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FS Bancorp, Inc.  
Form DEF 14A  
March 28, 2018

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the registrant    
Filed by a party other than the registrant

Check the appropriate box:

- Preliminary proxy statement  
 Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))  
 Definitive proxy statement  
 Definitive additional materials  
 Soliciting material pursuant to § 240.14a-12

FS BANCORP, INC.  
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

N/A

(2) Aggregate number of securities to which transactions applies:

N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

N/A

(4) Proposed maximum aggregate value of transaction:

N/A

(5) Total fee paid:

N/A

Fee paid previously with preliminary materials:

N/A

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 which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the  
Form or Schedule and the date of its filing.

(1) Amount previously paid:

N/A

(2) Form, schedule or registration statement no.:

N/A

(3) Filing party:

N/A

(4) Date filed:

N/A

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March 29, 2018

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of FS Bancorp, Inc. to be held at the 1st Security Bank Administrative Office, located at 6920 220<sup>th</sup> Street SW, Mountlake Terrace, Washington, on Thursday, May 17, 2018 at 2:00 p.m., local time.

The notice of annual meeting of shareholders and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we will also report on our operations. Directors and officers of FS Bancorp, Inc., as well as a representative of Moss Adams LLP, our independent auditor, will be present to respond to appropriate questions of shareholders.

It is important that your shares are represented at the meeting, whether or not you attend in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Joseph C. Adams

Joseph C. Adams  
Chief Executive Officer

FS BANCORP, INC.  
6920 220TH STREET SW  
MOUNTLAKE TERRACE, WASHINGTON 98043  
(425) 771-5299

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 17, 2018

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Notice is hereby given that the annual meeting of shareholders of FS Bancorp, Inc. will be held at the 1st Security Bank Administrative Office, located at 6920 220<sup>th</sup> Street SW, Mountlake Terrace, Washington, on Thursday, May 17, 2018, at 2:00 p.m., local time, for the following purposes:

Proposal 1. Election of two directors each for a three-year term.

Proposal 2. Advisory (non-binding) approval of the compensation of our named executive officers as disclosed in this proxy statement.

Proposal 3. Adoption of the FS Bancorp, Inc. 2018 Equity Incentive Plan.

Proposal 4. Ratification of the Audit Committee's selection of Moss Adams LLP as our independent auditor for 2018.

We will also consider and act upon such other business as may properly come before the meeting, or any adjournment or postponement thereof. As of the date of this notice, we are not aware of any other business to come before the annual meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 17, 2018. Our proxy statement and 2017 Annual Report to Shareholders are available at <http://investorrelations.fsbwa.com/CorporateProfile>.

The Board of Directors has fixed the close of business on March 21, 2018 as the record date for the annual meeting. This means that shareholders of record at the close of business on that date are entitled to receive notice of and to vote at the meeting and any adjournment thereof. To ensure that your shares are represented at the meeting, please take the time to vote by signing, dating and mailing the enclosed proxy card which is solicited by the Board of Directors. The proxy will not be used if you attend and vote at the annual meeting in person. Regardless of the number of shares you own, your vote is very important. Please act today.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ MATTHEW D. MULLET

MATTHEW D. MULLET  
SECRETARY

Mountlake Terrace, Washington  
March 29, 2018

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IMPORTANT: The prompt return of proxies will save us the expense of further requests for proxies in order to ensure a quorum. A pre-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States.

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PROXY STATEMENT  
OF  
FS BANCORP, INC.  
6920 220TH STREET SW  
MOUNTLAKE TERRACE, WASHINGTON 98043  
(425) 771-5299

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ANNUAL MEETING OF SHAREHOLDERS  
MAY 17, 2018

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The Board of Directors of FS Bancorp, Inc. is using this proxy statement to solicit proxies from our shareholders for use at our annual meeting of shareholders. We are first mailing this proxy statement and the enclosed form of proxy to our shareholders on or about March 29, 2018.

The information provided in this proxy statement relates to FS Bancorp, Inc. and its wholly-owned subsidiary, 1st Security Bank of Washington. FS Bancorp, Inc. may also be referred to as "FS Bancorp" and 1st Security Bank of Washington may also be referred to as "1st Security Bank" or the "Bank." References to "we," "us" and "our" refer to FS Bancorp and, as the context requires, 1st Security Bank.

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#### INFORMATION ABOUT THE ANNUAL MEETING

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##### Time and Place of the Annual Meeting

Our annual meeting will be held as follows:

Date: Thursday, May 17, 2018

Time: 2:00 p.m., local time

Place: 1st Security Bank Administrative Office  
6920 220<sup>th</sup> Street SW, Mountlake Terrace, Washington

##### Matters to Be Considered at the Annual Meeting

At the meeting, you will be asked to consider and vote upon the following proposals:

Proposal 1. Election of two directors each for a three-year term.

Proposal 2. Advisory (non-binding) approval of the compensation of our named executive officers as disclosed in this proxy statement.

Proposal 3. Adoption of the FS Bancorp, Inc. 2018 Equity Incentive Plan.

Proposal 4. Ratification of the appointment of Moss Adams LLP as our independent auditor for 2018.

We also will transact any other business that may properly come before the annual meeting. As of the date of this proxy statement, we are not aware of any other business to be presented for consideration at the annual meeting other than the matters described in this proxy statement.

Who is Entitled to Vote?

We have fixed the close of business on March 21, 2018 as the record date for shareholders entitled to notice of and to vote at our annual meeting. Only holders of record of FS Bancorp's common stock on that date are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of FS Bancorp common stock you own, unless you own more than 10% of FS Bancorp's outstanding

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shares. As provided in our Articles of Incorporation, record holders of common stock who beneficially own in excess of 10% of FS Bancorp's outstanding shares are not entitled to any vote in respect of the shares held in excess of the 10% limit unless our Board of Directors has granted permission in advance. On March 21, 2018, there were 3,695,552 shares of FS Bancorp common stock outstanding and entitled to vote at the annual meeting.

#### How Do I Vote at the Annual Meeting?

Proxies are solicited to provide all shareholders on the voting record date an opportunity to vote on matters scheduled for the annual meeting and described in these materials. This question provides voting instructions for shareholders of record. You are a shareholder of record if your shares of FS Bancorp common stock are held in your name. If you are a beneficial owner of FS Bancorp common stock held by a broker, bank or other nominee (i.e., in "street name"), please see the instructions below under "What if My Shares Are Held in Street Name?"

Shares of FS Bancorp common stock can only be voted if the shareholder is present in person or by proxy at the annual meeting. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the meeting if you are a shareholder of record.

Voting instructions are included on your proxy card. Shares of FS Bancorp common stock represented by properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instruction as how to vote at the annual meeting, the persons named in the proxy will vote the shares FOR the election of each of our director nominees, FOR advisory approval of the compensation of our named executive officers as disclosed in this proxy statement, FOR adoption of the FS Bancorp, Inc. 2018 Equity Incentive Plan and FOR ratification of the appointment of Moss Adams LLP as our independent auditor. If any other matters are properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on these matters in accordance with their best judgment. We do not currently expect that any other matters will be properly presented for action at the annual meeting.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children. In this case, you will receive three separate proxy cards to vote.

#### What if My Shares Are Held in Street Name?

If you are the beneficial owner of shares held in "street name" by a broker, bank or other nominee, the nominee, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If your common stock is held in street name, you will receive instructions from the nominee that you must follow in order to have your shares voted. The nominee may allow you to deliver your voting instructions via telephone or the Internet. Please see the instruction form that accompanies this proxy statement. If you do not give instructions to the nominee, the nominee may nevertheless vote the shares with respect to discretionary items, but will not be permitted to vote your shares with respect to non-discretionary items, pursuant to current industry practice. In the case of non-discretionary items, shares not voted will be treated as "broker non-votes." The proposal to elect directors, the advisory vote on executive compensation and the proposal to adopt the 2018 Equity Incentive Plan are considered non-discretionary items; therefore, you must provide instructions to the nominee in order to have your shares voted with respect to these proposals.

If your shares are held in street name, you will need proof of ownership to be admitted to the annual meeting. A recent brokerage statement or letter from the record holder of your shares are examples of proof of ownership. If you want to vote your shares of common stock held in street name in person at the annual meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.



How Will My Shares of Common Stock Held in the Employee Stock Ownership Plan Be Voted?

We maintain the FS Bancorp, Inc. Employee Stock Ownership Plan ("ESOP"), which owns 6.95% of FS Bancorp's common stock. Employees of FS Bancorp and 1st Security Bank participate in the ESOP. Each ESOP

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participant may instruct the trustee how to vote the shares of FS Bancorp common stock allocated to his or her account under the ESOP by completing the vote authorization form. If an ESOP participant properly executes a vote authorization form, the ESOP trustee will vote the participant's shares in accordance with the participant's instructions. Allocated shares for which proper voting instructions are not received and unallocated shares held by the ESOP will be voted by the trustee in the same proportion as shares for which the trustee has received voting instructions. In order to give the trustees sufficient time to vote, all vote authorization forms from ESOP participants must be received by the transfer agent on or before May 14, 2018.

#### How Many Shares Must Be Present to Hold the Meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of at least a majority of the shares of FS Bancorp common stock entitled to vote at the annual meeting as of the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

#### What if a Quorum Is Not Present at the Meeting?

If a quorum is not present at the scheduled time of the meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given unless the adjourned meeting is set to be held 120 days or more after the original meeting. An adjournment will have no effect on the business that may be conducted at the meeting.

#### Vote Required to Approve Proposal 1: Election of Directors

Directors are elected by a plurality of the votes cast, in person or by proxy, at the annual meeting by holders of FS Bancorp common stock. Accordingly, the two nominees for election as directors who receive the highest number of votes actually cast will be elected. Pursuant to our Articles of Incorporation, shareholders are not permitted to cumulate their votes for the election of directors. Votes may be cast for or withheld from each nominee. Votes that are withheld will have no effect on the outcome of the election because the two nominees receiving the greatest number of votes will be elected. Our Board of Directors unanimously recommends that you vote FOR the election of each of its director nominees.

#### Vote Required to Approve Proposal 2: Advisory Approval of Executive Compensation

Advisory (non-binding) approval of the compensation of our named executive officers, as disclosed in this proxy statement, requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the annual meeting. Abstentions and broker non-votes will have no effect on the outcome of the proposal. Our Board of Directors unanimously recommends that you vote FOR approval of the compensation of our named executive officers.

#### Vote Required to Approve Proposal 3: Adoption of the 2018 Equity Incentive Plan

Adoption of the FS Bancorp, Inc. 2018 Equity Incentive Plan requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the annual meeting. Any shareholder represented in person or by proxy at the meeting and entitled to vote on the subject matter may elect to abstain from voting on this proposal. If so, the abstention will not be counted as a vote cast on the proposal and, therefore, will have no effect on the outcome of the vote on the proposal. Provided there is a quorum of shareholders present in person or by proxy, shareholders not attending the meeting, in person or by proxy, will also have no effect on the outcome of this proposal. Broker non-votes do not constitute votes cast and will have no effect on the outcome of the proposal. Our Board of Directors unanimously recommends that you vote FOR adoption of the 2018 Equity Incentive Plan.

Vote Required to Approve Proposal 4: Ratification of the Selection of the Independent Auditor

Ratification of the selection of Moss Adams LLP as our independent auditor for the fiscal year ending December 31, 2018 requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the annual

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meeting. Abstentions will have no effect on the outcome of the proposal. Our Board of Directors unanimously recommends that you vote FOR the ratification of the appointment of the independent auditor.

May I Revoke My Proxy?

You may revoke your proxy before it is voted by:

- submitting a new proxy with a later date;
- notifying the Secretary of FS Bancorp in writing before the annual meeting that you have revoked your proxy; or
- voting in person at the annual meeting.

If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in street name, you must bring a validly executed proxy from the nominee indicating that you have the right to vote your shares.

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#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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The following table sets forth, as of March 21, 2018, the voting record date, information regarding share ownership of:

- those persons or entities (or groups of affiliated person or entities) known by management to beneficially own more than five percent of FS Bancorp's common stock other than directors and executive officers;
- each director and director nominee of FS Bancorp;
- each executive officer of FS Bancorp or any of its subsidiaries named in the Summary Compensation Table appearing under "Executive Compensation" below (known as "named executive officers"); and
- all current directors and executive officers of FS Bancorp and its subsidiaries as a group.

Persons and groups who beneficially own in excess of five percent of FS Bancorp's common stock are required to file with the Securities and Exchange Commission ("SEC"), and provide us a copy of, reports disclosing their ownership pursuant to the Securities Exchange Act of 1934. To our knowledge, no other person or entity, other than the ones set forth below, beneficially owned more than five percent of the outstanding shares of FS Bancorp's common stock as of the close of business on the voting record date.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In accordance with Rule 13d-3 of the Securities Exchange Act, a person is deemed to be the beneficial owner of any shares of common stock if he or she has voting and/or investment power with respect to those shares. Therefore, the table below includes shares owned by spouses, other immediate family members in trust, shares held in retirement accounts or funds for the benefit of the named individuals, shares held in the ESOP, and other forms of ownership, over which shares the

persons named in the table may possess voting and/or investment power. In addition, in computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to outstanding options that are currently exercisable or exercisable within 60 days after the voting record date are included in the number of shares beneficially owned by the person and are deemed outstanding for the purpose of calculating the person's percentage ownership. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

As of the voting record date, there were 3,695,552 shares of FS Bancorp common stock outstanding.

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Name	Number of Shares Beneficially Owned (1)	Percent of Shares Outstanding (%)
<b>Beneficial Owners of More Than 5%</b>		
FS Bancorp, Inc. Employee Stock Ownership Plan 6920 220th Street SW Mountlake Terrace, Washington 98043	256,733 (2)	6.95
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, Maryland 21202	231,393 (3)	6.27
Wedbush Opportunity Capital, LLC 1000 Wilshire Boulevard Los Angeles, California 90017	195,722 (4)	5.30
<b>Directors</b>		
Joseph C. Adams*	90,796 (5)	2.43
Michael J. Mansfield	33,841 (6)	**
Ted A. Leech	32,287 (7)	**
Joseph P. Zavaglia	9,467 (8)	**
Judith A. Cochrane	21,466 (9)	**
Marina Cofer-Wildsmith	13,624 (10)	**
Margaret R. Piesik	17,821 (11)	**
Mark H. Tueffers	21,000 (12)	**
<b>Named Executive Officers</b>		
Donn C. Costa	60,030	1.62
Dennis V. O'Leary	49,399	1.33
All Executive Officers and Directors as a Group (14 persons)	445,695	11.63

\* Mr. Adams is also a named executive officer of FS Bancorp.

\*\* Less than one percent of shares outstanding.

Shares of restricted stock granted under the 2013 Equity Incentive Plan, as to which the holders have voting power but not investment power, are included as follows: Director Adams, 12,242 shares; Director Leech, 1,500 shares; Mr. Costa, 1,800 shares; Mr. O'Leary, 7,200 shares; and all executive officers and directors as a group, 31,924 shares. The amounts shown also include the following number of shares which the indicated individuals

(1) have the right to acquire within 60 days of the voting record date through the exercise of stock options granted pursuant to the 2013 Equity Incentive Plan: Director Adams, 40,000 shares; Directors Mansfield and Zavaglia, 2,600 shares each; Director Leech, 10,600 shares; Directors Cochrane and Piesik, 10,400 each; Director Cofer-Wildsmith, 10,200 shares; Director Tueffers, 7,800 shares; Mr. Costa, 3,500 shares; Mr. O'Leary, 14,000 shares; and all executive officers and directors as a group, 137,837 shares.

(2) Represents shares held in the ESOP. The ESOP has shared voting and dispositive power over the shares reported.

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Based solely on a Schedule 13G/A dated February 14, 2018, regarding shares owned as of December 31, 2017.

- (3) According to the filing, T. Rowe Price Associates, Inc. has sole voting power over 33,089 shares and sole dispositive power over 231,393 shares and T. Rowe Price Small-Cap Value Fund, Inc. has sole voting power over 198,304 shares.

Based solely on a Schedule 13G dated February 2, 2016, regarding shares owned as of December 31, 2015.

- (4) According to the filing, Wedbush Opportunity Capital, LLC has sole voting power over 171,379 shares and shared dispositive power over 24,343 shares and Wedbush Opportunity Partners, LP has sole voting and dispositive power over 171,379 shares.
- (5) Includes 23,278 shares held jointly with spouse.
- (6) Includes 18,331 shares held jointly with spouse and 7,310 shares held in an individual retirement account ("IRA").
- (7) Includes 7,187 shares held jointly with spouse and 1,000 shares held in trust.
- (8) Includes 750 shares held jointly with spouse and 4,807 shares held in an IRA.
- (9) Includes 4,754 shares held in an IRA.
- (10) Includes 974 shares held jointly with spouse.
- (11) Includes 626 shares held in an IRA.
- (12) Includes 13,100 shares held in an IRA and 100 shares held in his spouse's IRA.

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**PROPOSAL 1 – ELECTION OF DIRECTORS**


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Our Board of Directors currently consists of eight members and is divided into three classes. Approximately one-third of the directors are elected annually to serve for a three-year period or until their respective successors are elected and qualified. The table below sets forth information regarding each director of FS Bancorp and each nominee for director. The Nominating/Governance Committee of the Board of Directors selects nominees for election as directors. Joseph C. Adams and Joseph P. Zavaglia currently serve as FS Bancorp directors and have been nominated to each serve a three-year term.

Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. At this time, we are not aware of any reason why a nominee might be unable to serve if elected.

The Board of Directors recommends a vote FOR the election of Joseph C. Adams and Joseph P. Zavaglia.

Name	Age as of December 31, 2017	Year First Elected or Appointed Director (1)	Term to Expire
<b>Board Nominees</b>			
Joseph C. Adams	58	2005	2021 (2)
Joseph P. Zavaglia	69	2011	2021 (2)
<b>Directors Continuing in Office</b>			
Judith A. Cochrane	71	2006	2019
Ted A. Leech	70	2005	2019
Marina Cofer-Wildsmith	50	2012	2019
Michael J. Mansfield	61	2008	2020
Margaret R. Piesik	67	2006	2020
Mark H. Tueffers	59	2016	2020

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(1) Includes  
prior  
service on  
the Board  
of  
Directors  
of 1st  
Security  
Bank, with  
the  
exception



of Mr.  
Tueffers,  
who has  
served on  
the Bank's  
Board  
since 2013  
but was  
first  
elected to  
FS  
Bancorp's  
Board in  
2016.

(2) Assuming  
reelection.

Information Regarding Nominees for Election. Set forth below is the present principal occupation and other business experience during at least the last five years of each nominee for election, as well as a brief discussion of the particular experience, qualifications, attributes and skills that led the Board to conclude that the nominee should serve as a director of FS Bancorp.

Joseph C. Adams is a director and has been the Chief Executive Officer of 1st Security Bank of Washington since July 2004. He has also served in those capacities for FS Bancorp since its formation in September 2011. He joined 1st Security Bank of Washington in April 2003 as its Chief Financial Officer. Mr. Adams served as Supervisory Committee Chairperson from 1993 to 1999 when the bank was Washington's Credit Union. Mr. Adams is a lawyer having worked for Deloitte as a tax consultant, K&L Gates as a lawyer and then at Univar USA as a lawyer and Director, Regulatory Affairs. He is a member of the Board of Directors of the Central Washington University Foundation. Mr. Adams received a Masters Degree equivalent from the Pacific Coast Banking School in 2007. Mr. Adams' legal and accounting backgrounds, as well as his duties as Chief Executive Officer of 1st Security Bank of Washington, bring a special knowledge of the financial, economic and regulatory challenges faced by the Bank which makes him well-suited to educating the Board on these matters.

Joseph P. Zavaglia has been the owner and operator of Zavaglia Consulting, L.L.C. since February 2008, which provides retail banking and small business advisory services to community banks. He also runs From the

Heart of Italy, an Italian cooking school. Mr. Zavaglia started his career with Rainier Bank in 1975 in branch operations and was ultimately promoted to manager, overseeing up to 13 branches. From 1987 until 2003, he served as a Senior Vice President and Regional Manager with Security Pacific Bank, which acquired Rainier Bank in 1987, and then with Bank of America, which acquired Security Pacific Bank in 1992. In February 2003, Mr. Zavaglia joined First Mutual Bank as its Executive Vice President, Retail Banking Group manager. After experiencing his seventh bank merger in 2008, he made the decision to begin his consulting company and cooking school. Mr. Zavaglia has formerly held Series 6, 63, and 26 securities licenses and his state insurance license for life and disabilities. He was a member of the board of Pacific Coast Banking School for nine years, was employed as the Director of Extension Programs for four years, and is a 1986 graduate of the program. He was a member of the Pete Gross House Board for 14 years, was chair of the Italian Studies board at the University of Washington, is past State Board Chair for the March of Dimes where he served for 15 years, and is a former mentor in the Seattle University mentorship program and a former member of the Dean's advisory board for the School of Business at Seattle University. Mr. Zavaglia is a member of the Athletic Hall of Fame, Chair of the Board of Regents, and a member of the Hall of Fame selection committee at Seattle University. Additionally, in 2012 he received a Distinguished Alumnus award from the Woodring College of Education of Western Washington University. Mr. Zavaglia's extensive banking experience, together with his numerous board experiences, educational background and active participation in the local community, brings valuable knowledge, experience and skills to our organization.

Information Regarding Incumbent Directors. Set forth below is the present principal occupation and other business experience during at least the last five years of each director continuing in office, as well as a brief discussion of the particular experience, qualifications, attributes and skills that led the Board to conclude that the director should serve on FS Bancorp's Board of Directors.

Judith A. Cochrane was the Vice President, Public Finance for Seattle-Northwest Securities Corporation from May 2006 until her retirement in February 2011. Prior to that, Ms. Cochrane was Vice President/Manager, Municipal Trading and Underwriting for BancAmerica Securities, LLC., where she was employed for 23 years. Ms. Cochrane is an arbitrator for Financial Industry Regulatory Authority (FINRA). She also served as Managing Director for Bank of America, in charge of Northwest Capital Markets. Ms. Cochrane's professional experience brings depth to the Board in the areas of finance and the capital markets.

Ted A. Leech, Chairman of the Board of FS Bancorp and 1st Security Bank, is retired from Univar Corporation. From January 2003 to February 2005, Mr. Leech was Vice President of Business Development where he conducted feasibility studies and investigated potential investments in China, Hong Kong, Singapore, Australia, Malaysia, Indonesia and Brazil. Prior to that, Mr. Leech was Senior Vice President of Administration for Univar USA where he was responsible for accounting, payables/receivables, information systems, treasury, legal, human resources and internal audit. As a result of his professional experiences, Mr. Leech brings strong leadership, management, finance, accounting and human resource skills to our board. Mr. Leech's expertise also qualifies him as a financial expert, which was the basis of his sel