | <u>(31,870)</u> | | <u>(31,479)</u> | | <u>217</u> | <u>(174)</u> |
| Total loans receivable, net | <u>\$ 2,501,117</u> | | <u>\$ 2,501,951</u> | | <u>\$ 2,415,379</u> | | <u>\$ (834)</u> | <u>\$ 85,738</u> |

The composition of CRE loans at the dates indicated were as follows:

| (Dollars in thousands) | Mar 31, 2025 | Dec 31, 2024 | Mar 31, 2024 |
|--------------------------------|----------------|----------------|----------------|
| CRE by Type: | Amount | Amount | Amount |
| CRE non-owner occupied: | | | |
| Office | \$ 39,406 | \$ 39,697 | \$ 41,625 |
| Retail | 35,520 | 36,568 | 38,712 |
| Hospitality/restaurant | 27,377 | 27,562 | 24,751 |
| Self-storage | 19,092 | 19,111 | 21,383 |
| Mixed use | 18,868 | 17,721 | 19,186 |
| Industrial | 15,033 | 15,125 | 17,475 |
| Senior housing/assisted living | 7,506 | 7,565 | 8,446 |
| Other ⁽¹⁾ | 6,579 | 6,631 | 6,785 |
| Land | 2,314 | 2,421 | 3,151 |
| Education/worship | 2,493 | 2,520 | 2,595 |
| Total CRE non-owner occupied | <u>174,188</u> | <u>174,921</u> | <u>184,109</u> |
| CRE owner occupied: | | | |
| Agriculture | 3,990 | 3,834 | 3,744 |
| Industrial | 66,618 | 67,064 | 63,683 |
| Office | 40,447 | 42,223 | 41,652 |
| Retail | 20,535 | 20,718 | 21,836 |
| Hospitality/restaurant | 7,306 | 10,396 | 10,933 |
| Other ⁽²⁾ | 8,529 | 8,612 | 8,438 |

| | | | |
|--------------------------|---------|---------|---------|
| Car wash | — | — | 7,713 |
| Automobile related | 7,266 | 7,325 | 7,479 |
| Education/worship | 4,641 | 4,608 | 4,604 |
| Mixed use | 5,579 | 5,616 | 4,864 |
| Total CRE owner occupied | 164,911 | 170,396 | 174,946 |
| Total | 339,099 | 345,317 | 359,055 |

- (1) Primarily includes loans secured by mobile home parks totaling \$758,000, \$766,000, and \$789,000, RV parks totaling \$681,000, \$685,000, and \$696,000, automobile-related collateral totaling \$584,000, \$589,000, and \$604,000, and other collateral totaling \$4.6 million, \$4.6 million, and \$4.7 million at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.
- (2) Primarily includes loans secured by gas stations totaling \$1.5 million, \$1.5 million and \$1.7 million, non-profit organization totaling \$1.4 million, \$1.5 million and \$915,000, and other collateral totaling \$5.6 million, \$5.6 million and \$5.8 million at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

The following table includes CRE loans repricing or maturing within the next two years, excluding loans that reprice simultaneously with changes to the prime rate:

(Dollars in thousands)

| CRE by type: | For the Quarter Ended | | | | | | | | Total | Current Weighted Average Rate |
|------------------------------------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------------------------|
| | Jun 30, 2025 | Sep 30, 2025 | Dec 31, 2025 | Mar 31, 2026 | Jun 30, 2026 | Sep 30, 2026 | Dec 31, 2026 | Mar 31, 2027 | | |
| Agriculture | \$ 723 | \$ — | \$ 312 | \$ 175 | \$ — | \$ 292 | \$ — | \$ — | \$ 1,502 | 6.14% |
| Apartment | 4,510 | 1,701 | 18,573 | 1,268 | 13,868 | 9,763 | 8,241 | 27,900 | 85,824 | 5.65 |
| Auto related | 790 | — | — | — | — | — | — | — | 790 | 4.15 |
| Hotel / hospitality | 1,760 | 1,315 | — | 115 | 1,265 | — | — | — | 4,455 | 4.75 |
| Industrial | — | 161 | 10,122 | 981 | 590 | 1,594 | — | 13,481 | 26,929 | 5.13 |
| Mixed use | 3,469 | 244 | 313 | 2,119 | — | — | 382 | — | 6,527 | 5.74 |
| Office | 11,077 | 4,127 | 966 | 519 | 1,641 | 559 | 7,749 | 2,878 | 29,516 | 4.96 |
| Other | 1,309 | 1,147 | 241 | 890 | — | 2,493 | 1,497 | 283 | 7,860 | 5.05 |
| Retail | 1,738 | 63 | — | 436 | 3,474 | — | 3,423 | 3,059 | 12,193 | 4.11 |
| Senior housing and assisted living | — | — | — | 2,157 | — | — | — | — | 2,157 | 4.75% |
| Total | \$ 25,376 | \$ 8,758 | \$ 30,527 | \$ 8,660 | \$ 20,838 | \$ 14,701 | \$ 21,292 | \$ 47,601 | \$ 177,753 | |

A breakdown of construction loans at the dates indicated were as follows:

(Dollars in thousands)

| Construction Types: | March 31, 2025 | | December 31, 2024 | |
|--|----------------|---------|-------------------|---------|
| | Amount | Percent | Amount | Percent |
| Commercial construction – retail | \$ 8,157 | 2.4 % | \$ 8,079 | 2.4 % |
| Commercial construction – office | 6,487 | 1.9 | 4,979 | 1.5 |
| Commercial construction – self storage | 16,012 | 4.7 | 13,480 | 4.1 |
| Commercial construction – hotel | 402 | 0.1 | — | — |
| Multi-family | 31,275 | 9.3 | 30,945 | 9.4 |
| Custom construction – single family residential and single family manufactured residential | 41,143 | 12.2 | 42,040 | 12.7 |
| Custom construction – land, lot and acquisition and development | 7,667 | 2.3 | 7,862 | 2.4 |
| Speculative residential construction – vertical | 186,042 | 55.1 | 180,381 | 54.5 |
| Speculative residential construction – land, lot and acquisition and development | 40,603 | 12.0 | 42,934 | 13.0 |
| Total | \$ 337,788 | 100.0 % | \$ 330,700 | 100.0 % |

(Dollars in thousands)

| Construction Types: | March 31, 2025 | | March 31, 2024 | |
|--|----------------|---------|----------------|---------|
| | Amount | Percent | Amount | Percent |
| Commercial construction – retail | \$ 8,157 | 2.4 % | \$ 8,290 | 2.8 % |
| Commercial construction – office | 6,487 | 1.9 | 4,737 | 1.6 |
| Commercial construction – self storage | 16,012 | 4.7 | 10,000 | 3.3 |
| Commercial construction – hotel | 402 | 0.1 | 7,807 | 2.6 |
| Multi-family | 31,275 | 9.3 | 53,288 | 17.7 |
| Custom construction – single family residential and single family manufactured residential | 41,143 | 12.2 | 50,674 | 16.8 |
| Custom construction – land, lot and acquisition and development | 7,667 | 2.3 | 6,455 | 2.1 |
| Speculative residential construction – vertical | 186,042 | 55.1 | 134,047 | 44.5 |

| | | | | |
|--|-------------------|----------------|-------------------|----------------|
| Speculative residential construction – land, lot and acquisition and development | 40,603 | 12.0 | 26,048 | 8.6 |
| Total | <u>\$ 337,788</u> | <u>100.0 %</u> | <u>\$ 301,346</u> | <u>100.0 %</u> |

Originations of one-to-four-family loans to purchase and refinance a home for the periods indicated were as follows:

| | | | | | | |
|------------------------|----------------------------|----------------|-------------------|-------------------|-------------------|----------------|
| (Dollars in thousands) | For the Three Months Ended | | | | | |
| | March 31, 2025 | | | December 31, 2024 | | |
| | Amount | Percent | Amount | Percent | \$ Change | % Change |
| Purchase | \$ 120,719 | 83.0 % | \$ 129,232 | 83.2 % | \$ (8,513) | (6.6) % |
| Refinance | 24,677 | 17.0 | 26,116 | 16.8 | (1,439) | (5.5) % |
| Total | <u>\$ 145,396</u> | <u>100.0 %</u> | <u>\$ 155,348</u> | <u>100.0 %</u> | <u>\$ (9,952)</u> | <u>(6.4) %</u> |

| | | | | | | |
|------------------------|--------------------------------------|----------------|-------------------|----------------|-------------------|----------------|
| (Dollars in thousands) | For the Three Months Ended March 31, | | | | | |
| | 2025 | | | 2024 | | |
| | Amount | Percent | Amount | Percent | \$ Change | % Change |
| Purchase | \$ 120,719 | 83.0 % | \$ 135,577 | 88.1 % | \$ (14,858) | (11.0) % |
| Refinance | 24,677 | 17.0 | 18,371 | 11.9 | 6,306 | 34.3 % |
| Total | <u>\$ 145,396</u> | <u>100.0 %</u> | <u>\$ 153,948</u> | <u>100.0 %</u> | <u>\$ (8,552)</u> | <u>(5.6) %</u> |

During the quarter ended March 31, 2025, the Company sold \$91.9 million of one-to-four-family loans compared to \$138.9 million during the previous quarter and \$93.9 million during the same quarter one year ago. The decrease in the volume of loans sold during the current quarter compared to the prior quarter was primarily due to seasonal factors combined with economic volatility. Gross margins on home loan sales increased to 3.26% for the quarter ended March 31, 2025, compared to 3.14% in the previous quarter and decreased from 3.43% in the same quarter one year ago. Gross margins are defined as the margin on loans sold (cash sales) without the impact of deferred costs.

Liabilities and Equity Summary

Changes in deposits at the dates indicated were as follows:

| | | | | | | | | | | | | | | | | |
|--|---------------------|----------------|--|---------------------|----------------|--|-------------------|--|---------------|---------|--|--|-----------|--|----------|--|
| (Dollars in thousands) | March 31, 2025 | | | | | | December 31, 2024 | | | | | | | | | |
| | Amount | | | Percent | | | Amount | | | Percent | | | \$ Change | | % Change | |
| | | | | | | | | | | | | | | | | |
| Transactional deposits: | | | | | | | | | | | | | | | | |
| Noninterest-bearing checking | \$ 659,417 | 25.2 % | | \$ 627,679 | 26.8 % | | \$ 31,738 | | 5.1 % | | | | | | | |
| Interest-bearing checking ⁽¹⁾ | 201,469 | 7.7 | | 176,561 | 7.5 | | 24,908 | | 14.1 | | | | | | | |
| Escrow accounts related to mortgages serviced ⁽²⁾ | 17,289 | 0.7 | | 10,479 | 0.5 | | 6,810 | | 65.0 | | | | | | | |
| Subtotal | <u>878,175</u> | <u>33.6</u> | | <u>814,719</u> | <u>34.8</u> | | <u>63,456</u> | | <u>7.8</u> | | | | | | | |
| Savings | 160,332 | 6.1 | | 154,188 | 6.6 | | 6,144 | | 4.0 | | | | | | | |
| Money market ⁽³⁾ | 343,349 | 13.1 | | 341,615 | 14.6 | | 1,734 | | 0.5 | | | | | | | |
| Subtotal | <u>503,681</u> | <u>19.2</u> | | <u>495,803</u> | <u>21.2</u> | | <u>7,878</u> | | <u>1.6</u> | | | | | | | |
| Certificates of deposit less than \$100,000 ⁽⁴⁾ | 639,947 | 24.5 | | 440,257 | 18.8 | | 199,690 | | 45.4 | | | | | | | |
| Certificates of deposit of \$100,000 through \$250,000 | 450,836 | 17.2 | | 455,594 | 19.5 | | (4,758) | | (1.0) | | | | | | | |
| Certificates of deposit greater than \$250,000 | 142,512 | 5.5 | | 133,045 | 5.7 | | 9,467 | | 7.1 | | | | | | | |
| Subtotal | <u>1,233,295</u> | <u>47.2</u> | | <u>1,028,896</u> | <u>44.0</u> | | <u>204,399</u> | | <u>19.9</u> | | | | | | | |
| Total | <u>\$ 2,615,151</u> | <u>100.0 %</u> | | <u>\$ 2,339,418</u> | <u>100.0 %</u> | | <u>\$ 275,733</u> | | <u>11.8 %</u> | | | | | | | |

| | | | | | | | | | | | | | | | | |
|--|----------------|-------------|--|----------------|-------------|--|-----------------|--|--------------|---------|--|--|-----------|--|----------|--|
| (Dollars in thousands) | March 31, 2025 | | | | | | March 31, 2024 | | | | | | | | | |
| | Amount | | | Percent | | | Amount | | | Percent | | | \$ Change | | % Change | |
| | | | | | | | | | | | | | | | | |
| Transactional deposits: | | | | | | | | | | | | | | | | |
| Noninterest-bearing checking | \$ 659,417 | 25.2 % | | \$ 618,526 | 25.1 % | | \$ 40,891 | | 6.6 % | | | | | | | |
| Interest-bearing checking ⁽¹⁾ | 201,469 | 7.7 | | 188,050 | 7.6 | | 13,419 | | 7.1 | | | | | | | |
| Escrow accounts related to mortgages serviced ⁽²⁾ | 17,289 | 0.7 | | 28,373 | 1.2 | | (11,084) | | (39.1) | | | | | | | |
| Subtotal | <u>878,175</u> | <u>33.6</u> | | <u>834,949</u> | <u>33.9</u> | | <u>43,226</u> | | <u>5.2</u> | | | | | | | |
| Savings | 160,332 | 6.1 | | 153,025 | 6.2 | | 7,307 | | 4.8 | | | | | | | |
| Money market ⁽³⁾ | 343,349 | 13.1 | | 364,944 | 14.8 | | (21,595) | | (5.9) | | | | | | | |
| Subtotal | <u>503,681</u> | <u>19.2</u> | | <u>517,969</u> | <u>21.0</u> | | <u>(14,288)</u> | | <u>(2.8)</u> | | | | | | | |

| | | | | | | |
|--|---------------------|---------------|---------------------|---------------|-------------------|------|
| Certificates of deposit less than \$100,000 ⁽⁴⁾ | 639,947 | 24.5 | 579,153 | 23.5 | 60,794 | 10.5 |
| Certificates of deposit of \$100,000 through \$250,000 | 450,836 | 17.2 | 424,463 | 17.2 | 26,373 | 6.2 |
| Certificates of deposit greater than \$250,000 | <u>142,512</u> | <u>5.5</u> | <u>108,763</u> | <u>4.4</u> | <u>33,749</u> | 31.0 |
| Subtotal | <u>1,233,295</u> | <u>47.2</u> | <u>1,112,379</u> | <u>45.1</u> | <u>120,916</u> | 10.9 |
| Total | <u>\$ 2,615,151</u> | <u>100.0%</u> | <u>\$ 2,465,297</u> | <u>100.0%</u> | <u>\$ 149,854</u> | 6.1% |

(1) Includes \$30.1 million of brokered deposits at March 31, 2025, and no brokered deposits at December 31, 2024, and at March 31, 2024.

(2) Primarily noninterest-bearing accounts based on applicable state law.

(3) Includes \$251,000, \$279,000 and \$8.0 million of brokered deposits at March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

(4) Includes \$339.9 million, \$143.1 million, and \$331.3 million of brokered deposits at March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

At March 31, 2025, CDs, which include retail and non-retail CDs, totaled \$1.23 billion, compared to \$1.03 billion at December 31, 2024 and \$1.11 billion at March 31, 2024, with non-retail CDs representing 28.5%, 15.0% and 31.0% of total CDs at such dates, respectively. At March 31, 2025, non-retail CDs, which include brokered CDs, online CDs and public funds CDs, increased \$196.9 million to \$351.7 million, compared to \$154.8 million at December 31, 2024, primarily due to an increase of \$196.8 million in brokered CDs. The increase in brokered CDs provided funds to pay down higher cost borrowings. Non-retail CDs totaled \$351.7 million at March 31, 2025, compared to \$344.5 million at March 31, 2024.

At March 31, 2025, the Bank had uninsured deposits of approximately \$679.4 million, compared to approximately \$652.7 million at December 31, 2024, and \$614.1 million at March 31, 2024. The uninsured amounts are estimates based on the methodologies and assumptions used for the Bank's regulatory reporting requirements.

At March 31, 2025, borrowings decreased \$239.0 million to \$68.8 million at March 31, 2025, from \$307.8 million at December 31, 2024, and decreased \$61.1 million from \$129.9 million at March 31, 2024. These borrowings were comprised solely of FHLB advances.

Total stockholders' equity increased \$3.1 million to \$298.8 million at March 31, 2025, from \$295.8 million at December 31, 2024, and increased \$20.9 million, from \$277.9 million at March 31, 2024. The increase in stockholders' equity at March 31, 2025, compared to December 31, 2024, was primarily due to net income of \$8.0 million and \$513,000 in equity award compensation, partially offset by share repurchases of \$3.8 million and cash dividends paid of \$2.2 million. Stockholders' equity was also impacted by decreases in unrealized net losses on securities available for sale of \$2.7 million, net of tax, and decreases in unrealized net gains on fair value and cash flow hedges of \$2.6 million, net of tax, reflecting changes in market interest rates during the quarter, resulting in a \$151,000 decrease in accumulated other comprehensive loss, net of tax. Book value per common share was \$39.12 at March 31, 2025, compared to \$38.26 at December 31, 2024, and \$36.06 at March 31, 2024.

The Bank is considered "well capitalized" under the capital requirements established by the Federal Deposit Insurance Corporation ("FDIC") with a total risk-based capital ratio of 14.4%, a Tier 1 leverage capital ratio of 11.3%, and a common equity Tier 1 ("CET1") capital ratio of 13.2% at March 31, 2025.

The Company exceeded all regulatory capital requirements with a total risk-based capital ratio of 14.7%, a Tier 1 leverage capital ratio of 9.9%, and a CET1 ratio of 11.5% at March 31, 2025.

Credit Quality

The allowance for credit losses on loans ("ACLL") was \$31.7 million, or 1.25% of gross loans receivable (excluding loans HFS) at March 31, 2025, compared to \$31.9 million, or 1.26% of gross loans receivable (excluding loans HFS), at December 31, 2024, and \$31.5 million, or 1.29% of gross loans receivable (excluding loans HFS), at March 31, 2024. The slight decrease in the ACLL at March 31, 2025, compared to the prior quarter was primarily due to a decrease in the balance of higher risk consumer loans. The increase of \$174,000 in the ACLL from the same quarter the prior year was primarily due to increases in CRE loans. The allowance for credit losses on unfunded loan commitments increased \$66,000 to \$1.5 million at March 31, 2025, compared to \$1.4 million at December 31, 2024, and decreased \$35,000 from \$1.5 million at March 31, 2024, primarily due to an increase in the volume of unfunded commitments on construction loans.

Nonperforming loans increased \$870,000 to \$14.5 million at March 31, 2025, compared to \$13.6 million at December 31, 2024, and increased \$2.4 million from \$12.1 million at March 31, 2024. The increase in nonperforming loans compared to the prior quarter was primarily due to increases in nonperforming CRE construction and development loans of \$1.5 million, nonperforming indirect home improvement loans of \$1.1 million, and nonperforming one-to-four-family loans of \$970,000, partially offset by decreases in nonperforming CRE loans of \$1.6 million and nonperforming commercial business loans of \$1.5 million. The increase in nonperforming loans compared to the same quarter the prior year was primarily due to increases in nonperforming construction and development loans of \$1.8 million, nonperforming one-to-four-family loans of \$961,000, and nonperforming indirect home improvement loans of \$626,000, partially offset by a decrease in nonperforming commercial business loans of \$1.4 million.

Loans classified as substandard increased \$602,000 to \$23.5 million at March 31, 2025, compared to \$22.9 million at December 31, 2024, and decreased \$1.4 million from \$24.9 million at March 31, 2024. The increase in substandard loans compared to the prior quarter was primarily due to an increase of \$1.5 million in CRE construction and development loans, \$1.1 million in indirect home improvement loans, and \$953,000 in one-to-four-family loans, partially offset by decreases in commercial business loans of \$1.8 million and CRE of \$1.6 million. The decrease in substandard loans compared to the prior year was primarily due to decreases of \$3.1 million in C&I loans and \$1.9 million in CRE loans, partially offset by increases of \$1.8 million in CRE construction and development loans, \$794,000 in one-to-four-family loans, and \$626,000 in indirect home improvement loans.

Operating Results

Net interest income increased \$636,000 to \$31.0 million for the three months ended March 31, 2025, from \$30.3 million for the three months ended March 31, 2024, primarily due to an increase in total interest income of \$1.9 million, partially offset by an increase in interest expense of \$1.3 million.

The \$1.9 million increase in total interest income was primarily due to an increase of \$2.3 million in interest income on loans receivable, including fees, primarily as a result of net loan growth and variable rate loans repricing higher. The \$1.3 million increase in total interest expense was primarily the result of higher market interest rates and a net increase in interest bearing liabilities.

NIM (annualized) increased six basis points to 4.32% for the three months ended March 31, 2025, from 4.26% for the same period in the prior year. The increase in NIM for the three months ended March 31, 2025, compared to the same period in 2024, reflects the increased yields on interest-earning assets.

The average total cost of funds, including noninterest-bearing checking, increased 17 basis points to 2.38% for the three months ended March 31, 2025, from 2.21% for the three months ended March 31, 2024. This increase was predominantly due to higher market rates for borrowings.

For the three months ended March 31, 2025, the provision for credit losses on loans was \$1.5 million, compared to \$1.4 million for the three months ended March 31, 2024. The provision for credit losses on loans reflects an increase in charge-off activity. During the three months ended March 31, 2025, net charge-offs increased \$247,000 to \$1.7 million, compared to \$1.5 million for the same period last year. This increase was the result of increased net charge-offs of \$487,000 in indirect home improvement loans and \$25,000 in commercial business loans, partially offset by a net reduction of net charge-offs of \$213,000 in marine loans and \$46,000 in other consumer loans. Management attributes the increase in net charge-offs over the year primarily to volatile economic conditions.

Total noninterest income was unchanged at \$5.1 million for the three months ended March 31, 2025 and 2024. Total noninterest expense was \$25.0 million for the three months ended March 31, 2025, compared to \$23.5 million for the three months ended March 31, 2024. The \$1.5 million increase was primarily due to a \$976,000 increase in salaries and benefits and a \$437,000 increase in operations expense.

About FS Bancorp

FS Bancorp, Inc., a Washington corporation, is the holding company for 1st Security Bank of Washington. The Bank offers a range of loan and deposit services primarily to small- and middle-market businesses and individuals in Washington and Oregon. It operates through 27 bank branches, one headquarters office that provides loans and deposit services, and loan production offices in various suburban communities in the greater Puget Sound area, the Kennewick-Pasco-Richland metropolitan area of Washington, also known as the Tri-Cities, and in Vancouver, Washington. Additionally, the Bank services home mortgage customers across the Northwest, focusing on markets in Washington State including the Puget Sound, Tri-Cities, and Vancouver.

Forward-Looking Statements

When used in this press release and in other documents filed with or furnished to the Securities and Exchange Commission (the "SEC"), in press releases or other public stockholder communications, or in oral statements made with the approval of an authorized executive officer, the words or phrases "believe," "will," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "plans," or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts but instead represent management's current expectations and forecasts regarding future events, many of which are inherently uncertain and outside of our control. Actual results may differ, possibly materially from those currently expected or projected in these forward-looking statements. Factors that could cause the Company's actual results to differ materially from those described in the forward-looking statements, include but are not limited to, the following: adverse impacts to economic conditions in the Company's local market areas, other markets where the Company has lending relationships, or other aspects of the Company's business operations or financial markets, including, without limitation, as a result of employment levels; labor shortages, the effects of inflation, a recession or slowed economic growth; changes in the interest rate environment, including the increases and decrease in the Federal Reserve benchmark rate and duration at which such interest rate levels are maintained, which could adversely affect our revenues and expenses, the values of our assets and obligations, and the availability and cost of capital and liquidity; the impact of inflation and the current and future monetary policies of the Federal Reserve in response thereto; the effects of any federal government shutdown; increased competitive pressures, including repricing and competitors' pricing initiatives, and their impact on our market position, loan, and deposit products; adverse changes in the securities markets, the Company's ability to execute its plans to grow its residential construction lending, mortgage banking, and warehouse lending operations, and the geographic expansion of its indirect home improvement lending; challenges arising from expanding into new geographic markets, products, or services; secondary market conditions for loans and the Company's ability to originate loans for sale and sell loans in the secondary market; volatility in the mortgage industry; fluctuations in deposits; liquidity issues, including our ability to borrow funds or raise additional capital, if necessary; the impact of bank failures or adverse developments at other banks and related negative press about the banking industry in general on investor and depositor sentiment; legislative and regulatory changes, including changes in banking, securities and tax law, in regulatory policies and principles, or the interpretation of regulatory capital or other rules; disruptions, security breaches, or other adverse events, failures or interruptions in, or attacks on, our information technology systems or on the third-party vendors who perform critical processing functions for us; the potential for new or increased tariffs, trade restrictions or geopolitical tensions that could affect economic activity or specific industry sectors; environmental, social and governance goals; the effects of climate change, severe weather events, natural disasters, pandemics, epidemics and other public health crises, acts of war or terrorism, civil unrest and other external events on our business; and other factors described in the Company's latest Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other reports filed with or furnished to the SEC which are available on its website at www.fsbwa.com and on the SEC's website at www.sec.gov.

Any of the forward-looking statements that the Company makes in this press release and in the other public statements are based upon management's beliefs and assumptions at the time they are made and may turn out to be incorrect because of the inaccurate assumptions the Company might make, because of the factors illustrated above or because of other factors that cannot be foreseen by the Company. Therefore, these factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements. The Company does not undertake and specifically disclaims any obligation to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

FS BANCORP, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS (Dollars in thousands) (Unaudited)

| | March 31, 2025 | December 31, 2024 | March 31, 2024 | Linked Quarter % Change | Prior Year Quarter % Change |
|---|-------------------|----------------------|-------------------|-------------------------------|-----------------------------------|
| ASSETS | | | | | |
| Cash and due from banks | \$ 18,657 | \$ 19,280 | \$ 17,149 | (3) | 9 |
| Interest-bearing deposits at other financial institutions | 44,084 | 12,355 | 28,257 | 257 | 56 |
| Total cash and cash equivalents | <u>62,741</u> | <u>31,635</u> | <u>45,406</u> | 98 | 38 |

| | | | | | |
|---|---------------------|---------------------|---------------------|----------|----------|
| Certificates of deposit at other financial institutions | 1,234 | 1,727 | 23,222 | (29) | (95) |
| Securities available-for-sale, at fair value | 291,133 | 281,175 | 279,643 | 4 | 4 |
| Securities held-to-maturity, net | 10,434 | 8,455 | 8,455 | 23 | 23 |
| Loans held for sale, at fair value | 31,038 | 27,835 | 49,957 | 12 | (38) |
| Loans receivable, net | 2,501,117 | 2,501,951 | 2,415,379 | — | 4 |
| Accrued interest receivable | 14,406 | 13,881 | 14,455 | 4 | — |
| Premises and equipment, net | 29,451 | 29,756 | 30,326 | (1) | (3) |
| Operating lease right-of-use | 4,979 | 5,378 | 6,202 | (7) | (20) |
| Federal Home Loan Bank stock, at cost | 5,256 | 15,621 | 2,909 | (66) | 81 |
| Deferred tax asset, net | 7,009 | 7,059 | 4,832 | (1) | 45 |
| Bank owned life insurance ("BOLI"), net | 38,778 | 38,528 | 37,958 | 1 | 2 |
| MSRs, held at the lower of cost or fair value | 8,926 | 9,204 | 9,009 | (3) | (1) |
| Goodwill | 3,592 | 3,592 | 3,592 | — | — |
| Core deposit intangible, net | 12,879 | 13,710 | 16,402 | (6) | (21) |
| Other assets | 43,105 | 39,670 | 21,958 | 9 | 96 |
| TOTAL ASSETS | \$ 3,066,078 | \$ 3,029,177 | \$ 2,969,705 | 1 | 3 |
| LIABILITIES | | | | | |
| Deposits: | | | | | |
| Noninterest-bearing accounts | \$ 676,706 | \$ 638,158 | \$ 646,899 | 6 | 5 |
| Interest-bearing accounts | 1,938,445 | 1,701,260 | 1,818,398 | 14 | 7 |
| Total deposits | 2,615,151 | 2,339,418 | 2,465,297 | 12 | 6 |
| Borrowings | 68,805 | 307,806 | 129,940 | (78) | (47) |
| Subordinated notes: | | | | | |
| Principal amount | 50,000 | 50,000 | 50,000 | — | — |
| Unamortized debt issuance costs | (389) | (406) | (456) | (4) | (15) |
| Total subordinated notes less unamortized debt issuance costs | 49,611 | 49,594 | 49,544 | — | — |
| Operating lease liability | 5,149 | 5,556 | 6,410 | (7) | (20) |
| Other liabilities | 28,522 | 31,036 | 40,582 | (8) | (30) |
| Total liabilities | 2,767,238 | 2,733,410 | 2,691,773 | 1 | 3 |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| STOCKHOLDERS' EQUITY | | | | | |
| Preferred stock, \$.01 par value; 5,000,000 shares authorized; none issued or outstanding | — | — | — | — | — |
| Common stock, \$.01 par value; 45,000,000 shares authorized; 7,742,907 shares issued and outstanding at March 31, 2025, 7,833,014 at December 31, 2024, and 7,805,795 at March 31, 2024 | 77 | 78 | 78 | (1) | (1) |
| Additional paid-in capital | 52,806 | 55,716 | 57,552 | (5) | (8) |
| Retained earnings | 262,945 | 257,113 | 236,720 | 2 | 11 |
| Accumulated other comprehensive loss, net of tax | (16,988) | (17,140) | (16,418) | (1) | 3 |
| Total stockholders' equity | 298,840 | 295,767 | 277,932 | 1 | 8 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 3,066,078 | \$ 3,029,177 | \$ 2,969,705 | 1 | 3 |

FS BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share amounts) (Unaudited)

| | Three Months Ended | | | Linked Quarter % Change | Prior Year Quarter % Change |
|---|--------------------|-----------------|-----------------|-------------------------------|-----------------------------------|
| | Mar 31, 2025 | Dec 31, 2024 | Mar 31, 2024 | | |
| INTEREST INCOME | | | | | |
| Loans receivable, including fees | \$ 43,303 | \$ 43,654 | \$ 40,997 | (1) | 6 |
| Interest and dividends on investment securities, cash and cash equivalents, and certificates of deposit at other financial institutions | 3,485 | 3,320 | 3,883 | 5 | (10) |
| Total interest and dividend income | 46,788 | 46,974 | 44,880 | — | 4 |
| INTEREST EXPENSE | | | | | |
| Deposits | 13,058 | 13,543 | 12,882 | (4) | 1 |
| Borrowings | 2,263 | 1,831 | 1,167 | 24 | 94 |
| Subordinated notes | 485 | 486 | 485 | — | — |
| Total interest expense | 15,806 | 15,860 | 14,534 | — | 9 |
| NET INTEREST INCOME | 30,982 | 31,114 | 30,346 | — | 2 |
| PROVISION FOR CREDIT LOSSES | 1,592 | 1,522 | 1,399 | 5 | 14 |
| NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES | 29,390 | 29,592 | 28,947 | (1) | 2 |

NONINTEREST INCOME

| | | | | | |
|--|--------------|--------------|--------------|------|------|
| Service charges and fee income | 2,244 | 2,513 | 2,552 | (11) | (12) |
| Gain on sale of loans | 1,700 | 1,733 | 1,838 | (2) | (8) |
| Gain on sale of MSRs | — | — | 8,215 | — | NM |
| Loss on sale of investment securities, net | — | — | (7,998) | — | NM |
| Earnings on cash surrender value of BOLI | 250 | 256 | 240 | (2) | 4 |
| Other noninterest income | 932 | 108 | 264 | 763 | 253 |
| Total noninterest income | <u>5,126</u> | <u>4,610</u> | <u>5,111</u> | 11 | — |

NONINTEREST EXPENSE

| | | | | | |
|---|---------------|---------------|---------------|------|-------|
| Salaries and benefits | 14,533 | 14,172 | 13,557 | 3 | 7 |
| Operations | 3,445 | 3,175 | 3,008 | 9 | 15 |
| Occupancy | 1,717 | 1,821 | 1,705 | (6) | 1 |
| Data processing | 2,045 | 2,252 | 1,958 | (9) | 4 |
| Loan costs | 548 | 781 | 585 | (30) | (6) |
| Professional and board fees | 1,186 | 1,038 | 923 | 14 | 28 |
| FDIC insurance | 538 | 490 | 532 | 10 | 1 |
| Marketing and advertising | 221 | 329 | 227 | (33) | (3) |
| Amortization of core deposit intangible | 831 | 876 | 941 | (5) | (12) |
| (Recovery) impairment of servicing rights | (9) | (583) | 93 | (98) | (110) |
| Total noninterest expense | <u>25,055</u> | <u>24,351</u> | <u>23,529</u> | 3 | 6 |

INCOME BEFORE PROVISION FOR INCOME TAXES

| | | | | | |
|--|-------|-------|--------|-----|------|
| | 9,461 | 9,851 | 10,529 | (4) | (10) |
|--|-------|-------|--------|-----|------|

PROVISION FOR INCOME TAXES

| | | | | | |
|--|-------|-------|-------|------|------|
| | 1,440 | 2,469 | 2,132 | (42) | (32) |
|--|-------|-------|-------|------|------|

NET INCOME

| | | | | | |
|--|-----------------|-----------------|-----------------|---|-----|
| | <u>\$ 8,021</u> | <u>\$ 7,382</u> | <u>\$ 8,397</u> | 9 | (4) |
|--|-----------------|-----------------|-----------------|---|-----|

| | | | | | |
|--------------------------|----------------|----------------|----------------|---|-----|
| Basic earnings per share | <u>\$ 1.02</u> | <u>\$ 0.94</u> | <u>\$ 1.07</u> | 9 | (5) |
|--------------------------|----------------|----------------|----------------|---|-----|

| | | | | | |
|----------------------------|----------------|----------------|----------------|----|-----|
| Diluted earnings per share | <u>\$ 1.01</u> | <u>\$ 0.92</u> | <u>\$ 1.06</u> | 10 | (5) |
|----------------------------|----------------|----------------|----------------|----|-----|

KEY FINANCIAL RATIOS AND DATA (Unaudited)

| | At or For the Three Months Ended | | |
|---|----------------------------------|----------------------|-------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| PERFORMANCE RATIOS: | | | |
| Return on assets (ratio of net income to average total assets) ⁽¹⁾ | 1.07 % | 0.98 % | 1.14 % |
| Return on equity (ratio of net income to average total stockholders' equity) ⁽¹⁾ | 10.80 | 9.88 | 12.29 |
| Yield on average interest-earning assets ⁽¹⁾ | 6.53 | 6.51 | 6.30 |
| Average total cost of funds ⁽¹⁾ | 2.38 | 2.38 | 2.21 |
| Interest rate spread information – average during period | 4.15 | 4.13 | 4.09 |
| Net interest margin ⁽¹⁾ | 4.32 | 4.31 | 4.26 |
| Operating expense to average total assets ⁽¹⁾ | 3.35 | 3.24 | 3.20 |
| Average interest-earning assets to average interest-bearing liabilities ⁽¹⁾ | 142.94 | 143.27 | 144.51 |
| Efficiency ratio ⁽²⁾ | 69.39 | 68.16 | 66.36 |
| Common equity ratio (ratio of stockholders' equity to total assets) | 9.75 | 9.76 | 9.36 |
| Tangible common equity ratio ⁽³⁾ | 9.26 | 9.25 | 8.74 |

ASSET QUALITY RATIOS AND DATA:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|-------------------|----------------------|-------------------|
| Nonperforming assets to total assets at end of period ⁽⁴⁾ | 0.47 % | 0.45 % | 0.41 % |
| Nonperforming loans to total gross loans (excluding loans HFS) ⁽⁵⁾ | 0.57 | 0.54 | 0.49 |
| Allowance for credit losses – loans to nonperforming loans ⁽⁵⁾ | 219.08 | 234.55 | 260.24 |
| Allowance for credit losses – loans to total gross loans (excluding loans HFS) | 1.25 | 1.26 | 1.29 |

| | At or For the Three Months Ended | | |
|---|----------------------------------|----------------------|-------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| PER COMMON SHARE DATA: | | | |
| Basic earnings per share | \$ 1.02 | \$ 0.94 | \$ 1.07 |
| Diluted earnings per share | \$ 1.01 | \$ 0.92 | \$ 1.06 |
| Weighted average basic shares outstanding | 7,695,320 | 7,723,250 | 7,703,789 |
| Weighted average diluted shares outstanding | 7,805,728 | 7,897,099 | 7,824,460 |

| | | | | | | |
|--|----|--------------------------|----|--------------------------|----|--------------------------|
| Common shares outstanding at end of period | | 7,639,844 ⁽⁶⁾ | | 7,729,951 ⁽⁷⁾ | | 7,707,651 ⁽⁸⁾ |
| Book value per share using common shares outstanding | \$ | 39.12 | \$ | 38.26 | \$ | 36.06 |
| Tangible book value per share using common shares outstanding ⁽⁹⁾ | \$ | 36.96 | \$ | 36.02 | \$ | 33.47 |

- (1) Annualized.
(2) Total noninterest expense as a percentage of net interest income and total noninterest income.
(3) Represents a non-GAAP financial measure. For a reconciliation to the most comparable GAAP financial measure, see "Non-GAAP Financial Measures" below.
(4) Nonperforming assets consist of nonperforming loans (which include nonaccruing loans and accruing loans more than 90 days past due), foreclosed real estate and other repossessed assets.
(5) Nonperforming loans consist of nonaccruing loans and accruing loans 90 days or more past due.
(6) Common shares were calculated using shares outstanding of 7,742,907 at March 31, 2025, less 103,063 unvested restricted stock shares.
(7) Common shares were calculated using shares outstanding of 7,833,014 at December 31, 2024, less 103,063 unvested restricted stock shares.
(8) Common shares were calculated using shares outstanding of 7,805,795 at March 31, 2024, less 98,144 unvested restricted stock shares.
(9) Tangible book value per share using outstanding common shares excludes intangible assets. This ratio represents a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

| (Dollars in thousands) | For the Three Months Ended Mar 31, | | Qtr. Over Qtr. \$ Change |
|---|------------------------------------|---------------------|-----------------------------|
| | 2025 | 2024 | |
| Average Balances | | | |
| Assets | | | |
| Loans receivable, net ⁽¹⁾ | \$ 2,559,944 | \$ 2,464,602 | \$ 95,342 |
| Securities available-for-sale, at amortized cost | 310,417 | 331,413 | (20,996) |
| Securities held-to-maturity | 8,656 | 8,500 | 156 |
| Interest-bearing deposits and certificates of deposit at other financial institutions | 16,161 | 59,514 | (43,353) |
| FHLB stock, at cost | 11,948 | 2,174 | 9,774 |
| Total interest-earning assets | 2,907,126 | 2,866,203 | 40,923 |
| Noninterest-earning assets | 125,386 | 92,344 | 33,042 |
| Total assets | \$ 3,032,512 | \$ 2,958,547 | \$ 73,965 |
| Liabilities | | | |
| Interest-bearing deposit accounts | \$ 1,765,605 | \$ 1,832,767 | \$ (67,162) |
| Borrowings | 218,639 | 101,150 | 117,489 |
| Subordinated notes | 49,600 | 49,533 | 67 |
| Total interest-bearing liabilities | 2,033,844 | 1,983,450 | 50,394 |
| Noninterest-bearing deposit accounts | 663,824 | 657,083 | 6,741 |
| Other noninterest-bearing liabilities | 33,739 | 43,246 | (9,507) |
| Total liabilities | \$ 2,731,407 | \$ 2,683,779 | \$ 47,628 |

(1) Includes loans HFS.

Non-GAAP Financial Measures:

In addition to financial results presented in accordance with generally accepted accounting principles utilized in the United States ("GAAP"), this earnings release presents non-GAAP financial measures that include tangible book value per share, and tangible common equity ratio. Management believes that providing the Company's tangible book value per share and tangible common equity ratio is consistent with the capital treatment utilized by the investment community, which excludes intangible assets from the calculation of risk-based capital ratios and facilitates comparison of the quality and composition of the Company's capital over time and to its competitors. Where applicable, the Company has also presented comparable GAAP information.

These non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. They should not be considered in isolation or as a substitute for total stockholders' equity or operating results determined in accordance with GAAP. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

Reconciliation of the GAAP book value per share and common equity ratio and the non-GAAP tangible book value per share and tangible common equity ratio is presented below.

| (Dollars in thousands, except share and per share amounts) | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|--|-------------------|----------------------|-------------------|
| Tangible Book Value Per Share: | | | |
| Stockholders' equity (GAAP) | \$ 298,840 | \$ 295,767 | \$ 277,932 |
| Less: goodwill and core deposit intangible, net | (16,471) | (17,302) | (19,994) |
| Tangible common stockholders' equity (non-GAAP) | \$ 282,369 | \$ 278,465 | \$ 257,938 |

| | | | | | | |
|---|-----------|------------------|-----------|------------------|-----------|------------------|
| Common shares outstanding at end of period | 7,639,844 | (1) | 7,729,951 | (2) | 7,707,651 | (3) |
| Book value per share (GAAP) | \$ | 39.12 | \$ | 38.26 | \$ | 36.06 |
| Tangible book value per share (non-GAAP) | \$ | 36.96 | \$ | 36.02 | \$ | 33.47 |
| Tangible Common Equity Ratio: | | | | | | |
| Total assets (GAAP) | \$ | 3,066,078 | \$ | 3,029,177 | \$ | 2,969,705 |
| Less: goodwill and core deposit intangible assets | | (16,471) | | (17,302) | | (19,994) |
| Tangible assets (non-GAAP) | \$ | <u>3,049,607</u> | \$ | <u>3,011,875</u> | \$ | <u>2,949,711</u> |
| Common equity ratio (GAAP) | | 9.75% | | 9.76% | | 9.36% |
| Tangible common equity ratio (non-GAAP) | | 9.26 | | 9.25 | | 8.74 |

-
- (1) Common shares were calculated using shares outstanding of 7,742,907 at March 31, 2025, less 103,063 unvested restricted stock shares.
(2) Common shares were calculated using shares outstanding of 7,833,014 at December 31, 2024, less 103,063 unvested restricted stock shares.
(3) Common shares were calculated using shares outstanding of 7,805,795 at March 31, 2024, less 98,144 unvested restricted stock shares.

Contacts:

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