



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

STURGIS, MI, July 24, 2025 – Sturgis Bancorp, Inc. (OTCQX: STBI) today reported for the second quarter of 2025:

Key Highlights

- Net income was \$1.6 million.
- Earnings per share of \$0.76.
- Net interest margin grew to 3.62%. This is an increase of 11 basis points quarter over quarter, and 44 basis points year over year.
- Paid dividend of \$0.17 per share.
- Total assets increased to \$985 million.
- Deposits increased by \$40.0 million to \$882 million.
- FHLB advances and brokered CDs decreased by \$45.4 million and \$17.0 million year-to-date, respectively.
- The Bank maintained strong capital ratios, exceeding “well capitalized” requirements, with Tier 1 leverage capital at 8.00%.

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

“The Bank enjoyed another solid quarter with core earnings growing and a focus on the Strategic initiative to decrease wholesale funds and increase core deposit gathering. That is evident in both our NIM and our deposit growth year to date. The focus on relationship banking continues to highlight the Bank’s areas of growth and positions us positively for the remainder of 2025. We remain cautiously optimistic about the future as there are still many economic uncertainties in the current environment.”

Quarterly Income Statement Highlights

- Net income for the quarter (2Q25) was \$1.6 million, up from last quarter’s (1Q25) \$1.4 million net income and up from \$1.3 million net income for the same quarter of the prior year (2Q24).
 - The increase in net income from 1Q25 was due to a decrease in compensation and benefits.
 - The increase in net income from 2Q24 was due to the net effect of the following fluctuations:
 - An increase in net interest income, increasing net income by \$1.2 million;
 - An increase in compensation and benefits, reducing net income by \$418,000; and
 - An increase in other noninterest expenses, reducing net income by \$370,000.
- Earnings per share were \$0.76 for 2Q25, \$0.67 for 1Q25, and \$0.60 for 2Q24.
- Net interest income was \$7.9 (\$7.942) million during 2Q25, a 0.93% increase from 1Q25’s \$7.9 (\$7.869) million. This was also an 18.98% increase from 2Q24’s \$6.7 million.
 - The increase in net interest from 2Q24 was due to the following fluctuations:
 - An increase in total interest and dividend income of \$740,000; and
 - A decrease in total interest expense of \$479,000.
- Net interest margin increased to 3.62% for 2Q25 from 3.51% for 1Q25 and 3.18% for 2Q24.
- During 2Q25, \$117,000 was provided to the allowance for credit losses, based on historic loss updates, qualitative factor adjustments and required reserves. During 1Q25, there was a

reversal of the allowance of \$158,000, while \$165,000 was provided to the allowance for credit losses in 2Q24.

- Noninterest income has stayed relatively constant with \$2.2 million recorded each quarter for 2Q25, 1Q25, and 2Q24.
- Noninterest expenses totaled \$8.1 million during 2Q25, a 2.34% decrease from 1Q25's \$8.3 million, and a 10.80% increase from 2Q24's \$7.3 million. These changes were primarily the result of fluctuations in compensation and benefits. Compensation and benefits were \$4.8 million in 2Q25, compared to \$5.0 million in 1Q25, and \$4.3 million in 2Q24.

Year-to-Date Income Statement Highlights

- Net income for the first six months of 2025 (YTD 2025) was \$3.1 million, compared to a net loss of \$(673,000) for the first six months of 2024 (YTD 2024), as further discussed below.
- Earnings (loss) per share were \$1.43 for YTD 2025 and \$(0.31) for YTD 2024.
- Net interest income was \$15.8 million for YTD 2025, a 15.67% increase from YTD 2024's \$13.6 million. This increase was due to:
 - Total interest and dividend income of \$24.3 million for YTD 2025, compared to \$22.7 million for YTD 2024; and
 - Total interest expense of \$8.5 million for YTD 2025, compared to \$9.1 million for YTD 2024.
- There has been a reversal of the allowance for credit losses of \$41,000 for YTD 2025, while \$4.8 million was provided to the allowance for credit losses in YTD 2024. This difference is primarily due to a one-time charge-off of one customer's loans totaling \$5.5 million which occurred in 1Q24.
- Noninterest income totaled \$4.3 million for YTD 2025, compared to \$5.3 million for YTD 2024. This is an 18.34% decrease. This difference was primarily due to a \$1.1 million gain on termination of interest rate swaps in YTD 2024, with no such gains or losses on termination of interest rate swaps in YTD 2025.
- Noninterest expenses totaled \$16.4 million for YTD 2025, compared to \$15.1 million for YTD 2024. This is an 8.27% increase. This increase was due to:
 - Compensation and benefits of \$9.7 million for YTD 2025, compared to \$8.9 million for YTD 2024; and
 - Other noninterest expenses totaled \$6.6 million for YTD 2025, compared to \$6.2 million for YTD 2024.

Balance Sheet Highlights

- Total assets increased to \$985 million as of the end of 2Q25, a 2.69% increase from the end of 1Q25's \$959 million, and a 4.52% increase from the end of 2Q24's \$942 million. These increases were comprised of:
 - Cash and cash equivalents ended 2Q25 at \$39.0 million, compared to \$28.6 million at the end of 1Q25, and \$21.1 million at the end of 2Q24; and
 - Net loans ended 2Q25 at \$778 million, compared to \$764 million at the end of 1Q25, and \$753 million at the end of 2Q24.
- Total deposits at the end of 2Q25 were \$882 million, compared to \$842 million at the end of 1Q25, and \$800 million at the end of 2Q24. These increases were comprised of:
 - Noninterest-bearing deposits increased to \$165 million at the end of 2Q25, from \$161 million at the end of 1Q25, while decreasing from the end of 2Q24's balance of \$169 million; and
 - Interest-bearing deposits increased to \$718 million at the end of 2Q25, from \$682 million at the end of 1Q25, and \$631 million at the end of 2Q24.
- Borrowed funds decreased to \$15.7 million as of the end of 2Q25, from \$34.7 million as of the end of 1Q25, and \$65.0 million as of the end of 2Q24.

- Total equity at the end of 2Q25 was \$58.5 million, compared to \$57.2 million at the end of 1Q25, and \$53.5 million at the end of 2Q24.
- Book value per share was \$27.06 (\$22.93 tangible) at the end of 2Q25, compared to \$26.47 (\$22.31 tangible) at the end of 1Q25, and \$24.81 (\$20.66 tangible) at the end of 2Q24.

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.

Sturgis Bancorp, Inc. Contacts

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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		
	Jun 30, 2025 2Q25	Mar 31, 2025 1Q25	Jun 30, 2024 2Q24
Interest and dividend income			
Loans (including fees)	\$ 11,221	\$ 10,931	\$ 10,524
Investment securities:			
Taxable	811	826	804
Tax-exempt	38	39	39
Dividends	210	212	172
Total interest and dividend income	<u>12,280</u>	<u>12,008</u>	<u>11,539</u>
Interest expense			
Deposits	3,707	3,661	3,777
Borrowed funds	514	636	922
Total interest expense	<u>4,221</u>	<u>4,297</u>	<u>4,699</u>
Net interest income	8,059	7,711	6,840
Credit loss expense (benefit)	117	(158)	165
Net interest income, after credit loss expense	7,942	7,869	6,675
Noninterest income			
Service charges on deposits and other fees	334	319	345
Interchange income	364	316	350
Investment brokerage commission income	702	699	641
Mortgage banking activities	311	450	487
Trust fee income	135	98	166
Earnings on cash value of bank-owned life insurance	107	105	108
Gain on sale of real estate owned, net	-	1	26
Proportionate net income from unconsolidated subsidiaries	41	171	61
Other income	169	15	15
Total noninterest income	<u>2,163</u>	<u>2,174</u>	<u>2,199</u>
Noninterest expenses			
Compensation and benefits	4,758	4,983	4,340
Occupancy and equipment	1,137	1,131	1,029
Data processing	378	348	287
Interchange expenses	198	182	166
Professional services	133	189	120
Advertising	255	218	213
FDIC premiums	159	176	197
Other expenses	1,067	1,051	945
Total noninterest expenses	<u>8,085</u>	<u>8,278</u>	<u>7,297</u>
Income (loss) before income tax expense (benefit)	2,020	1,765	1,577
Income tax expense (benefit)	378	319	280
Net income (loss)	<u>\$ 1,642</u>	<u>\$ 1,446</u>	<u>\$ 1,297</u>
Earnings (loss) per share	\$ 0.76	\$ 0.67	\$ 0.60
Dividends per share	\$ 0.17	\$ 0.17	\$ 0.17

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

	Six Months Ended	
	Jun 30, 2025 2Q25	Jun 30, 2024 2Q24
Interest and dividend income		
Loans (including fees)	\$ 22,151	\$ 20,734
Investment securities:		
Taxable	1,637	1,565
Tax-exempt	77	100
Dividends	423	319
Total interest and dividend income	24,288	22,718
Interest expense		
Deposits	7,367	7,526
Borrowed funds	1,151	1,558
Total interest expense	8,518	9,084
Net interest income	15,770	13,634
Credit loss expense (benefit)	(41)	4,828
Net interest income, after credit loss expense	15,811	8,806
Noninterest income		
Service charges on deposits and other fees	653	680
Interchange income	680	658
Investment brokerage commission income	1,400	1,235
Mortgage banking activities	761	973
Trust fee income	234	253
Earnings on cash value of bank-owned life insurance	212	215
Gain on sale of real estate owned, net	1	28
Gain on termination of interest rate swap	-	1,070
Proportionate net income from unconsolidated subsidiaries	212	174
Other income	185	26
Total noninterest income	4,338	5,312
Noninterest expenses		
Compensation and benefits	9,741	8,909
Occupancy and equipment	2,268	2,093
Data processing	727	577
Interchange expenses	380	332
Professional services	322	290
Advertising	473	413
FDIC premiums	335	378
Other expenses	2,118	2,122
Total noninterest expenses	16,364	15,114
Income (loss) before income tax expense (benefit)	3,785	(996)
Income tax expense (benefit)	697	(323)
Net income (loss)	\$ 3,088	\$ (673)
Earnings (loss) per share	\$ 1.43	\$ (0.31)
Dividends per share	\$ 0.34	\$ 0.34

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

	<u>Jun 30,</u> <u>2025</u> <u>2Q25</u>	<u>Mar 31,</u> <u>2025</u> <u>1Q25</u>	<u>Jun 30,</u> <u>2024</u> <u>2Q24</u>
ASSETS			
Cash and due from banks	\$ 12,688	\$ 12,248	\$ 9,518
Other short-term investments	26,295	16,349	11,612
Total cash and cash equivalents	<u>38,983</u>	<u>28,597</u>	<u>21,130</u>
Securities - available-for-sale	76,546	76,938	79,101
Securities - held-to-maturity	18,748	19,066	20,310
Federal Home Loan Bank stock	9,786	9,786	8,563
Loans held for sale	3,725	2,442	2,445
Loans, net of allowance for credit losses of \$9,254; \$9,108; and \$9,502 at 2Q25; 1Q25; and 2Q24, respectively	777,728	764,100	752,756
Premises and equipment, net	19,629	19,440	18,700
Goodwill	5,834	5,834	5,834
Mortgage servicing rights	3,103	3,163	3,110
Bank-owned life insurance	15,614	15,507	16,047
Accrued interest receivable	3,690	3,539	3,439
Other assets	11,617	10,789	10,984
Total assets	<u>\$ 985,003</u>	<u>\$ 959,201</u>	<u>\$ 942,419</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Noninterest-bearing	\$ 164,532	\$ 160,600	\$ 169,000
Interest-bearing	717,923	681,880	631,394
Total deposits	<u>882,455</u>	<u>842,480</u>	<u>800,394</u>
Federal Home Loan Bank advances and other borrowings	15,680	34,680	65,000
Subordinated debentures	14,959	14,939	14,877
Accrued interest payable	2,039	1,928	1,870
Other liabilities	11,325	7,959	6,821
Total liabilities	<u>926,458</u>	<u>901,986</u>	<u>888,962</u>
Stockholders' equity			
Common stock - \$1 par value: authorized - 9,000,000 shares; issued and outstanding - 2,163,691 shares at 2Q25; 2,161,441 shares at 1Q25; and 2,154,691 shares at 2Q24	2,164	2,161	2,155
Additional paid-in capital	8,776	8,737	8,624
Retained earnings	55,751	54,478	50,624
Accumulated other comprehensive (loss)	(8,146)	(8,161)	(7,946)
Total stockholders' equity	<u>58,545</u>	<u>57,215</u>	<u>53,457</u>
Total liabilities and stockholders' equity	<u>\$ 985,003</u>	<u>\$ 959,201</u>	<u>\$ 942,419</u>