

► See separate instructions.

Part I	Reporting Issuer
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1 Issuer's name		2 Issuer's employer identification number (EIN)	
FS Bancorp, Inc.		45-4585178	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Phillip D. Whittington	425-275-4029	Phil.Whittington@fsbwa.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
6920 220th Street SW		Mountlake Terrace, Washington 98043	
8 Date of action		9 Classification and description	
08/19/2026		Exchange of Pacific West Bancorp shares for FS Bancorp stock and/or cash	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
69506 1102		PWBK	

095063 102	FWER
Part II	Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attachment.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attachment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attachment.

Part II Organizational Action *(continued)***17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

See attachment.

18 Can any resulting loss be recognized? ▶ See attachment.**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

See attachment.

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶



Date ▶

9/18/26

Print your name ▶ Phillip D. Whittington

Title ▶ Chief Financial Officer

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

FS Bancorp, Inc.
EIN: 45-4585178
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained in the Form 8937 and this attachment is being provided pursuant to Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws related to the effects of the Merger (as defined below). The information contained herein does not constitute tax advice and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the Merger. In addition, this information does not address tax consequences which may vary depending on the individual circumstances of Pacific West Bancorp (“PWBK”) shareholders, or any non-income tax or any foreign, state or local tax consequences of the Merger. Accordingly, shareholders are strongly urged to consult with their own tax advisors to determine the particular U.S. federal, state, local or foreign income or other tax consequences of the Merger transaction to them, including the amount of gain or loss, if any, that they recognized in the Merger and the tax basis in FS Bancorp, Inc. (“FSBW”) shares received in the Merger.

The CUSIP number and the ticker symbol shown in Boxes 10 and 12 in Part I of the Form 8937 relate to the PWBK shares. The Form 8937 is being provided by FSBW as the successor to PWBK.

Part II:

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action:

Effective August 19, 2026, Pacific West Bancorp, an Oregon corporation, merged with and into FS Bancorp, Inc., a Washington corporation, with FSBW being the surviving corporation (the “Merger”). Pursuant to the terms of the Agreement and Plan of Merger by and between FSBW and PWBK dated as of February 25, 2026 (the “Merger Agreement”), each PWBK shareholder had the right to elect either FSBW common stock or cash for its shares of PWBK common stock, subject to the proration and adjustment procedures set forth in the Merger Agreement. Based on the final election results, PWBK shareholders received the following:

- PWBK shareholders who requested cash received \$12.9310 of cash for each of their PWBK shares,
- PWBK shareholders who made no election received \$12.9310 of cash for each of their PWBK shares, and
- Because the stock elections were oversubscribed, PWBK shareholders who requested stock had 82.6635% of their PWBK shares (rounded to the nearest whole share) exchanged for FSBW common stock at an exchange rate of 0.29987 of a share of FSBW common stock for each PWBK share, with cash paid in lieu of a fractional share, plus cash for their remaining PWBK shares at the rate of \$12.9310

per PWBK share. Each fractional share was cashed out at the rate of \$43.1222 per whole share.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

Each PWBK shareholder that is subject to U.S. tax and that surrendered PWBK stock in exchange for the merger consideration in the Merger is responsible for determining such shareholder's own gain and allowable loss resulting from the exchange and from future dispositions. FSBW is supplying this information to assist the PWBK shareholders in determining the amount of gain or loss that must be recognized as a result of the exchange and to determine the tax basis such shareholder takes in the FSBW stock received in the Merger.

Each PWBK shareholder subject to U.S. tax that receives cash and FSBW shares must recognize gain (but not loss, except with respect to cash received in lieu of any fractional shares) in an amount equal to the lesser of (i) the excess of the cash (other than cash received in lieu of any fractional share) plus the fair market value of the FSBW shares received in the Merger over such holder's adjusted U.S. tax basis in the PWBK shares surrendered by such holder in the Merger, or (ii) the cash received by such holder in the Merger (not including cash received in lieu of any fractional shares). The holder may recognize additional gain (or may recognize a loss) on the deemed sale of a fractional share based on a price of \$43.1222 per whole share. Each PWBK shareholder subject to U.S. tax that receives only cash in the Merger recognizes gain or loss on the exchange of PWBK shares for such cash.

Each holder's aggregate adjusted U.S. tax basis in the FSBW shares received in the Merger (including the fractional shares for which cash was paid) will equal such holder's aggregate adjusted U.S. tax basis in the PWBK shares surrendered in the Merger, plus the amount of taxable gain recognized by such holder in the Merger (other than any gain recognized with respect to fractional shares), and minus the amount of cash received by such holder in the Merger (other than any cash received in lieu of fractional shares).

Cash Election and No-Election Example. A U.S. holder of 1,000 PWBK shares with \$10.00 adjusted U.S. tax basis per share (i.e., \$10,000.00 aggregate adjusted U.S. tax basis) who made a cash election (or who did not make any election) would have received \$12,931.00 (i.e., \$12.9310 multiplied by 1,000 shares) of total proceeds in cash. Such shareholder must recognize taxable gain equal to \$2,931.00 (i.e., \$12,931.00 total cash proceeds received less \$10,000.00 adjusted tax basis).

Stock Election Example - Gain on PWBK Shares Exceeds Cash Received.

Assumptions:

PWBK shares held at acquisition date	1,000
Per share cost basis of PWBK shares	\$5.00
Total cost basis of PWBK shares	\$5,000
Per share market value of FSBW shares	\$43.1222

Percent of stock election shares converted into FSBW shares	82.6635%
Merger consideration received:	
PWBK shares exchanged for stock at 82.6635% of total, rounded	827
PWBK shares converted into cash	173
FSBW shares received at 0.29987 exchange ratio	247.9925
Minus fractional share (treated separately below)	(0.9925)
Number of whole FSBW shares received	247
Value of whole FSBW shares received at \$43.1222 per share	\$10,651.18
Cash received at \$12.9310 per PWBK share	<u>\$ 2,237.06</u>
Total value of merger consideration received (excl. fractional share)	\$12,888.24
Total gain (excluding fractional share)	\$ 7,888.24
Gain recognized for federal tax purposes (lesser of total gain or cash received) (NOTE: any loss would not be recognized)	\$ 2,237.06
Basis in FSBW shares received (including fractional share):	
Total cost basis of PWBK shares	\$ 5,000.00
Plus amount of gain recognized (excluding gain on fractional share)	\$ 2,237.06
Minus amount of cash received (excluding cash on fractional share)	<u>\$ (2,237.06)</u>
Tax basis in FSBW shares received (including fractional share)	\$ 5,000.00
Per share tax basis in FSBW shares received (including fractional share)	\$ 20.16
Treatment of fractional share:	
Cash received in lieu of fractional share	\$ 42.80
Tax basis in fractional share	<u>\$ (20.01)</u>
Additional gain recognized on cash received in lieu of fractional share	\$ 22.79

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

See the stock election example described in the above response to Part II, Line 15 for illustrative calculations of the adjusted U.S. tax basis of the shares of FSBW stock received by PWBK shareholders in the Merger.

If a PWBK shareholder owned multiple blocks of PWBK stock (such as tranches of PWBK stock purchased at different times, resulting in different adjusted U.S. tax basis in each tranche), the merger consideration received by such shareholder must be apportioned among the blocks of PWBK stock owned by him and such holder may have differing blocks of adjusted U.S. tax basis in the FSBW stock received by him in the Merger, with any gain or loss determined separately with respect to each block of PWBK shares. Although the per-share merger consideration received by such holder would not vary among his different blocks of PWBK stock, the holder's adjusted U.S. tax basis in each such block of PWBK stock would vary, thereby resulting in

different amounts of gain recognized per block. If there is a loss with respect to any particular block of shares, such loss cannot be recognized in connection with the Merger and cannot be used to offset any gain realized on another block of shares.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Sections 302, 354, 356, 358, 368, 1001 and 1223.

Line 18. Can any resulting loss be recognized?

If a PWBK shareholder received both FSBW shares and cash in the Merger, no loss may be recognized in the exchange of the PWBK shares, except with respect to cash received in lieu of any fractional FSBW share. If a PWBK shareholder received solely cash in the Merger, loss may be recognized in the exchange of the PWBK shares.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The tax consequences of the exchange of PWBK shares in the Merger should be reported by a shareholder in its taxable year that includes August 19, 2026 (e.g., a calendar year shareholder would report any gain or loss on his or her federal income tax return for the 2026 calendar year).

The holding period for the FSBW shares received in the Merger (including the fractional share for which cash was paid, if any) generally would include the holding period for the PWBK shares surrendered therefor in the Merger.

Shareholders should consult their tax advisors to determine the tax consequences to them of the Merger.