

1ST SECURITY BANK

FS BANCORP, INC.

INVESTOR PRESENTATION

May 2026 –28th Annual Financial Institutions Conference



**“Build a truly
great place to
work and bank.”**

-FSBW Vision Statement

Disclosure Statement

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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: potential 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 potential recession or slowed economic growth; changes in the interest rate environment, including the past increases in the Federal Reserve benchmark rate and duration at which such increased 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 continuing high 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, changes in the interest rate environment, 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; 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, 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.

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FRANCHISE OVERVIEW

- **Total Assets:** \$3.20 billion (at March 31, 2026)
- **Headquartered:** Mountlake Terrace, WA
- **Branches:** 29*
- **Loan Production Offices:** 16
- **ATM Locations:** 25
- **Year Established:** 1907**
- **Quarterly Dividend:** \$0.29

* Including headquarters and drive through banking in Aberdeen, WA.

** Predecessor to Anchor Bank, Aberdeen Federal Savings and Loan, established in 1907.



CULTURE & HISTORY

Vision

Build a truly great place to work and bank

Mission

Live our Core Values and 'WOW' each other and our customers every day

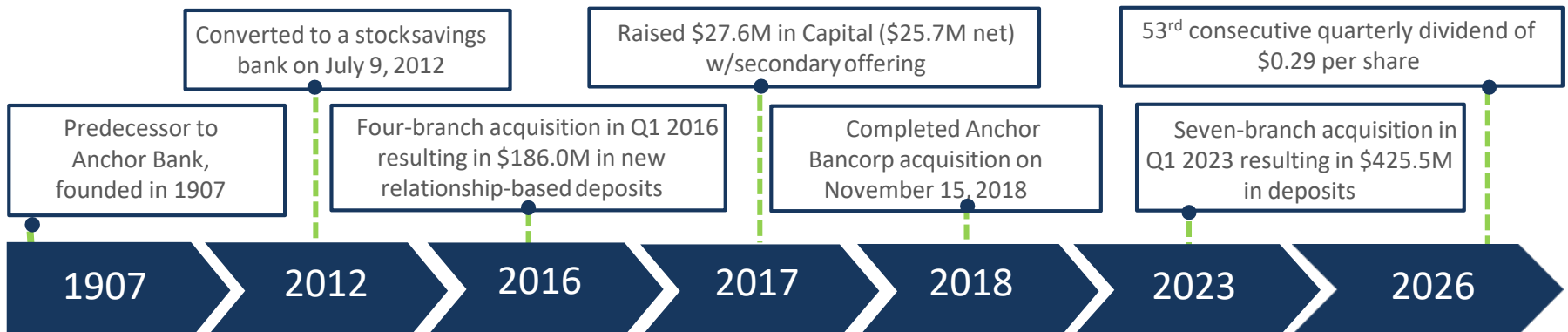
Guiding Principles

Employ smart, driven, and nice people

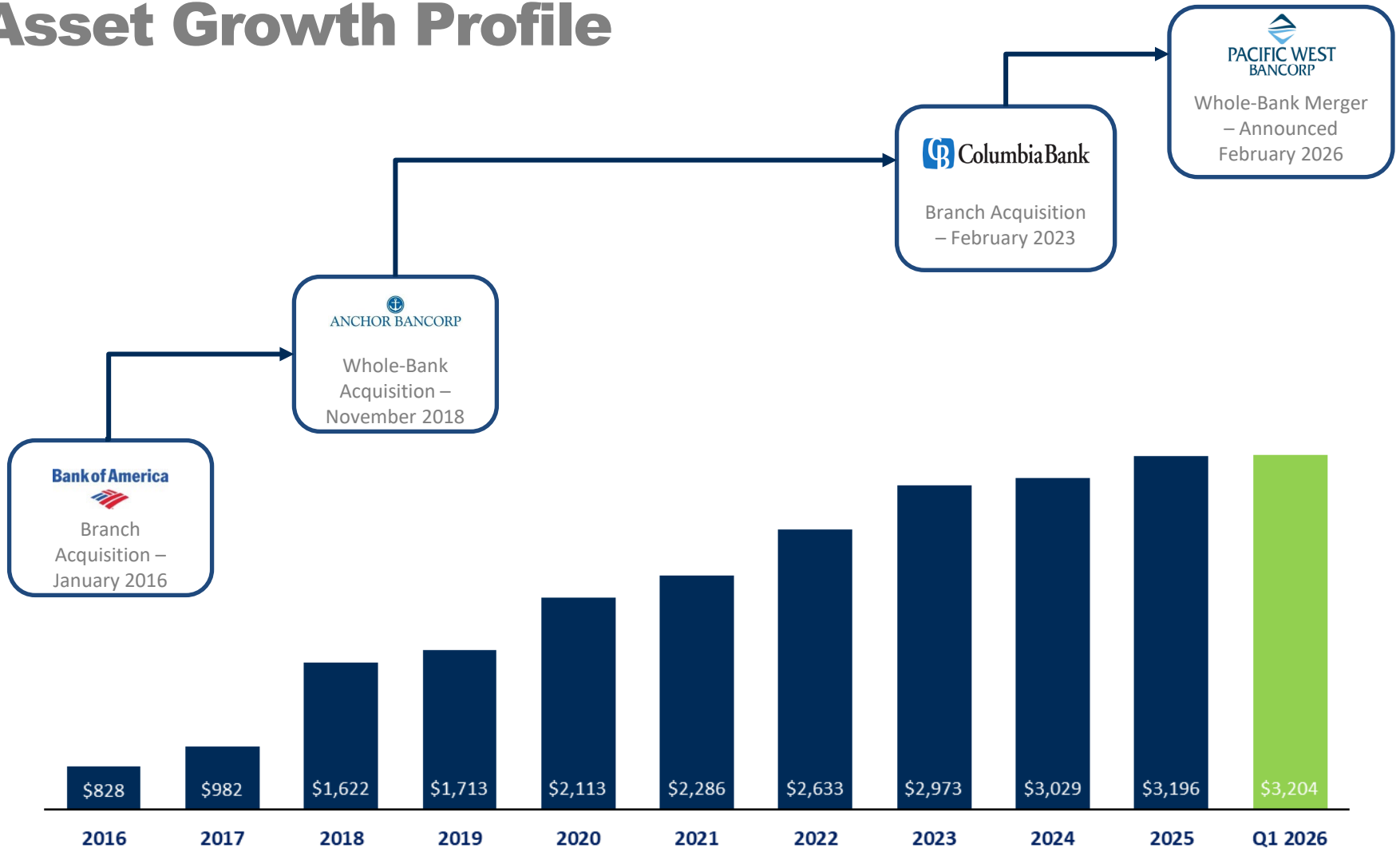
Emphasis on collaboration

Best idea wins

Jim Collins' Good-to-Great Lessons



Asset Growth Profile



Source: Company Documents
 Note: Dollar amounts in millions

1ST SECURITY BANK

Consumer
Lending



Business
Lending



Home Lending



Commercial
Real Estate
Lending



Retail
Branches and
Commercial
Cash
Management










The Five Pillars of 1SB

LONG-TERM STRATEGIC PLAN

- Continued expansion of our commercial business lending programs
- Originations of residential mortgage loans which are primarily sold into the secondary market through our mortgage banking platform
- Remain focused on maintaining strong asset quality
- Emphasizing lower cost core deposits to reduce the costs of funding growth
- Offer a wide range of products and services to meet our customers' banking needs
- Expand into new markets based on current product offerings

MISSION AND PURPOSE (MAP) TEAM

	Name	Position	Years with 1st Security Bank	Years in Industry
	Joseph Adams	<i>Chief Executive Officer, FS Bancorp, Inc.</i>	22	25+
	Erin Burr	<i>Chief Risk Officer</i>	17	25+
	Matthew Mullet	<i>President, FS Bancorp, Inc. President and Chief Executive Officer, 1st Security Bank</i>	14	25+
	Phil Whittington	<i>Chief Financial Officer</i>	6	10+
	Kelli Nielsen	<i>Chief Retail Banking Officer</i>	9	30+
	Ben Crowl	<i>Chief Lending Officer</i>	8	15+
	Vickie Jarman	<i>Chief Human Resources Officer</i>	24	20+

MAP TEAM cont.

	Name	Position	Years with 1st Security Bank	Years in Industry
	Donn Costa	<i>Chief Home Lending Officer</i>	14	30+
	Shana Allen	<i>Chief Information Officer</i>	16	30+
	Robert Nesbitt	<i>Chief Credit Operations Officer</i>	9	20+
	May-Ling Sowell	<i>Chief Compliance Officer</i>	19	30+
	Sean McCormick	<i>Chief Credit Administration Officer</i>	14	20+
	Susan Dumontet	<i>Director of Finance</i>	4	25+

Banks Headquartered in Snohomish County: December 31, 2008
Total Assets \$9.4B

Banks Headquartered in Snohomish County: March 31, 2026
Total Assets \$9.5B



*Denotes a financial institution no longer headquartered in Snohomish County
 ** As of December 31, 2025
 Note: Dollar amount are for assets
 Source: FFIEC Central Data Repository's Public Bank Data Distribution website & S&P Capital IQ

FIRST QUARTER 2026 HIGHLIGHTS

Financial Highlights Q1 2026

- Net Income of \$7.8 million
- Total assets of \$3.2 billion
- Gross portfolio loans of \$2.7 billion

Q1 2026 Capital

- Diluted earnings per share of \$1.02
- Tangible book value per share growth of \$0.96 to \$40.61⁽¹⁾
- Announced 53rd consecutive quarterly cash dividend of \$0.29

Selected Performance Ratios

- ROAA of 0.99%
- ROAE of 10.03%
- Net Interest Margin of 4.31%
- Efficiency Ratio of 67.25%

Credit Quality Ratios

- Nonperforming Assets (NPAs) as a percentage of total assets of 0.57%
- Allowance for credit losses on loans as a percentage of gross loans receivable, excluding loans held for sale of 1.22%

Capital Position

- Repurchased 15,025 shares at an average price of \$41.24 per share
- \$3.6 million remaining under the existing share repurchase plan

(1) Non-GAAP financial measures. See appendix for reconciliation to book value per share (GAAP)

TRANSACTION OVERVIEW

Structure

- Pacific West Bancorp (“PWBK”) will merge into FS Bancorp, Inc. (“FSBW”)
- Pacific West Bank will merge into 1st Security Bank

Consideration

- 430,176 shares of FSBW common stock and \$16.8 million in cash
- 51% stock consideration / 49% cash consideration for PWBK shareholders

Transaction Value⁽¹⁾

- \$34.6 million in aggregate consideration for PWBK

Transaction Multiples⁽¹⁾

- Price / Tangible Book Value: 95%
- Price / 2027E Earnings: 22.1x
- Price / 2027E Earnings + Fully Realized Cost Savings: 7.8x

Ownership and Board

- Pro forma ownership of 94.6% for FSBW / 5.4% for PWBK
- No changes to FSBW Board of Directors

Approvals

- Subject to PWBK shareholder approvals and customary regulatory approvals
- No financing contingencies to complete the transaction

Timing

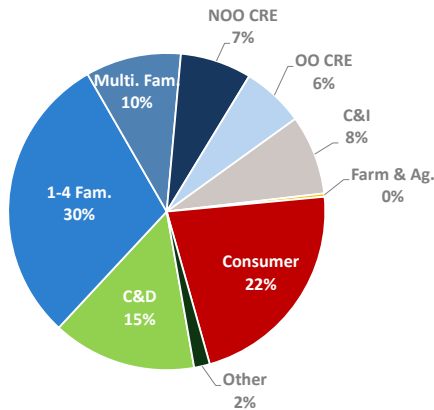
- Estimated Q3 2026, pending regulatory and shareholder approval

(1) Based on FSBW closing stock price as of 2/25/2026

Loan Portfolio Composition and Comparison

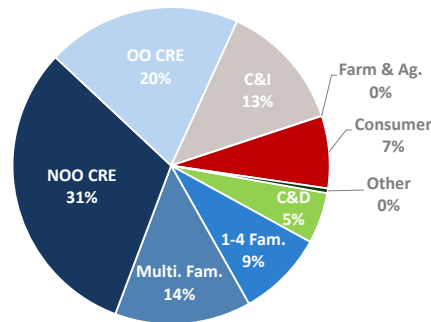
	FSBW			PWBK			Pro Forma ⁽¹⁾		
Construction & Development	\$	396,707	15%	\$	14,428	5%	\$	411,135	14%
1-4 Family	\$	803,265	30%	\$	24,511	9%	\$	827,776	28%
Multifamily	\$	263,189	10%	\$	38,496	14%	\$	301,685	10%
Non-Owner Occupied CRE	\$	196,188	7%	\$	86,566	31%	\$	282,754	10%
Owner-Occupied CRE	\$	171,417	6%	\$	54,984	20%	\$	226,401	8%
Commercial & Industrial	\$	218,911	8%	\$	36,228	13%	\$	255,139	9%
Farm & Ag.	\$	9,068	0%	\$	91	0%	\$	9,159	0%
Consumer	\$	596,881	22%	\$	20,417	7%	\$	617,298	21%
Other	\$	43,239	2%	\$	1,311	0%	\$	44,550	1%
Total Loans	\$	2,698,865	100%	\$	277,032	100%	\$	2,975,897	100%

FSBW



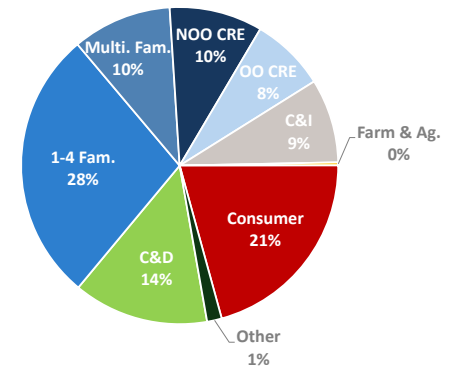
Yield on Loans: 7.00%

PWBK



Yield on Loans: 5.97%

Pro Forma⁽¹⁾



Yield on Loans: 6.91%

Source: S&P Capital IQ Pro, bank-level data as of the quarter ended 12/31/2025

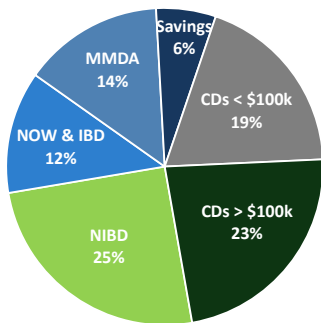
Note: All dollars in thousands

(1) Excludes merger adjustments

Deposit Portfolio Composition and Comparison

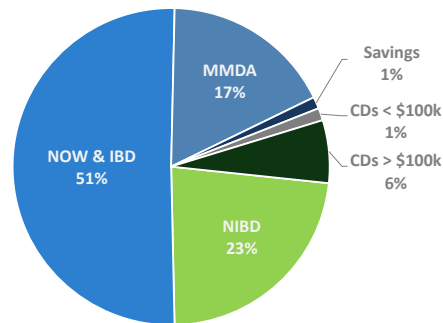
	FSBW			PWBK			Pro Forma ⁽¹⁾		
Noninterest-Bearing Demand	\$	675,799	25%	\$	78,712	23%	\$	754,511	25%
NOW & Interest-Bearing Demand	\$	335,513	12%	\$	173,532	51%	\$	509,045	17%
MMDA	\$	385,636	14%	\$	59,736	17%	\$	445,372	15%
Savings	\$	164,040	6%	\$	4,122	1%	\$	168,162	6%
CDs < \$100k	\$	512,808	19%	\$	4,327	1%	\$	517,135	17%
CDs > \$100k	\$	617,588	23%	\$	21,900	6%	\$	639,488	21%
Total Deposits	\$	2,691,384	100%	\$	342,329	100%	\$	3,033,713	100%
Non-CDs	\$	1,560,988	58%	\$	316,102	92%	\$	1,877,090	62%

FSBW



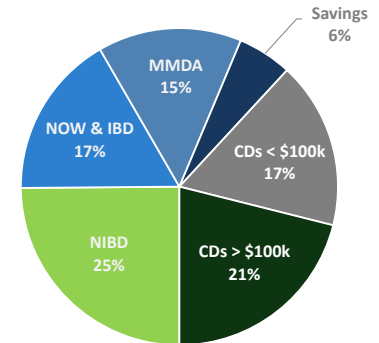
Cost of Deposits: 2.26%

PWBK



Cost of Deposits: 2.18%

Pro Forma⁽¹⁾



Cost of Deposits: 2.25%

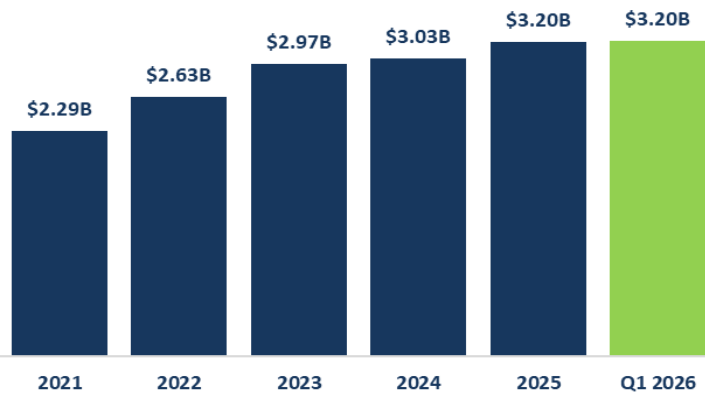
Source: S&P Capital IQ Pro, bank-level data as of the quarter ended 12/31/2025

Note: All dollars in thousands

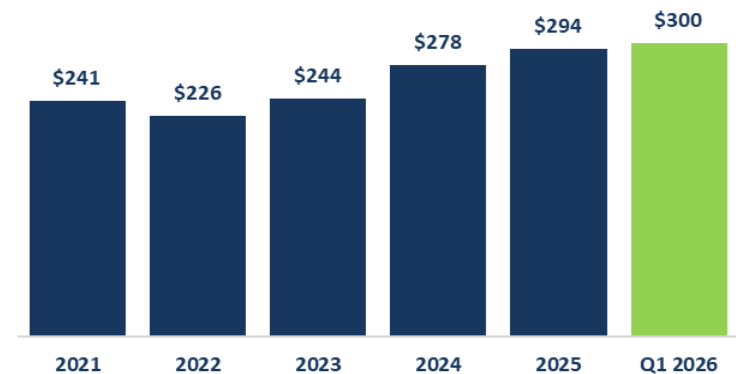
(1) Excludes merger adjustments

FRANCHISE GROWTH

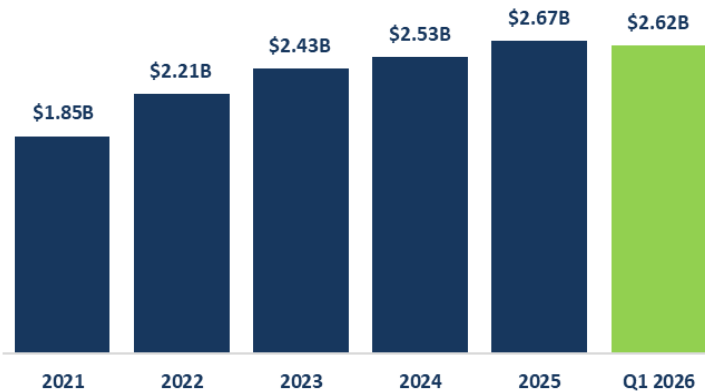
Total Assets (\$B)



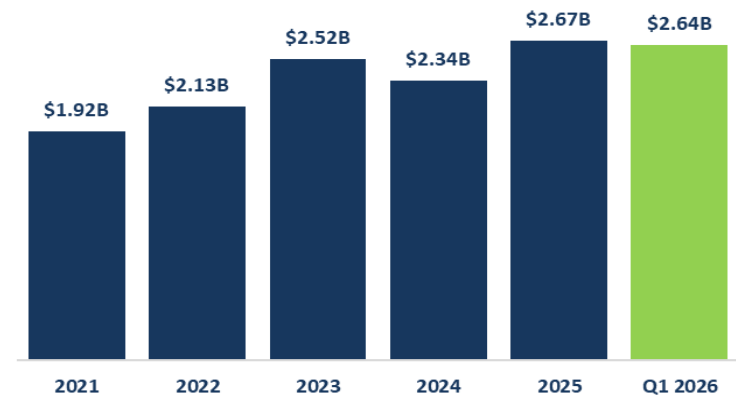
Tangible Common Equity (\$M) ⁽¹⁾



Total Net Loans (\$B) ⁽²⁾



Total Deposits (\$B)



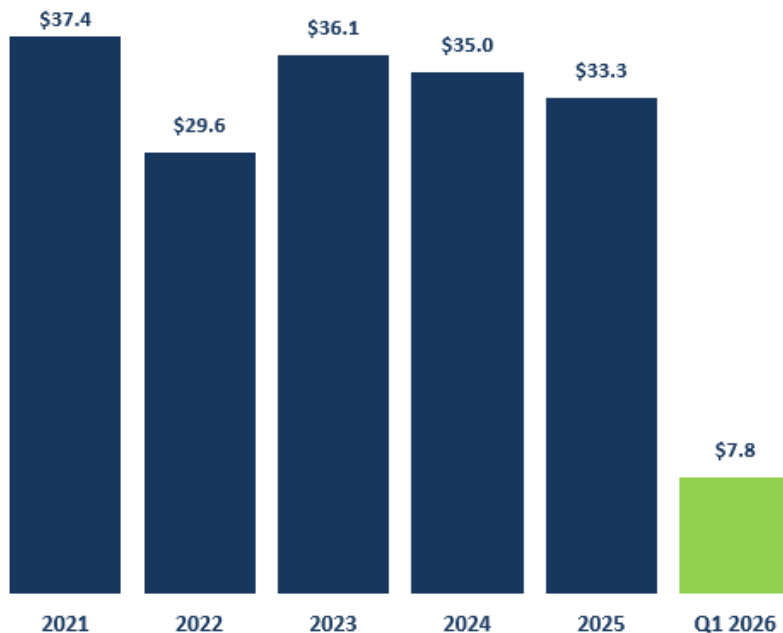
Source: Company documents

(1) Non-GAAP financial measure

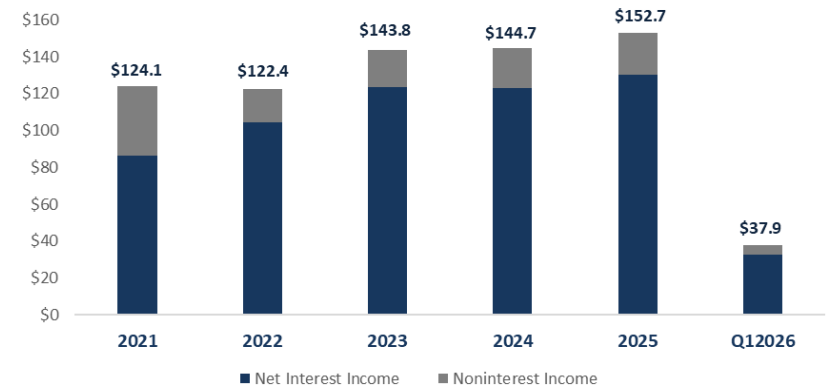
(2) Includes loans held for sale

INCOME STATEMENT TRENDS

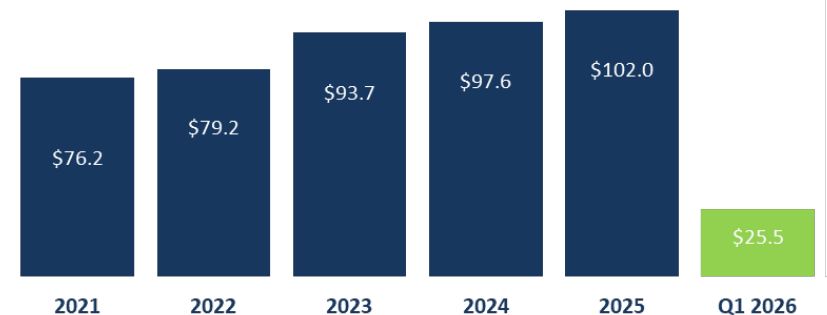
Net Income (\$M)



Total Revenues (\$M)

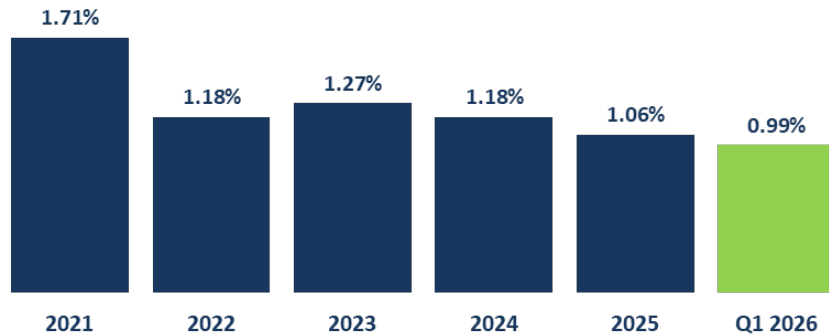


Total Noninterest Expense (\$M)

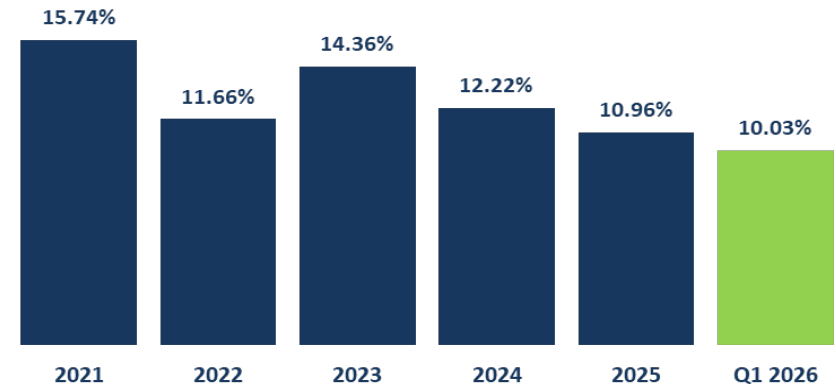


SELECTED PERFORMANCE RATIO TRENDS

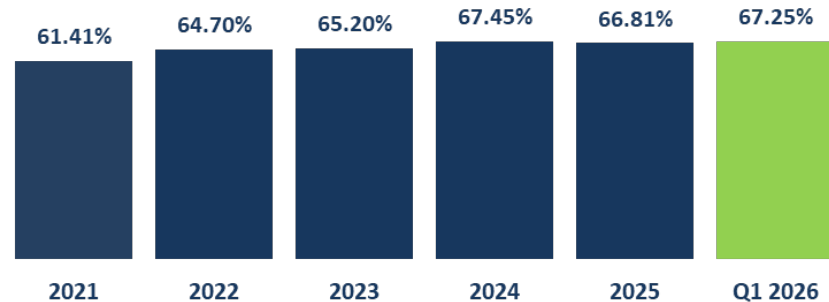
ROAA



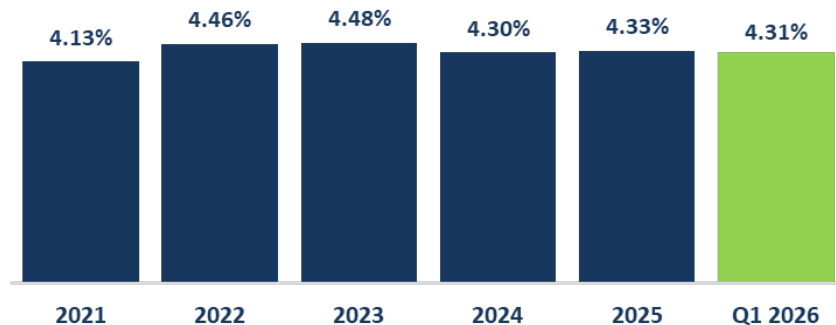
ROE



Efficiency Ratio

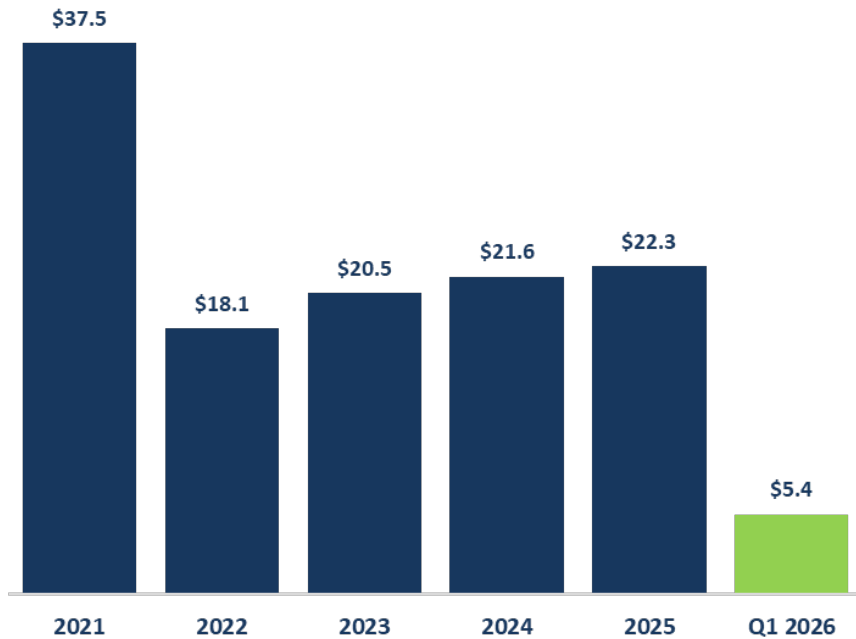


Net Interest Margin

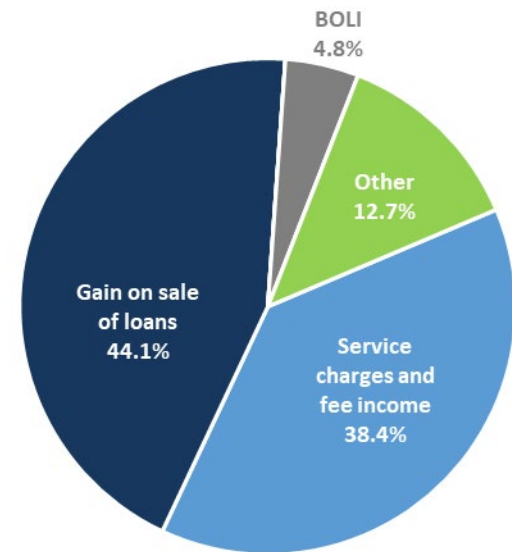


NONINTEREST INCOME

Noninterest Income (\$M)



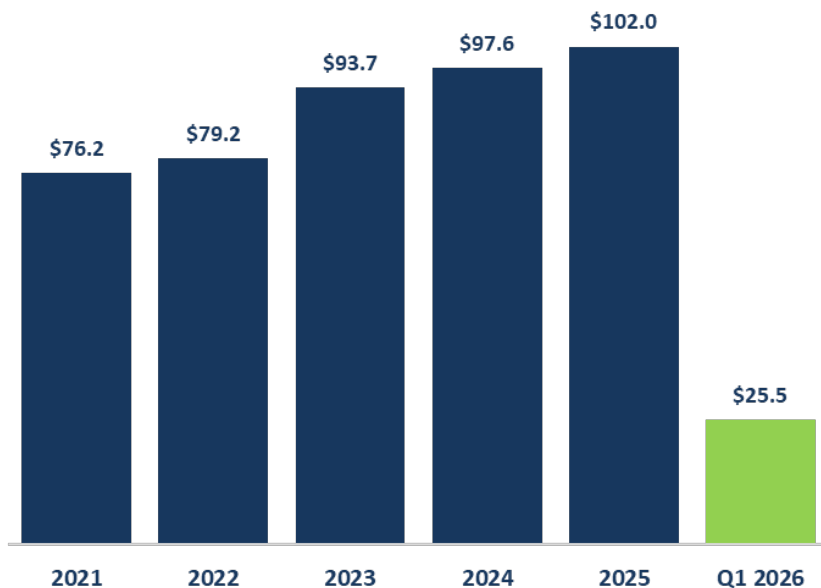
Noninterest Income Composition⁽¹⁾



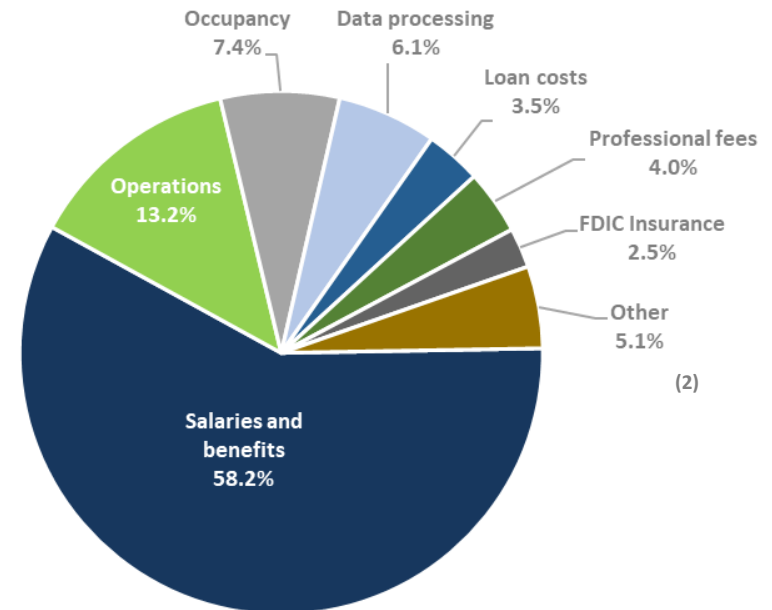
(1) Quarter ended March 31, 2026

NONINTEREST EXPENSE

Noninterest Expense (\$M)



Noninterest Expense Composition⁽¹⁾

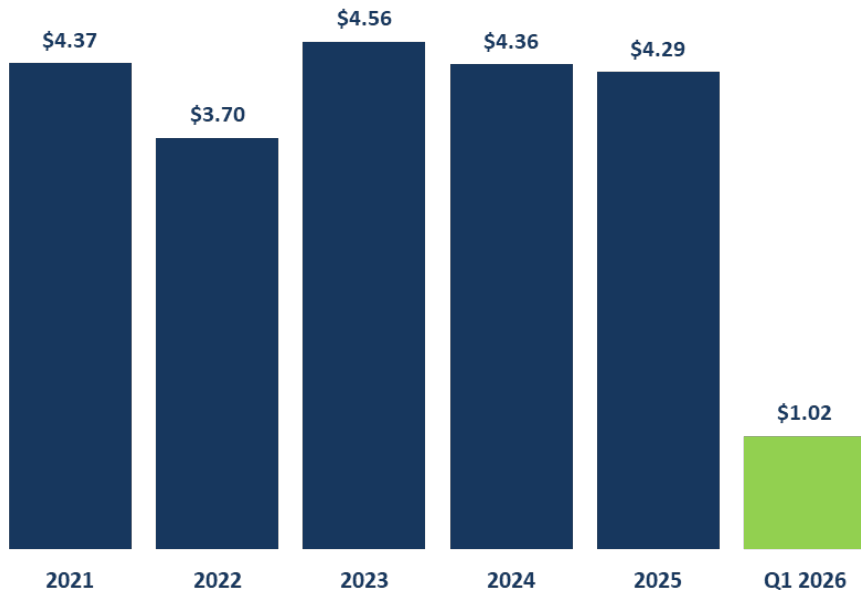


(1) Quarter ended March 31, 2026

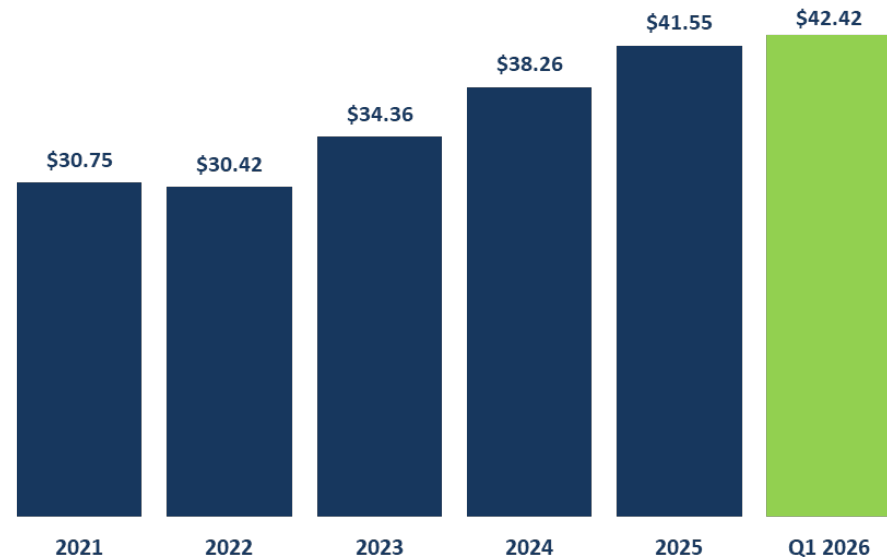
(2) Other = marketing and advertising, acquisition cost, amortization of core deposit intangible and recovery of servicing rights

BUILDING STOCKHOLDER VALUE

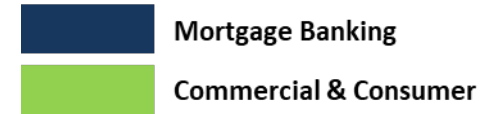
Diluted Earnings Per Share



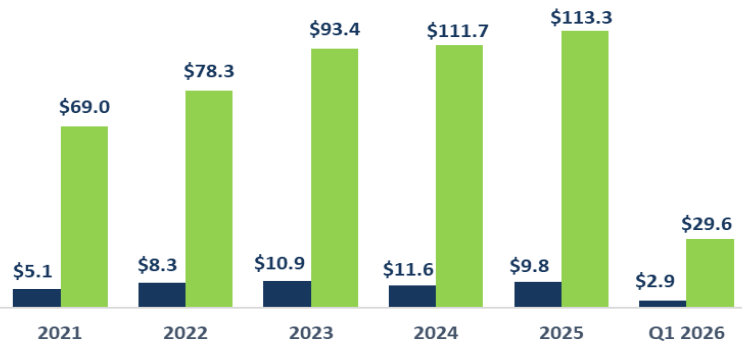
Book Value Per Share



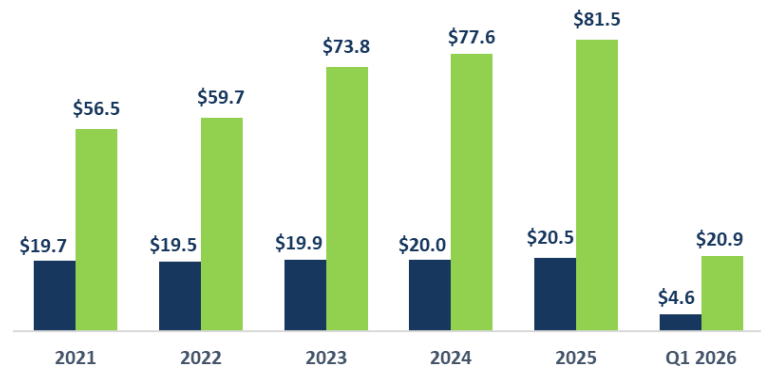
SEGMENT REPORTING ANALYSIS



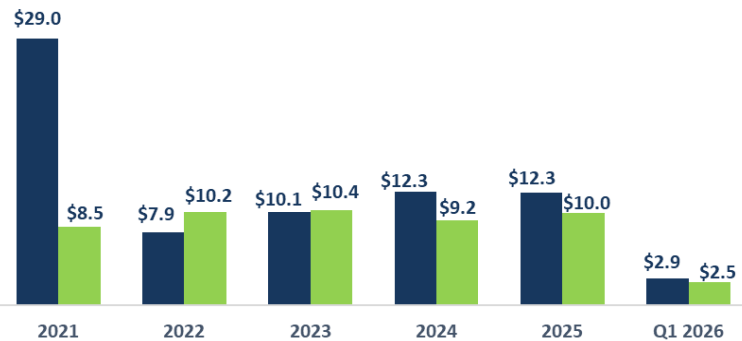
Net Interest Income



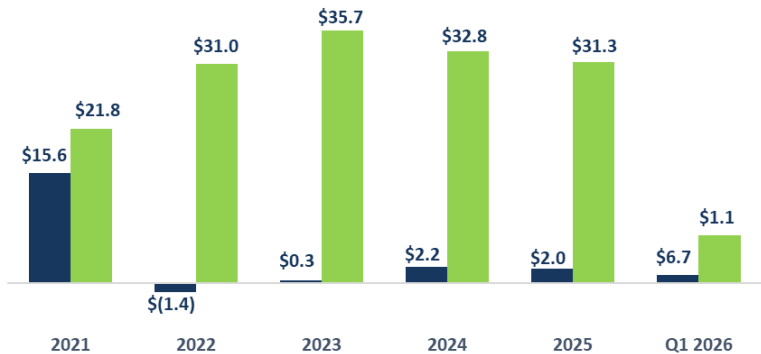
Noninterest Expense



Noninterest Income



Net Income

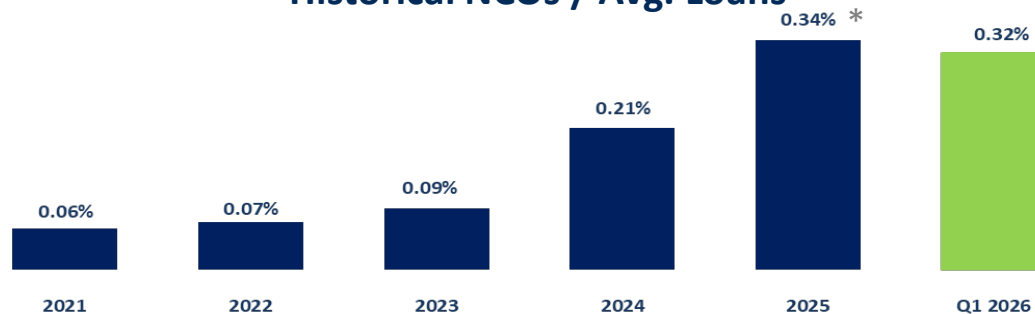


Source: Company Documents
Note: Dollar amounts in millions

DISCIPLINED CREDIT CULTURE

- The Company employs Board and Committee oversight and reporting, with the Chief Risk Officer, Chief Compliance Officer, SVP and Director of Internal Audit reporting directly to the Audit Committee
- FSBW has a disciplined underwriting approach with generally standard LTV and DSC coverage requirements with firm concentration limits and designated focused lending channels
 - Construction and Development (C&D) Weighted Average LTV = 64.2% (as of March 31, 2026)
 - Commercial Real Estate (CRE) Weighted Average LTV= 56.3% (as of March 31, 2026)
- Loans greater than \$10 million are reported to the Asset Quality Committee, while loans between \$20 million and \$35 million require approval from the Senior Loan Committee
- The legal lending limit is \$76.6 million while the in-house limit is \$35 million
- The CRE and C&D portfolios are stressed on a quarterly basis with a third-party review of the commercial portfolio conducted on an annual basis

Historical NCOs / Avg. Loans

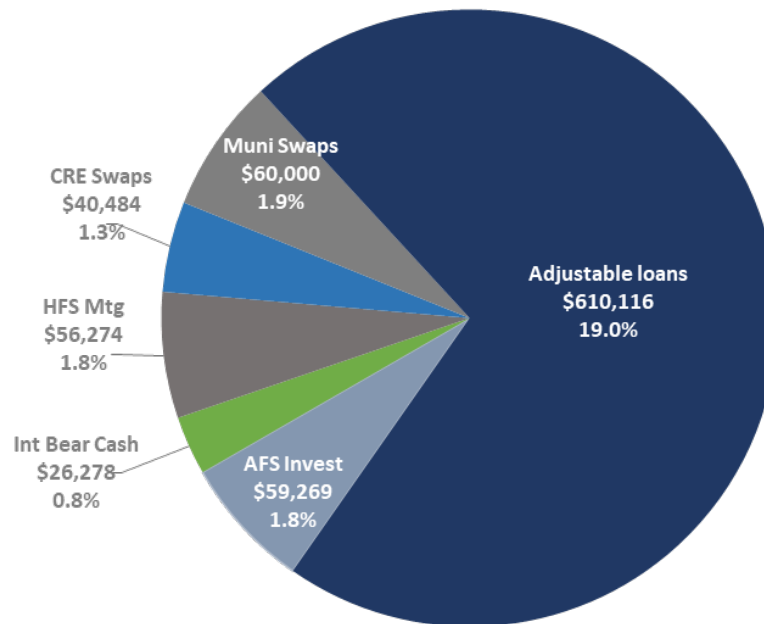


* nine basis points attributable to a single commercial construction loan charge-off

ASSETS WITH SHORT-TERM REPRICING

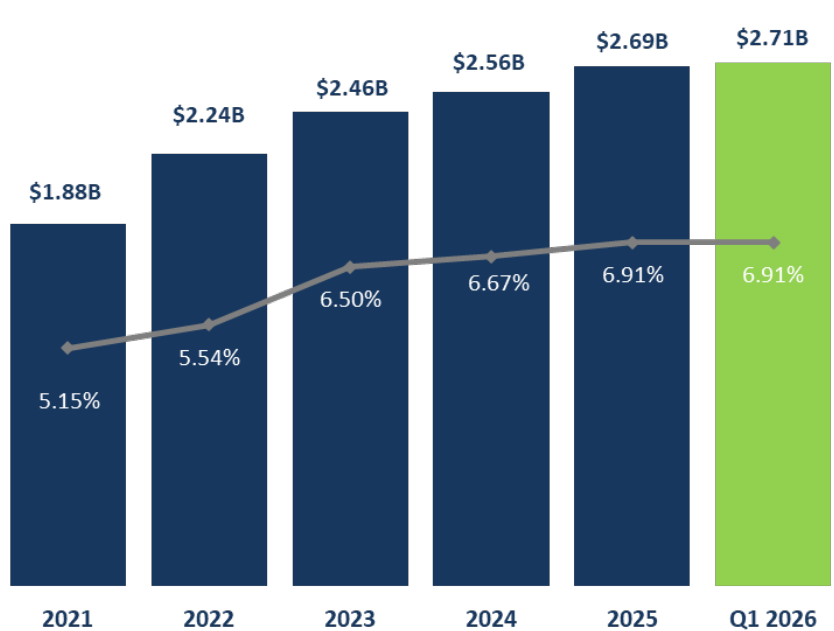
Assets Repricing – Three Months or less (\$M)

- Assets repricing within three months or less as of March 31, 2026, were \$852.4 million, or 26.6% of total assets



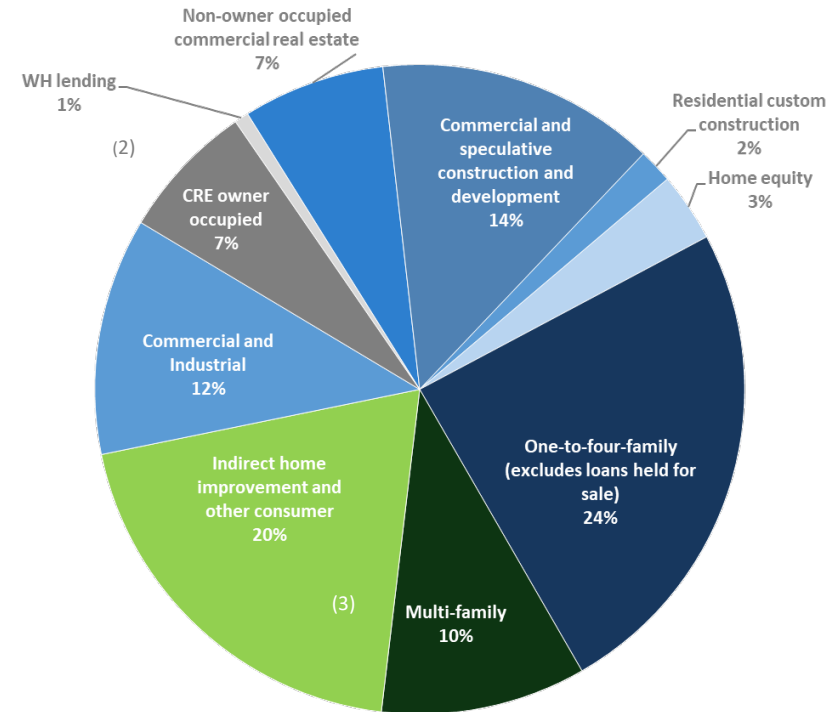
LOAN PORTFOLIO SUMMARY

Gross Loans and Loan Yield (\$B) ⁽¹⁾



Loan Composition at March 31, 2026

Total Gross Loans (excl. loans held for sale): \$2.7B



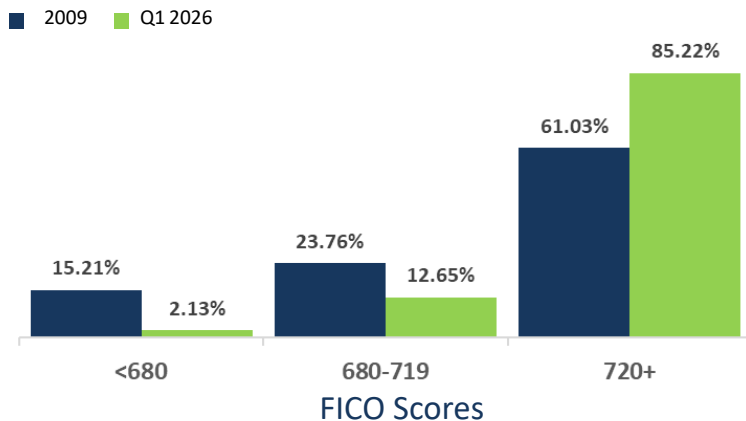
- (1) Loans including loans held for sale
- (2) WH = Warehouse
- (3) Other consumer includes marine loans

CONSUMER LENDING

Q1 2026 Highlights

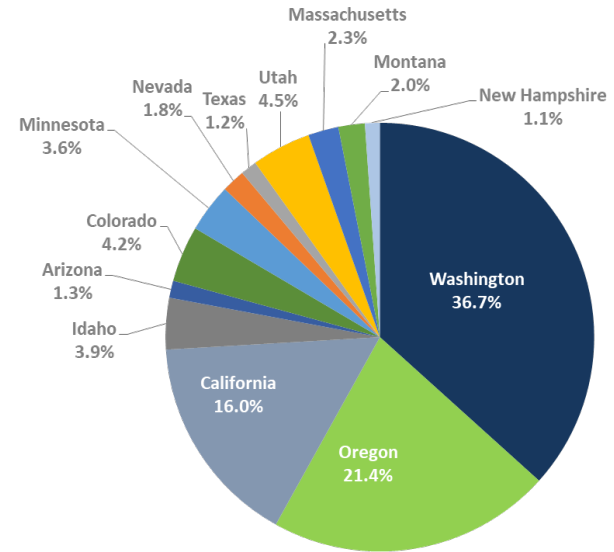
- Primarily home improvement and marine, UCC-2 or title secured
- Offered on an indirect basis and largely automated (with underwriter verification)
- \$583 million outstanding as of Q1 2026:
 - \$28 million in dealer originations
 - \$23 million, or 83%, with the top 10 dealers
 - Average outstanding portfolio yield of 8.08%, up from 8.01% in Q4 2025

2009 vs. Q1 2026 Portfolio Credit Quality

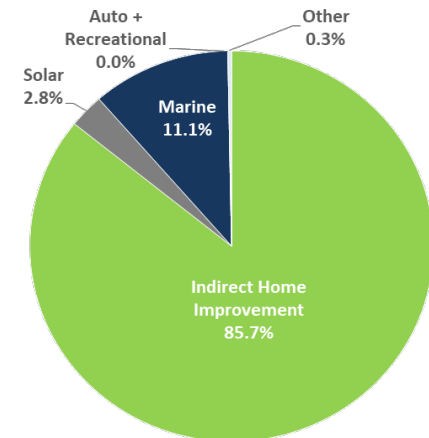


Source: Company documents

Q1 2026 Dealer Production by State



Consumer Portfolio Characteristics



COMMERCIAL BUSINESS LENDING

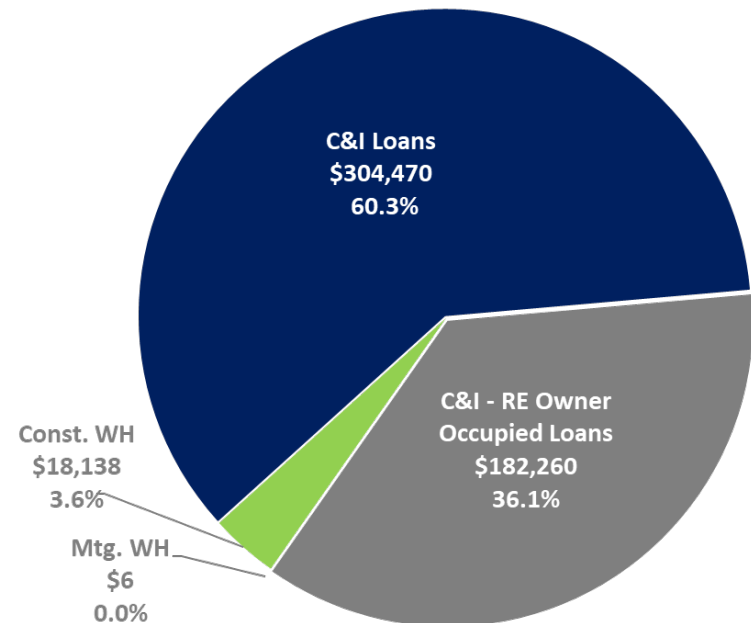
Q1 2026 Commercial & Industrial (C&I)

- C&I commitments: \$720.3 million at March 31, 2026
- Outstanding balances were \$504.9 million at March 31, 2026, compared to \$505.4 million at December 31, 2025
- The \$0.5 million of quarter over sequential quarter decrease in outstanding balances was attributed to decreases of \$10.0 million in warehouse lending and increases of \$6.2 million in CRE owner occupied and \$3.4 million in C&I

Year over Year Commercial & Industrial (C&I)

- Outstanding balances were \$504.9 million at March 31, 2026, compared to \$455.8 million at March 31, 2025
- The \$49.1 million of year over year increase in outstanding balances is attributable to increases of \$2.2 million in Warehouse lending, \$17.3 million in CRE owner occupied and \$29.5 million in C&I loans

Q1 2026 Product Mix (\$M)

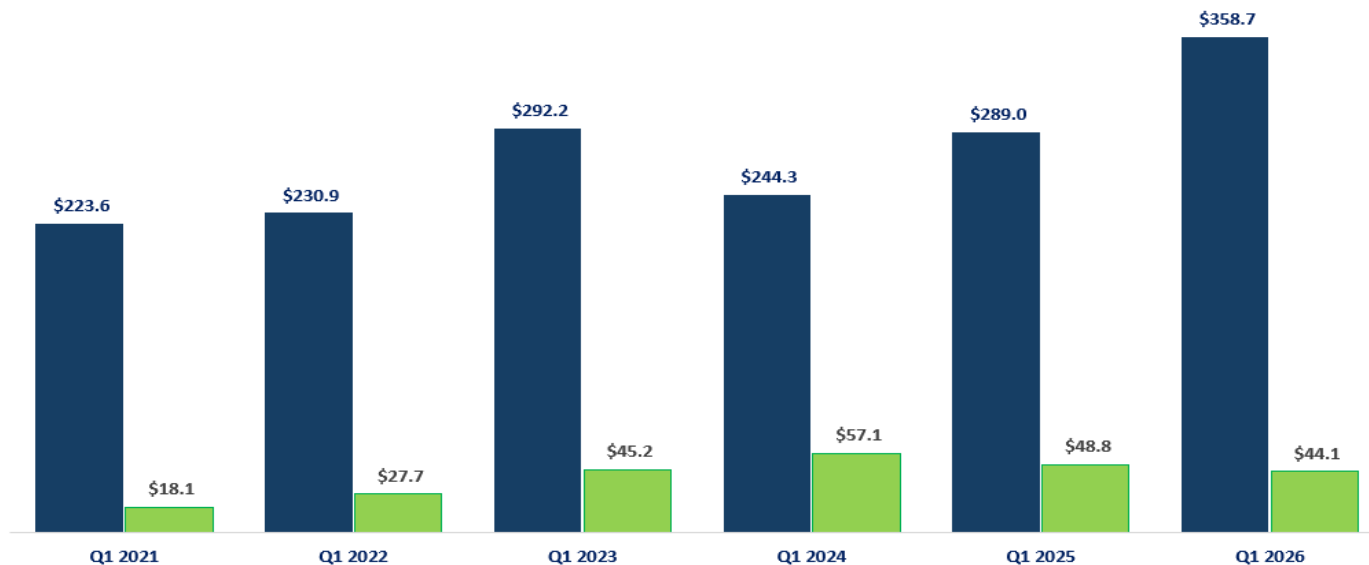


CONSTRUCTION & DEVELOPMENT LENDING

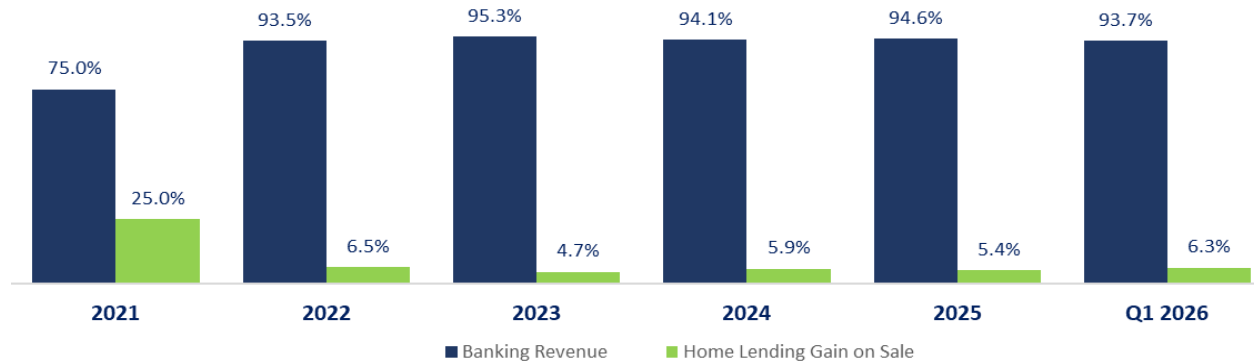
Q1 2026 Highlights

- Overall construction: \$616.7 million committed / \$402.8 million outstanding
- 7.82% weighted average coupon rate
- Majority of speculative construction originations were in King County, with a focus on "in-city", infill lending to a select group of relationship customers
- Custom construction originations are widely disbursed throughout our footprint

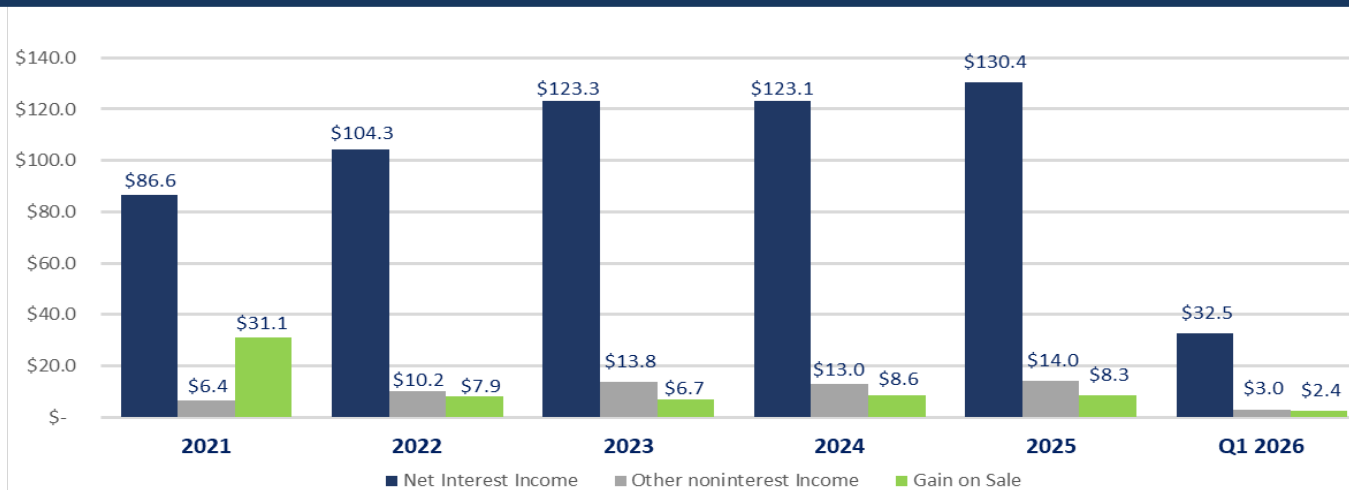
Quarterly C&D Loans Outstanding (\$M)



Home Lending Gain on Sale Revenue as a Percentage of Total Revenue

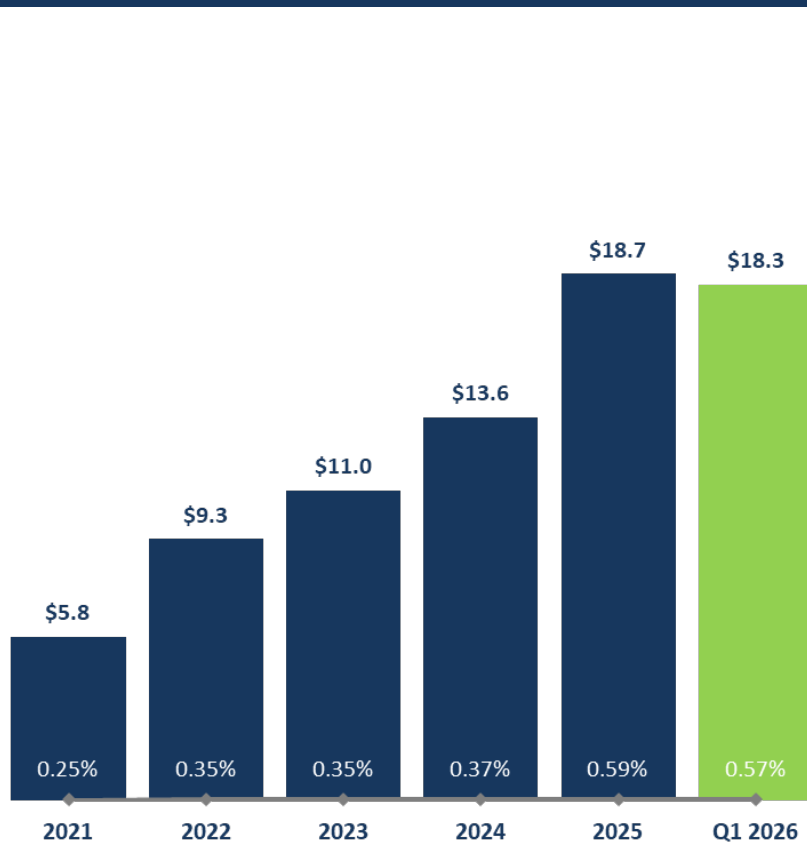


Total Revenues (\$M)



ASSET QUALITY

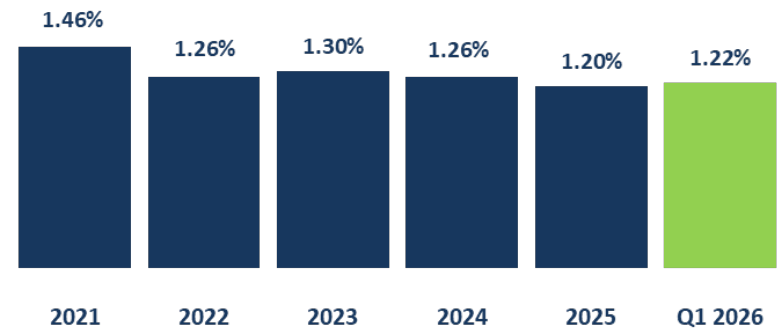
Nonperforming Assets (\$M)⁽¹⁾ & NPAs/ Assets



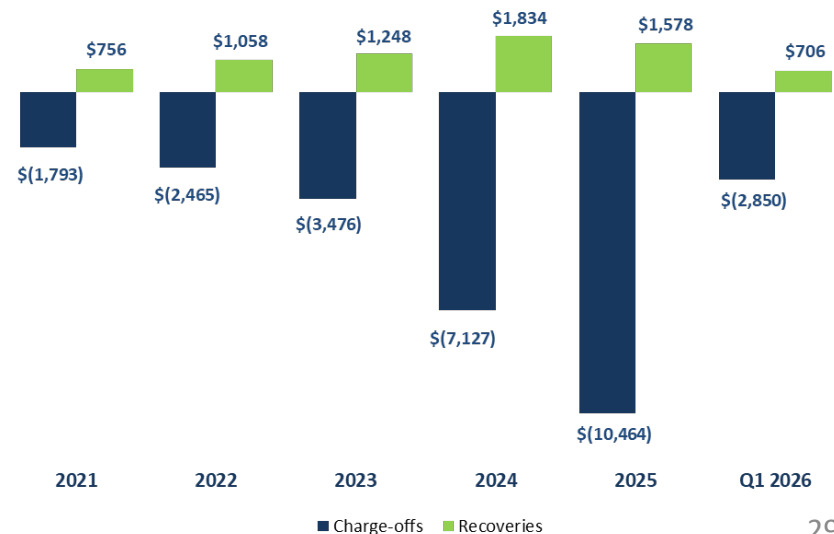
(1) Nonperforming assets consists of nonperforming loans which include nonaccruing loans, foreclosed real estate and other repossessed assets

(2) Excluding HFS loans

Reserves/Gross Loans⁽²⁾



Charge-offs & Recoveries (\$000's)

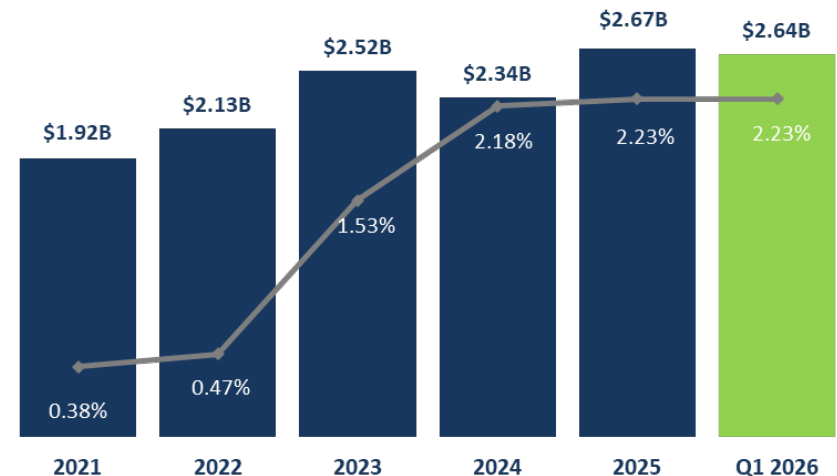
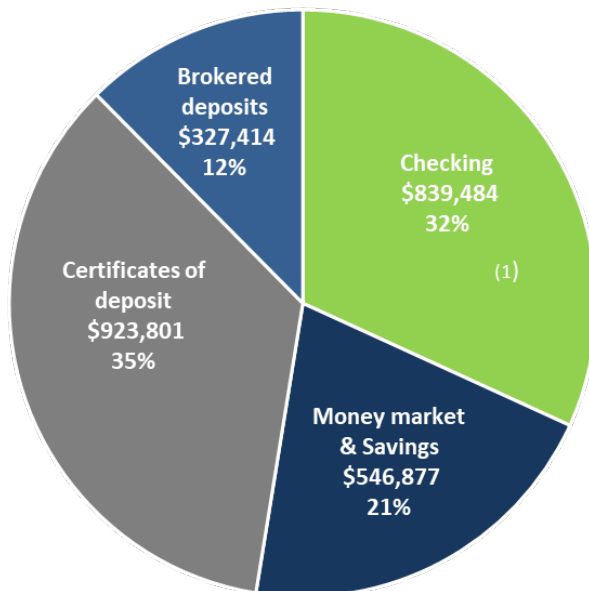


DEPOSIT COMPOSITION AND GROWTH

Q1 2026 Product Mix

Total Deposits (\$B) and Cost of Deposits (%)

Total Deposits: \$2.6 billion



(1) Includes noninterest-bearing checking, interest-bearing checking and escrow accounts related to mortgages serviced

CAPITAL STRATEGY

Franchise Growth

- Continued organic asset growth across our diverse group of lending channels
- Expand commercial business lending including construction lending inline with regulatory guidance for oversight on construction concentrations above 100% of total risk-based capital
- Continued investment in the Bank's business lending platform and small business administration lending
- Focus on core deposit generation to fund asset growth

Dividends

- Regular dividend reflects a 28.4% payout ratio compared to diluted earnings per share in the first quarter
- 53rd consecutive quarterly cash dividend of \$0.29 per share

Shareholder Value

- Continued focus on increasing shareholder value through our business plan execution
- Tangible book value per share increased \$0.96 to \$40.61 at March 31, 2026

APPENDIX – NON-GAAP RECONCILIATION

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES – EQUITY

Non-GAAP Financial Measures

This presentation contains the tangible book value per share, a non-GAAP financial measure. Tangible common stockholders' equity is calculated by excluding intangible assets from stockholders' equity. For this financial measure, the Company's intangible assets are goodwill and core deposit intangible. Tangible book value per share is calculated by dividing tangible common shareholders' equity by the number of common shares outstanding. The Company believes that this non-GAAP measure is consistent with the capital treatment utilized by the investment community, which excludes intangible assets from the calculation of risk-based capital ratios and presents this measure to facilitate comparison of the quality and composition of the Company's capital over time and in comparison to its competitors.

(\$ in 000's)	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Tangible Book Value Per Share:					
Stockholders' equity	\$ 313,852	\$ 307,694	\$ 300,511	\$ 297,203	\$ 298,840
Goodwill and core deposit intangible, net	(13,366)	(14,110)	(14,876)	(15,663)	(16,471)
Tangible common stockholders' equity	\$ 300,486	\$ 293,584	\$ 285,635	\$ 281,540	\$ 282,369
Common shares outstanding at end of period	7,398,571	7,404,548	7,432,359	7,515,480	7,639,844
Common stockholders' equity (book value) per share (GAAP)	\$ 42.42	\$ 41.55	\$ 40.43	\$ 39.55	\$ 39.12
Tangible common stockholders' equity (tangible book value)*	\$ 40.61	\$ 39.65	\$ 38.43	\$ 37.46	\$ 36.96
Tangible Common Equity Ratio:					
Total Assets	\$ 3,203,515	\$ 3,196,847	\$ 3,208,825	\$ 3,176,013	\$ 3,066,078
Goodwill and core deposit intangible, net	(13,366)	(14,110)	(14,876)	(15,663)	(16,471)
Tangible assets	\$ 3,190,149	\$ 3,182,737	\$ 3,193,949	\$ 3,160,350	\$ 3,049,607
Common Equity	\$ 313,852	\$ 307,694	\$ 300,511	\$ 297,203	\$ 298,840
Common equity ratio (GAAP)	9.80%	9.62%	9.37%	9.36%	9.75%
Tangible common equity ratio (non-GAAP)	9.42%	9.22%	8.94%	8.91%	9.26%

*Per share (non-GAAP)

Source: Press Release

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