

**FSB Financial Services, Inc. (Private; Waterloo, IA) Closes Private Placement of \$10.0 Million of Subordinated Notes due 2027**

Sandler O'Neill + Partners, L.P. served as the sole placement agent for this offering.

The 6.00% coupon matches the lowest coupon of all unrated 10NC5 subordinated holding company offerings since January 1, 2016.<sup>1</sup>

This transaction is the 121<sup>st</sup> subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner or initial purchaser.<sup>1</sup> Since May 20, 2016, Sandler O'Neill has raised approximately \$3.9 billion for its clients, capturing a 71.1% market share of announced transactions.<sup>1</sup>

**About the Offering:**

WATERLOO, IOWA – FSB Financial Services, Inc. (the "Company"), parent company of Farmers State Bank, closed a \$10.0 million private placement of Subordinated Notes on September 26, 2017. The subordinated debt is structured as a ten-year unsecured fixed to floating rate note, with a fixed rate of 6.00% for the initial five years. payable semi-annually. From and including September 30, 2022 to maturity, the interest rate shall reset quarterly to the then current three month LIBOR rate plus 409 basis points, payable quarterly.

The Company intends to use the net proceeds to pay ordinary holding company dividend and tax obligations, and for general corporate purposes.

*This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.*

**About the Company:**

FSB Financial Services, Inc. an Iowa Financial Holding Company, is headquartered in Waterloo, IA and conducts business through its two wholly owned subsidiaries, Farmers State Bank and FSB Premier Wealth Management.

The Company was originally founded in 1879 in Jesup, IA and its holding company was established in 1980. The Company has grown to over \$850 million in assets with ten full-service branches in the three counties located in and around the Waterloo/Cedar Falls MSA.

(1) Source: Sandler O'Neill Syndicate Desk, Bloomberg. Deal count includes nationwide subordinated debt or senior note offerings for Community Banks reported by Bloomberg; Community Banks defined as banks or bank holding companies with less than \$25 billion in assets.

(2) Bank level data. Financial data not pro forma for the offering.

September 26, 2017

6.00% Fixed-to-Floating Rate  
Subordinated Notes  
due 2027  
**\$10.0 Million**

**FSB FINANCIAL SERVICES, INC.**

Sole Placement Agent

**SANDLER O'NEILL + PARTNERS****Financial Highlights (as of 6/30/2017)<sup>2</sup>***(Dollars in millions)*

Total Assets	\$883.0
Total Loans	\$727.1
Total Deposits	\$731.0
Total Equity	\$73.4
Tier 1 Leverage Ratio	8.24%
Tier 1 Common Ratio	10.25%
Tier 1 Risk-based Capital Ratio	10.25%
Total Risk-based Capital Ratio	11.31%
TCE / TA	8.31%

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