

**Charter of the Governance, Nominating and
Culture (GNC) Committee
of the Board of Directors
of FS Bancorp, Inc.**

I. Statement of Policy

The GNC Committee (the “Committee”) shall be appointed by the Board of Directors (the “Board”) of FS Bancorp, Inc. (the “Company”) for the following purposes: (a) reviewing issues and developments related to corporate governance issues; (b) identifying individuals qualified to serve as Board members, consistent with criteria approved by the Board; (c) recommending to the Board the director nominees for election or appointment to the Board of Directors; and (d) reviewing issues and developments related to the Company’s Culture, including fair and respectful treatment for all people and the communities the Company serves.

II. Committee Composition and Meetings

All members of the Committee shall be independent directors, as independence is defined in accordance with the listing standards of the NASDAQ Stock Market, Inc., and as determined in the business judgment of the Board.

The Committee Chairperson shall prepare or approve an Agenda in advance of each meeting. If the Chairperson is unavailable for a meeting, a temporary chairperson may be appointed. One committee member, or a designee, shall be responsible for preparing the minutes of each meeting.

The Committee may request that any Directors, officers or employees of the Bank, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

The Committee shall meet as frequently as needed to perform its duties but shall meet no less than four times a year. A simple majority shall constitute a quorum.

III. Committee Duties, Responsibilities and Process

A. Duties

The Committee shall keep adequate minutes of all its proceedings and will report its actions at the next meeting of the Board. All Board members are provided access to the minutes of each meeting and are advised of any action taken by unanimous consent. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee is authorized and empowered to adopt its own rules of procedure consistent with: (a) any provision of this Charter; (b) any provision of the Bylaws of the Company; (c) the laws of its jurisdiction of incorporation; and (d) FSB-BHC-300.0, the Board of Directors Corporate Governance Policy.

B. Responsibilities

The Committee shall have the following responsibilities:

1. Recommend to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board.
2. Provide advice, counsel and oversight to the CEO on the selection, evaluation and development of Senior Management.
3. Recommend candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in the Company's Charter and Bylaws relating to the nomination or appointment of Directors, based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable obligations), tenure on the Board, attendance at Board and committee meetings, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation, ESG, technology and public policy), and a commitment to the Company's communities, Core Values and Culture, as well as overall experience in the context of the needs of the Board as a whole.
4. Review nominations submitted by stockholders, which have been addressed to the corporate secretary, and which comply with the requirements of the Company's Charter and the Bylaws. Nominations from stockholders will be considered and evaluated using the same criteria as all other nominations.
5. Annually coordinate with the Board Chair to recommend to the Board committee assignments and committee chairs on all committees of the Board and recommend Board members to fill vacancies on committees as necessary.
6. Review, monitor and report to the Board, in conjunction with the CEO, on executive management development efforts to assure development of a pool of candidates for adequate and orderly management succession.
7. Participate in the interview process of candidates for certain executive positions, including C-Suite positions.
8. Recommend appropriate opportunities for continuing education for Directors and an orientation program for new Directors.
9. Manage the process whereby the full Board assesses its performance, including Board Committees, and then report the results of this evaluation to the Board along with any recommendations for improvements.

10. Investigate any potential conflict of interest by a Director as assigned by the Board of Directors.
11. After a review of Board candidates and after considering the advice of the Chairman of the Board and CEO, designate which Board candidates are to be interviewed. After interviews, recommend for Board approval any new Directors to be nominated.
12. Annually review the corporate governance guidelines and to recommend to the Board any needed changes.
13. Annually review and provide each Committee Chairperson the most current Charter for their respective review and updating.
14. Keep abreast of the developments, risks and opportunities in corporate governance, and other dynamic fields that might affect the Company.
15. Review and assess stockholder engagement process as part of the annual review of the Proxy.
16. Assist in facilitating appropriate communications with respect to the Proxy and 10-K.
17. Regularly review current regulations, standards and laws that pertain to governance and culture and assess their application to current business practices and strategies.
18. Clarify Board roles and responsibilities with respect to promoting the Company's commitment to its Culture and Core Values.
19. Keep abreast of third-party assessments and reviews of the Company.
20. Oversee current developments and matters of interest to the communities served as they pertain to the Company's activities, including:
 - a. Being conscientious in the use of natural resources;
 - b. Promoting our "Smart, Driven, Kind" commitment in our community activities;
 - c. Charitable contributions by the Company;
 - d. Company's Community Reinvestment Act efforts;
 - e. Political contributions by the Company;
 - f. Emerging trends and issues that may affect the Company or its communities; and
 - g. Human capital.
21. Review and update the Executive Succession Plan.

22. Perform any other duties or responsibilities expressly delegated to the Committee by the Board.

IV. Reliance on Others

Nothing in this Charter is intended to preclude or impair any protection provided by applicable laws for good faith reliance by members of the Committee on reports or other information provided by others in the performance of its duties.

V. Investigations and Studies; Outside Advisers

The Committee may conduct or authorize studies of or investigations into matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such counsel or other advisers as it deems necessary (which may, if the Committee deems it appropriate, be the Company's regular counsel or advisers). The Committee shall have the authority to retain or terminate one or more search firms to assist the Committee in carrying out its responsibilities, including authority to approve the firm's fees and retention terms, which fees shall be borne by the Company.