



Sturgis Bancorp, Inc. Reports Financial Results for First Quarter 2025

STURGIS, MI, April 28, 2025 – Sturgis Bancorp, Inc. (OTCQX: STBI) today reported for the first quarter of 2025:

Key Quarterly Highlights

- Net income was \$1.4 million.
- Earnings per share of \$0.67.
- Net interest margin grew to 3.51%. This is an increase of 19 basis points quarter over quarter, and 34 basis points year over year.
- Paid dividend of \$0.17 per share.
- Total assets increased to \$959 million.
- Deposits increased to \$842 million.
- The Bank maintained strong capital ratios, exceeding “well capitalized” requirements, with Tier 1 leverage capital at 7.96%.

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

“The Bank enjoyed a solid first quarter with increases in the margin and a reduction in wholesale funds. We continue to develop relationship banking with a focus on becoming the bank of choice for our new and existing clients. Our success is a testament to our dedicated staff who continue to promote the Bank and ask for business.”

“The Bank is cautiously optimistic about the remainder of 2025. There are many economic unknowns currently and we will continue to prudently maneuver as those changes occur.”

Quarterly Income Statement Highlights

- Net income for the quarter (1Q25) was \$1.4 million, down from last quarter’s (4Q24) \$2.0 million net income, while up from the net loss of \$(2.0 million) for the same quarter of the prior year (1Q24).
 - The decrease in net income from 4Q24 was due to increases in compensation and benefits.
 - The increase in net income from 1Q24 was due to the net effect of the following fluctuations:
 - A decrease in credit loss expense, increasing net income by \$4.8 million;
 - A decrease in noninterest income; reducing net income by \$1.0 million; and
 - An increase in compensation and benefits, reducing net income by \$400,000.
- Earnings (loss) per share were \$0.67 for 1Q25, \$0.91 for 4Q24, and \$(0.92) for 1Q24.
- Net interest income was \$7.7 million during 1Q25, a 4.90% increase from 4Q24’s \$7.4 million. This also is a 13.50% increase from 1Q24’s \$6.8 million net interest income. The change from the same quarter a year ago was primarily due to interest and dividend income of \$12.0 million in 1Q25, compared to \$11.2 million in 1Q24.
- Net interest margin increased to 3.51% for 1Q25 from 3.32% for 4Q24 and 3.17% for 1Q24.
- During 1Q25, there was a reversal of the allowance for credit losses of \$158,000, due to annual historic loss updates, qualitative factor adjustments, and lower required reserves.

During 4Q24, there was also a reversal of the allowance of \$216,000, while \$4.7 million was provided to the allowance for credit losses in 1Q24.

- Noninterest income totaled \$2.2 million during 1Q25, a 9.33% decrease from 4Q24's \$2.4 million, and a 30.15% decrease from 1Q24's \$3.1 million.
 - The decrease from 4Q24 was due to lower earnings on bank-owned life insurance.
 - The fluctuation from 1Q24 was primarily due to a gain on termination of interest rate swaps of \$1.1 million in 1Q24 with no such gains recognized in 1Q25.
- Noninterest expenses totaled \$8.3 million during 1Q25, an 8.06% increase from 4Q24's \$7.7 million, and a 5.86% increase from 1Q24's \$7.8 million. These increases were primarily the result of increases in compensation and benefits. Compensation and benefits were \$5.0 million in 1Q25, compared to \$4.2 million in 4Q24, and \$4.6 million in 1Q24.

Balance Sheet Highlights

- Total assets increased to \$959 million as of the end of 1Q25, a 0.29% increase from the end of 4Q24's \$956 million, and a 3.66% increase from the end of 1Q24's \$925 million. These increases were comprised of:
 - Cash and cash equivalents ended 1Q25 at \$28.6 million, compared to \$20.8 million as of the end of 4Q24, and \$16.5 million as of the end of 1Q24.
 - Net loans ended 1Q25 at \$764 million, compared to \$768 million as of the end of 4Q24, and \$742 million as of the end of 1Q24.
- Total deposits as of the end of 1Q25 were \$842 million, compared to \$814 million as of the end of 4Q24, and \$807 million as of the end of 1Q24. These increases were comprised of:
 - Noninterest-bearing deposits increased to \$160 million as of the end of 1Q25, from \$158 million as of the end of 4Q24, and \$155 million as of the end of 1Q24.
 - Interest-bearing deposits increased to \$682 million as of the end of 1Q25, from \$656 million as of the end of 4Q24, and \$652 million as of the end of 1Q24.
- Borrowed funds decreased to \$34.7 million as of the end of 1Q25, from \$61.1 million as of the end of 4Q24, and \$41.0 million as of the end of 1Q24.
- Total equity at the end of 1Q25 was \$57.2 million, compared to \$55.4 million as of the end of 4Q24, and \$52.7 million as of the end of 1Q24.
- Book value per share was \$26.47 (\$22.31 tangible) at the end of 1Q25, compared to \$25.66 (\$21.51 tangible) as of the end of 4Q24, and \$24.49 (\$20.37 tangible) as of the end of 1Q24.

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		
	Mar 31, 2025 1Q25	Dec 31, 2024 4Q24	Mar 31, 2024 1Q24
Interest and dividend income			
Loans (including fees)	\$ 10,931	\$ 10,981	\$ 10,210
Investment securities:			
Taxable	826	827	761
Tax-exempt	39	38	61
Dividends	212	224	147
Total interest and dividend income	12,008	12,070	11,179
Interest expense			
Deposits	3,661	3,956	3,750
Borrowed funds	636	763	635
Total interest expense	4,297	4,719	4,385
Net interest income	7,711	7,351	6,794
Credit loss expense (benefit)	(158)	(216)	4,663
Net interest income, after credit loss expense	7,869	7,567	2,131
Noninterest income			
Service charges on deposits and other fees	319	337	335
Interchange income	316	336	308
Investment brokerage commission income	699	697	594
Mortgage banking activities	450	262	486
Trust fee income	98	115	87
Earnings on cash value of bank-owned life insurance	105	541	107
Gain on sale of real estate owned, net	1	2	1
Gain on termination of interest rate swap	-	-	1,070
Proportionate net income from unconsolidated subsidiaries	171	92	114
Other income	15	16	11
Total noninterest income	2,174	2,398	3,113
Noninterest expenses			
Compensation and benefits	4,983	4,212	4,569
Occupancy and equipment	1,131	1,103	1,064
Data processing	348	425	290
Interchange expenses	182	203	165
Professional services	189	165	169
Advertising	218	190	201
FDIC premiums	176	187	181
Other expenses	1,051	1,185	1,178
Total noninterest expenses	8,278	7,670	7,817
Income (loss) before income tax expense (benefit)	1,765	2,295	(2,573)
Income tax expense (benefit)	319	330	(603)
Net income (loss)	\$ 1,446	\$ 1,965	\$ (1,970)
Earnings (loss) per share	\$ 0.67	\$ 0.91	\$ (0.92)
Dividends per share	\$ 0.17	\$ 0.17	\$ 0.17

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

	Mar 31, 2025 1Q25	Dec 31, 2024 4Q24	Mar 31, 2024 1Q24
ASSETS			
Cash and due from banks	\$ 12,248	\$ 10,628	\$ 8,718
Other short-term investments	16,349	10,174	7,777
Total cash and cash equivalents	28,597	20,802	16,495
Securities - available-for-sale	76,938	77,072	75,354
Securities - held-to-maturity	19,066	19,442	20,615
Federal Home Loan Bank stock	9,786	9,786	7,599
Loans held for sale	2,442	3,658	4,865
Loans, net of allowance for credit losses of \$9,108, \$9,289, and \$9,381 at 1Q25, 4Q24, and 1Q24, respectively	764,100	768,430	742,472
Premises and equipment, net	19,440	18,708	18,846
Goodwill	5,834	5,834	5,834
Mortgage servicing rights	3,163	3,121	3,036
Bank-owned life insurance	15,507	15,402	15,939
Accrued interest receivable	3,539	3,405	3,239
Other assets	10,789	10,729	11,003
Total assets	<u>\$ 959,201</u>	<u>\$ 956,389</u>	<u>\$ 925,297</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Noninterest-bearing	\$ 160,600	\$ 157,782	\$ 155,116
Interest-bearing	681,880	656,077	652,251
Total deposits	842,480	813,859	807,367
Federal Home Loan Bank advances and other borrowings	34,680	61,100	41,000
Subordinated debentures	14,939	14,919	14,857
Accrued interest payable	1,928	2,604	1,942
Other liabilities	7,959	8,498	7,416
Total liabilities	901,986	900,980	872,582
Stockholders' equity			
Common stock - \$1 par value: authorized - 9,000,000 shares; issued and outstanding - 2,161,441 shares at 1Q25, 2,159,191 shares at 4Q24, and 2,152,441 shares at 1Q24	2,161	2,159	2,152
Additional paid-in capital	8,737	8,699	8,590
Retained earnings	54,478	53,398	49,694
Accumulated other comprehensive (loss)	(8,161)	(8,847)	(7,721)
Total stockholders' equity	57,215	55,409	52,715
Total liabilities and stockholders' equity	<u>\$ 959,201</u>	<u>\$ 956,389</u>	<u>\$ 925,297</u>