Sturgis Bancorp, Inc. Reports Financial Results for Full-Year 2024

STURGIS, MI, March 4, 2025 – Sturgis Bancorp, Inc. (OTCQX: STBI) today reported for the fourth quarter and full-year 2024:

Key Quarterly Highlights

- Net income of $2.0 million.
- Earnings per share of $0.91.
- Paid dividend of $0.17 per share.
- Total assets increased to $956 million.
- Deposits increased to $814 million.
- The Bank maintained strong capital ratios, exceeding "well capitalized" requirements, with Tier 1 leverage capital at 7.89%.

Key Full-Year Highlights

- Net income of $2.8 million.
- Earnings per share of $1.32.
- Quarterly dividends totaled $0.68 per share.
- Total assets increased by $37 million during the year.
- Deposits increased by $15 million during the year.

From Jason J. Hyska, Sturgis Bancorp, Inc. Chief Executive Officer

"The year ended on a positive note for the Bank. Net Income for 4Q24 was $2 million; 4Q24 Tier 1 Leverage Capital ended at 7.89% up from 1Q24's 7.64%, after the large commercial credit loss in 1Q24. The Bank's focus for 2025 is to continue to grow customer relationships by expanding wallet share. We will also continue focus efforts in our newer markets. The vision for our team is to continue to leverage the Community Bank model by focusing on what customers want and being there for our communities."

Quarterly Income Statement Highlights

- Net income for the quarter (4Q24) was $2.0 million, increasing from last quarter's (3Q24) $1.5 million net income, while also up from the net loss of $(350,000) for the same quarter of the prior year (4Q23). The increase from 4Q23 was substantially due to an increase in net interest income, after credit loss expense, higher earnings on bank-owned life insurance, and a decrease in compensation and benefits.
- Earnings (loss) per share were $0.91 for 4Q24, $0.72 for 3Q24, and $(0.16) for 4Q24.
- Net interest income was $7.4 million during 4Q24, a 4.50% increase from 3Q24's $7.0 million. This also is a 7.09% increase from 4Q23's $6.9 million net interest income. The change from the same quarter a year ago was primarily due to:
    - Interest and dividend income of $12.1 million in 4Q24, compared to $10.8 million in 4Q23.
- Tax equivalent net interest margin decreased slightly to 3.35% for 4Q24 from 3.38% for 3Q24, while increasing from the 3.28% margin in 4Q23.
- During 4Q24, there was a reversal of the allowance for credit losses of $216,000, due to annual historic loss updates, qualitative factor adjustments, and lower specific reserves. During

3Q24, there was also a reversal of the allowance of $28,000, while $993,000 was provided to the allowance for credit losses in 4Q23.
- Noninterest income totaled $2.4 ($2.398) million during 4Q24, a 1.32% increase from 3Q24's $2.4 ($2.367) million, and a 22.50% increase from for 4Q23's $2.0 million. This fluctuation from 4Q23 was primarily due to:
  - Earnings on cash value of bank-owned life insurance for 4Q24 were $541,000, compared to $100,000 for 4Q23.
- Noninterest expenses totaled $7.7 million during 4Q24, a 1.37% increase from 3Q24's $7.6 million, while an 8.33% decrease from 4Q23's $8.4 million. This fluctuation from 4Q23 was primarily due to:
  - Compensation and benefits in 4Q24 were $4.2 million, compared to $5.4 million for 4Q23. Most of this difference was due to one-time expenses associated with the retirement of the former President and CEO.

Full-Year Income Statement Highlights
- Net income for 2024 was $2.8 million, compared to $6.0 million for 2023, as further discussed below.
- Earnings per share were $1.32 for 2024 and $2.81 for 2023.
- Net interest income was $28.0 million for 2024, a 1.70% decrease from 2023's $28.5 million. This decrease was primarily due to:
  - Although interest and dividend income increased $5.9 million to $46.7 million in 2024 compared to $40.8 million in 2023, interest expense increased $6.4 million to $18.7 million in 2024 compared to $12.3 million in 2023.
- During 2024, $4.6 million was provided to the allowance for credit losses, compared to $1.3 million for 2023. This increase was primarily due to:
  - A one-time charge-off of one customer's loans totaling $5.5 million occurred in 1Q24.
- Noninterest income totaled $10.1 million for 2024, compared to $8.9 million for 2023. This 13.14% increase was primarily comprised of:
  - Investment brokerage commission income of $2.6 million in 2024, compared to $2.2 million in 2023.
  - Mortgage banking activities of $1.8 million in 2024, compared to $1.5 million in 2023.
  - Gain on termination of interest rate swaps of $1.1 million in 2024, compared to $793,000 in 2023.
- Noninterest expenses totaled $30.4 million in 2024, compared to $29.0 million in 2023. This 4.73% increase was primarily comprised of:
  - Compensation and benefits expense of $17.7 million in 2024, compared to $17.5 million in 2023.
  - Occupancy and equipment expense of $4.3 million in 2024, compared to $3.7 million in 2023.
  - Data processing expense of $1.3 million in 2024, compared to $1.0 million in 2023.

Balance Sheet Highlights
- Total assets increased to $956 million as of the end of 4Q24, a 0.87% increase from the end of 3Q24's $948 million, and a 4.02% increase from then end of 4Q23's $919 million. These net increases were comprised of:
  - Cash and cash equivalents ended 4Q24 at $20.8 million, compared to $23.8 million as of the end of 3Q24, and $40.0 million as of the end of 4Q23.
  - Securities – available-for-sale increased to $77.1 million, compared to $80.9 million as of the end of 3Q24, and $52.7 million as of the end of 4Q23.
  - Net loans ended 4Q24 at $768 million, compared to $753 million as of the end of 3Q24, and $739 million as of the end of 4Q23.

- Total deposits as of the end of 4Q24 were $814 million, compared to $809 million as of the end of 3Q24, and $799 million as of the end of 4Q23. These net increases were comprised of:
  - Noninterest-bearing deposits decreased to $158 million as of the end of 4Q24, from $162 million as of the end of 3Q24, and $160 million as of the end of 4Q23.
  - Interest-bearing deposits increased to $656 million as of the end of 4Q24, from $647 million as of the end of 3Q24, and $639 million as of the end of 4Q23.
- Borrowed funds increased to $61.1 million as of the end of 4Q24, from $57.0 million as of the end of 3Q24, and $40.0 million as of the end of 4Q23.
- Total equity at the end of 4Q24 was $55.4 million, compared to $55.5 million as of the end of 3Q24, and $55.8 million as of the end of 4Q23.
- Book value per share was $25.66 ($21.51 tangible) at the end of 4Q24, compared to $25.74 ($21.55 tangible) as of the end of 3Q24, and $25.94 ($21.84 tangible) as of the end of 4Q23.

About Sturgis Bancorp, Inc.

Sturgis Bancorp, Inc. is the holding company for Sturgis Bank & Trust Company (the Bank), and its subsidiaries: Oakleaf Financial Services, Oak Mortgage, Ayres/Oak Insurance, and Oak Title Services. The Bank provides a full array of trust, commercial, and consumer banking services from banking centers in: Sturgis, Bangor, Bronson, Centreville, Climax, Colon, Marshall, Niles, Portage, South Haven, St. Joseph, Three Rivers, and White Pigeon, Michigan. Oakleaf Financial Services offers a complete range of investment and financial-advisory services. Oakleaf Mortgage offers residential mortgages in all markets of the Bank. Ayres/Oak Insurance offers various competitive commercial and consumer insurance products. Oak Title Services offers commercial and consumer title insurance services.

Forward-Looking Statements

This release contains statements that constitute forward-looking statements. These statements appear in several places in this release and include statements regarding intent, belief, outlook, objectives, efforts, estimates, or expectations of Sturgis Bancorp, Inc. (Bancorp), primarily with respect to future events and the future financial performance of Bancorp. Any such forward-looking statements are not guarantees of future events or performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements. Factors that could cause a difference between an ultimate actual outcome and a preceding forward-looking statement include, but are not limited to, changes in interest rates and interest rate relationships; demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking laws and regulations; changes in tax laws; changes in prices, levies, and assessments; the impact of technological advances; government and regulatory policy changes; the outcome of any pending or future litigation and contingencies; trends in consumer behavior and ability to repay loans; and changes in the world, national, and local economies. Bancorp undertakes no obligation to update, amend, or clarify forward-looking statements as a result of new information, future events, or otherwise. The numbers presented herein are unaudited.

For additional information, visit our website at www.sturgis.bank.

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Source: Sturgis Bancorp, Inc.

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited - Amounts in thousands, except share and per share data)

	Three Months Ended		
	Dec 31, 2024 4Q24	Sep 30, 2024 3Q24	Dec 31, 2023 4Q23
Interest and dividend income			
Loans (including fees)	$ 10,981	$ 10,819	$ 10,056
Investment securities:			
Taxable	827	906	506
Tax-exempt	38	39	69
Dividends	224	190	139
Total interest and dividend income	12,070	11,954	10,770
Interest expense			
Deposits	3,956	3,686	3,496
Borrowed funds	763	1,233	410
Total interest expense	4,719	4,919	3,906
Net interest income	7,351	7,035	6,864
Credit loss expense (benefit)	(216)	(28)	993
Net interest income, after credit loss expense	7,567	7,063	5,871
Noninterest income			
Service charges on deposits and other fees	337	356	345
Interchange income	336	375	328
Investment brokerage commission income	697	646	606
Mortgage banking activitives	262	588	420
Trust fee income	115	97	76
Earnings on cash value of bank-owned life insurance	541	111	100
Gain on sale of real estate owned, net	2	47	2
Proportionate net income from unconsolidated subsidiaries	92	100	67
Other income	16	47	14
Total noninterest income	2,398	2,367	1,958
Noninterest expenses			
Compensation and benefits	4,212	4,559	5,412
Occupancy and equipment	1,103	1,063	992
Interchange expenses	203	174	179
Data processing	425	318	187
Professional services	165	125	177
Advertising	190	223	185
FDIC premiums	187	176	152
Other expenses	1,185	933	1,082
Total noninterest expenses	7,670	7,571	8,366
Income (loss) before income tax expense (benefit)	2,295	1,859	(537)
Income tax expense (benefit)	330	316	(187)
Net income (loss)	$ 1,965	$ 1,543	$ (350)
Earnings (loss) per share	$ 0.91	$ 0.72	$ (0.16)
Dividends per share	$ 0.17	$ 0.17	$ 0.17

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited - Amounts in thousands, except share and per share data)

	Full-Year Ended Dec 31, 2024	Dec 31, 2023
Interest and dividend income		
Loans (including fees)	$ 42,534	$ 37,964
Investment securities:		
Taxable	3,298	1,965
Tax-exempt	177	361
Dividends	733	479
Total interest and dividend income	46,742	40,769
Interest expense		
Deposits	15,170	10,725
Borrowed funds	3,553	1,542
Total interest expense	18,723	12,267
Net interest income	28,019	28,502
Credit loss expense	4,585	1,269
Net interest income, after credit loss expense	23,434	27,233
Noninterest income		
Service charges on deposits and other fees	1,372	1,356
Interchange income	1,369	1,349
Investment brokerage commission income	2,578	2,203
Mortgage banking activitives	1,823	1,484
Trust fee income	465	365
Earnings on cash value of bank-owned life insurance	867	887
Gain on sale of real estate owned, net	77	56
Gain on termination of interest rate swap	1,070	793
Proportionate net income from unconsolidated subsidiaries	365	224
Other income	92	190
Total noninterest income	10,078	8,907
Noninterest expenses		
Compensation and benefits	17,680	17,459
Occupancy and equipment	4,260	3,739
Interchange expenses	708	650
Data processing	1,319	988
Professional services	580	525
Advertising	827	723
FDIC premiums	741	675
Other expenses	4,239	4,224
Total noninterest expenses	30,354	28,983
Income before income tax expense	3,158	7,157
Income tax expense (benefit)	323	1,139
Net income	$ 2,835	$ 6,018
Earnings per share	$ 1.32	$ 2.81
Dividends per share	$ 0.68	$ 0.68

CONSOLIDATED BALANCE SHEETS

(Unaudited - Amounts in thousands, except share and per share data)

	Dec 31, 2024 4Q24	Sep 30, 2024 3Q24	Dec 31, 2023 4Q24
ASSETS			
Cash and due from banks	$ 10,628	$ 12,642	$ 10,243
Other short-term investments	10,174	11,199	29,766
Total cash and cash equivalents	20,802	23,841	40,009
Securities - available-for-sale	77,072	80,867	52,658
Securities - held-to-maturity	19,442	19,722	20,866
Federal Home Loan Bank stock	9,786	9,786	7,295
Loans held for sale	3,658	3,664	2,259
Loans, net of allowance for credit losses of $9,289; $9,484; and $10,198 at 4Q24; 3Q24; and 4Q23, respectively	768,430	752,660	739,461
Premises and equipment, net	18,708	18,546	19,136
Goodwill	5,834	5,834	5,834
Mortgage servicing rights	3,121	3,198	2,979
Real estate owned	152	151	130
Bank-owned life insurance	15,402	16,158	15,832
Accrued interest receivable	3,405	3,504	3,099
Other assets	10,577	10,201	9,914
Total assets	$ 956,389	$ 948,132	$ 919,472
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Noninterest-bearing	$ 157,782	$ 162,254	$ 159,899
Interest-bearing	656,077	646,734	639,039
Total deposits	813,859	808,988	798,938
Federal Home Loan Bank advances and other borrowings	61,100	57,000	40,000
Subordinated debentures - $15,000 face amount (less unamortized debt issuance costs of $81; $102; and $164 at 4Q24; 3Q24; and 4Q23, respectively)	14,919	14,898	14,836
Accrued interest payable	2,600	2,190	1,654
Other liabilities	8,502	9,540	8,276
Total liabilities	900,980	892,616	863,704
Stockholders' equity			
Common stock - $1 par value: authorized - 9,000,000 shares; issued and outstanding - 2,159,191 shares at 4Q24; 2,156,941 shares at 3Q24; and 2,150,191 shares at 4Q23	2,159	2,157	2,150
Additional paid-in capital	8,699	8,660	8,556
Retained earnings	53,398	51,801	52,029
Accumulated other comprehensive (loss)	(8,847)	(7,102)	(6,967)
Total stockholders' equity	55,409	55,516	55,768
Total liabilities and stockholders' equity	$ 956,389	$ 948,132	$ 919,472