FS Bancorp (FSBW)

Updated February 2nd, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$44	**5 Year Annual Expected Total Return:**	7.6%	**Market Cap:**	$310.8 M
Fair Value Price:	$44	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	02/06/2026
% Fair Value:	99%	**5 Year Valuation Multiple Estimate:**	0.1%	**Dividend Payment Date:**	02/19/2026
Dividend Yield:	2.7%	**5 Year Price Target**	$56	**Years Of Dividend Growth:**	13
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

FS Bancorp, founded in September 2011, is the holding company for 1st Security Bank, which transitioned from a mutual to a stock savings bank in July 2012. The bank operates 27 full-service branches across Washington and Oregon, along with 11 loan production offices, serving the Puget Sound area. It offers a diversified range of loans, including commercial real estate, residential mortgages, and consumer loans, with an emphasis on indirect home improvement lending. The bank's relationship-driven approach is central to its service strategy. FS Bancorp has a market cap of $310.8 million. Last year, it generated total interest and dividend income of $197.2 million.

On January 21st, 2026, FS Bancorp reported its Q4 and full-year results for the period ending December 31st, 2025. The bank posted net interest income of $33.6 million, up 8.1% from Q4 2024. Net interest margin was 4.35%, compared with 4.31% in the prior-year quarter. Noninterest income totaled $6.4 million, an increase from $4.6 million last year, driven in part by higher other noninterest income, including bank-owned life insurance proceeds. Noninterest expenses were $26.1 million, up from $24.4 million a year earlier. Net income was $8.4 million, or $1.10 per diluted share, compared to $7.4 million, or $0.92 per diluted share, in Q4 2024. For FY2025, EPS was $4.35. For FY2026, we project EPS of $4.38.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.81	$2.28	$3.29	$2.57	$4.58	$4.48	$3.75	$4.63	$4.48	$4.35	***$4.38***	***$5.59***
DPS	$0.19	$0.22	$0.27	$0.33	$0.42	$0.56	$0.80	$1.00	$1.06	$1.34	***$1.16***	***$1.48***
Shares[1]	5.8	6.2	7.4	8.8	8.5	8.2	7.8	7.7	7.7	7.7	***7.7***	***7.3***

FS Bancorp has achieved robust growth over the past decade, driven by a blend of acquisitions and organic expansion—a proven approach among regional banks. Since transitioning from a mutual to a stock savings bank in 2012, FS Bancorp has consistently increased EPS, rising from $1.81 in 2016 to $4.35 in 2025. This translates to a CAGR of 10.2%. It has historically achieved industry-beating net income margins too, which have helped compound its growth.

When it comes to acquisitions, FS Bancorp has expanded its footprint and customer base through a series of acquisitions over the past decade. Notable acquisitions include the purchase of four retail bank branches on the Olympic Peninsula from Bank of America in 2016, which added $186.4 million in deposits to the company. In 2018, FS Bancorp acquired Anchor Bancorp, which brought in $357.9 million in deposits and $361.6 million in loans, significantly strengthening its presence in the Puget Sound region by adding nine full-service branches.

Most recently, in 2023, the company acquired seven retail bank branches from Columbia State Bank, expanding into Oregon and adding $425.5 million in deposits and $66.1 million in loans. In 2024 and 2025, FS Bancorp focused on integrating the acquisition and driving organic loan growth, generating $35.0 million and $33.3 million of net income, respectively, while continuing to grow book value amid a more challenging credit environment.

[1] Share count is in millions.

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Looking ahead, we remain optimistic about the company's growth prospects. However, given that we are starting from a high EPS base in 2025, driven by a particularly favorable interest rate environment, we have prudently applied a below-average growth rate of 5% in our estimates. This rate has also been applied to the dividend forecast.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	7.2	8.8	8.2	10.1	5.2	6.7	8.5	6.7	8.1	9.0	***9.9***	***10.0***
Avg. Yld.	1.5%	1.1%	1.0%	1.3%	1.8%	1.9%	2.5%	3.2%	3.0%	3.4%	***2.7%***	***2.6%***

FS Bancorp has consistently traded at a P/E ratio in the high-single digits to low teens, which is typical for regional banks. Today, the stock is trading at 9.9 times our projected EPS for the year, a multiple we believe fairly values the stock. We maintain our fair P/E at the same multiple of 10 times EPS. The dividend yield currently stands at 2.7% and is notably higher that the stock's historical average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	10%	10%	8%	13%	9%	13%	21%	22%	24%	31%	***26%***	***26%***

FS Bancorp's competitive advantage, as is the case with most regional banks, lies in its relationship-driven approach. The company has successfully leveraged its deep ties within the Puget Sound community to build a loyal customer base that has supported steady deposit growth and diversified lending. Further, FS Bancorp's ability to maintain a NIM well above the industry average demonstrates its effective asset and liability management, contributing to strong profitability even in tough economic conditions. Evidently, the company's dividend has grown every single year since its inception in 2012.

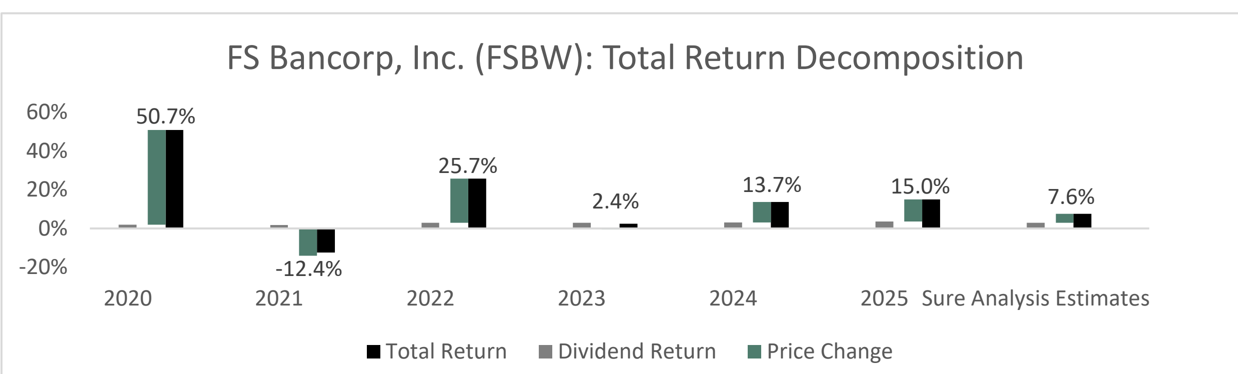
Despite these strengths, FS Bancorp's concentration in specific geographic areas could expose it to regional economic downturns in the future, potentially limiting its recession resiliency. While the company has shown an ability to navigate economic fluctuations, its reliance on niche lending markets may present challenges if those areas face significant stress.

In any case, we believe the dividend remains safe and won't be threatened anytime soon. As of Q4, the bank maintained strong capital ratios, with a Tier 1 leverage ratio of 11.0% and a total risk-based capital ratio of 14.0%, comfortably above regulatory minimums.

Final Thoughts & Recommendation

FS Bancorp's strong community presence and footprint in the regions it serves make it an attractive option for investors looking to gain exposure to a well-managed regional bank with a robust track record of consistent earnings and dividend growth. We forecast annualized returns of 7.6% through 2031, primarily driven by our growth estimates and the 2.7% starting yield. We rate the stock as a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	44	55	63	69	90	127	121	120	141	142
SG&A Exp.	18	23	28	30	35	39	51	50	57	58
D&A Exp.	2	5	4	5	12	14	15	14	13	11
Net Profit	9	10	14	24	23	39	37	30	36	35
Net Margin	20.1%	19.1%	22.5%	35.4%	25.2%	30.8%	30.8%	24.8%	25.5%	24.6%
Free Cash Flow	(9)	(0)	14	18	7	(34)	107	183	76	49
Income Tax	5	6	6	4	5	11	10	7	9	6.6

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	678	828	982	1,622	1,713	2,113	2,286	2,633	2,973	3,029
Cash & Equivalents	37	52	37	55	67	104	37	46	90	33
Accounts Receivable	2	3	4	6	6	7	8	11	14	14
Goodwill & Int. Ass.	6	12	10	19	19	20	23	24	38	26.5
Total Liabilities	602	747	860	1,442	1,513	1,883	2,039	2,401	2,708	2,733
Long-Term Debt	109	22	17	147	95	113	92	236	143	349
Shareholder's Equity	75	81	122	180	200	230	248	232	264	296
LTD/E Ratio	1.44	0.28	0.14	0.82	0.47	0.49	0.37	1.02	0.54	1.18

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.5%	1.4%	1.6%	1.9%	1.4%	2.1%	1.7%	1.2%	1.3%	1.2%
Return on Equity	12.6%	13.4%	13.9%	16.1%	11.9%	18.3%	15.7%	12.4%	14.5%	12.5%
ROIC	6.7%	7.3%	11.6%	10.4%	7.3%	12.3%	11.0%	7.3%	8.2%	7.3%
Shares Out.	6.0	5.8	6.2	7.4	8.8	8.5	8.2	7.8	7.7	7.9
Revenue/Share	7.27	9.21	9.52	8.89	9.98	14.78	14.42	15.20	18.18	17.99
FCF/Share	(1.41)	(0.00)	2.14	2.28	0.74	(3.91)	12.71	23.29	9.77	6.23

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.