



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

STURGIS, MI, October 21, 2025 – Sturgis Bancorp, Inc. (OTCQX: STBI) today reported for the third quarter of 2025:

Key Quarterly Highlights

- Net income was \$2.4 million.
- Earnings per share of \$1.09.
- Paid dividend of \$0.17 per share.
- Total assets increased to \$999 million, with \$3.5 million increase in total loans.
- Deposits increased \$12.0 million to \$894 million.
- Brokered CDs decreased by \$30.1 million.
- The Bank maintained strong capital ratios, exceeding “well-capitalized” requirements, with Tier 1 leverage capital at 7.85%.

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

“Our strategic plan continues to be implemented, focused on Relationship banking and deposit gathering. Core deposits have increased by \$128 million, year to date. This increase funded \$92.4 million reduction in brokered CDs and borrowings, gradually improving the net interest margin. We will continue to monitor local and national economic factors, as they seem to be ever changing.”

Quarterly Income Statement Highlights

- Net income for the quarter (3Q25) was \$2.4 million, up from last quarter’s (2Q25) \$1.6 million net income and up from \$1.5 million net income for the same quarter of the prior year (3Q24).
 - The increase in net income from 2Q25 was primarily due to the net effect of the following fluctuations:
 - Revenue increases of \$426,000 in net interest income after the provision for credit losses, as a result of increased yield rates and lower cost of funds;
 - An increase in revenue from mortgage banking activities of \$152,000; and
 - An overall decrease in other expenses of \$211,000.
 - The increase in net income from 3Q24 was primarily due to the net effect of the following:
 - Revenue increase of \$1.3 million in net interest income after the provision for credit losses, as a result of increased yield rates and lower cost of funds; and
 - An increase in compensation and benefits expense of \$321,000.
- Earnings per share were \$1.09 for 3Q25, \$0.76 for 2Q25, and \$0.72 for 3Q24.
- Net interest income after the provision for credit losses was \$8.4 million during 3Q25, a 5.37% increase from 2Q25’s \$7.9 million. This also is an 18.48% increase from 3Q24’s \$7.1 million. The change from the same quarter a year ago was primarily due to:
 - An increase in total interest and dividend income of \$726,000 due to increased yield rates; and
 - A decrease in total interest expense of \$545,000 due to lower cost of funds.
- Tax equivalent net interest margin decreased to 3.54% for 3Q25 from 3.64% for 2Q25, while increasing from the 3.19% margin in 3Q24.

- During 3Q25 and 3Q24, there were reversals of the allowance for credit losses of \$62,000 and \$28,000, respectively, due to quarterly net recoveries. During 2Q25 \$117,000 was provided to the allowance for credit losses.
- Noninterest income totaled \$2.4 million during 3Q25, \$2.2 million during 2Q25, and \$2.4 million during 3Q24.
- Noninterest expenses totaled \$7.9 million during 3Q25, \$8.1 million during 2Q25, and \$7.6 million during 3Q24.

Year-to-Date Income Statement Highlights

- Net income for the first nine months of 2025 (YTD 2025) was \$5.4 million compared to \$870,000 for the first nine months of 2024 (YTD 2024), as further discussed below.
- Earnings per share were \$2.52 for YTD 2025 and \$0.40 for YTD 2024.
- Net interest income after the provision for credit losses was \$24.2 million for YTD 2025, a 52.38% increase from YTD 2024's \$15.9 million. This increase was due to:
 - Total interest and dividend income of \$37.0 million for YTD 2025, compared to \$34.8 million for YTD 2024, as a result of higher yield rates;
 - Interest expense of \$12.9 million for YTD 2025, compared to \$14.0 million for YTD 2024 as a result of lower cost of funds; and
 - There has been a reversal of the allowance on credit losses of \$104,000 for YTD 2025, while \$4.8 million was provided to the allowance in YTD 2024. This difference is primarily due to a one-time charge-off of a single customer's loans totaling \$5.5 million which occurred during 1Q24.
- Noninterest income totaled \$6.8 million for YTD 2025, compared to \$7.7 million for YTD 2024. This is an 11.73% decrease. This net decrease was primarily due to:
 - Mortgage banking activities of \$1.2 million in YTD 2025, compared to \$1.6 million in YTD 2024;
 - Gain on termination of interest rate swaps of \$1.1 million in YTD 2024 with no such gains in YTD 2025; and
 - Offset by investment brokerage commission income of \$2.2 million in YTD 2025, compared to \$1.9 million in YTD 2024.
- Noninterest expense totaled \$24.2 million for YTD 2025, compared to \$22.7 million for YTD 2024. This is a 6.74% increase. This increase was due to:
 - Compensation and benefits expense of \$14.6 million for YTD 2025, compared to \$13.5 million for YTD 2024;
 - Occupancy and equipment expense of \$3.4 million for YTD 2025, compared to \$3.2 million for YTD 2024; and
 - Data processing expense of \$1.1 million for YTD 2025, compared to \$900,000 for YTD 2024.

Balance Sheet Highlights

- Total assets increased to \$999 million as of the end of 3Q25, a 1.42% increase from the end of 2Q25's \$985 million, and a 5.36% increase from the end of 3Q24's \$948 million. These increases were primarily comprised of:
 - Cash and cash equivalents ended 3Q25 at \$46.0 million, compared to \$39.0 million at the end of 2Q25, and \$23.8 million at the end of 3Q24.
 - Net loans ended 3Q25 at \$781 million, compared to \$778 million at the end of 2Q25, and \$753 million at the end of 3Q24.
- Total deposits as of the end of 3Q25 were \$894 million, compared with \$882 million at the end of 2Q25, and \$809 million at the end of 3Q24. These increases were comprised of:
 - Noninterest-bearing deposits have remained steady with balances of \$163 million, \$165 million, and \$162 million at the end of 3Q25, 2Q25, and 3Q24, respectively.

- Interest-bearing deposits increased primarily in checking and reciprocal deposits to \$732 million at the end of 3Q25, from \$718 million at the end of 2Q25 and from \$647 million at the end of 3Q24.
- Borrowed funds ended 3Q25 and 2Q25 at the same balance of \$15.7 million, decreasing from the \$57.0 million balance at the end of 3Q24.
- Total equity at the end of 3Q25 was \$61.3 million, compared to \$58.5 million at the end of 2Q25, and \$55.5 million at the end of 3Q24.
- Book value per share was \$28.29 (\$24.15 tangible) at the end of 3Q25, compared to \$27.06 (\$22.93 tangible) at the end of 2Q25, and \$25.74 (\$21.55 tangible) at the end of 3Q24.

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

- Jason J. Hyska, CEO & President, or Brian P. Hoggatt, CFO – (269) 651-9345

Source: Sturgis Bancorp, Inc.

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

	Three Months Ended		
	Sep 30, 2025 3Q25	Jun 30, 2025 2Q25	Sep 30, 2024 3Q24
Interest and dividend income			
Loans (including fees)	\$ 11,258	\$ 11,221	\$ 10,819
Investment securities:			
Taxable	1,174	811	906
Tax-exempt	38	38	39
Dividends	210	210	190
Total interest and dividend income	<u>12,680</u>	<u>12,280</u>	<u>11,954</u>
Interest expense			
Deposits	4,006	3,707	3,686
Borrowed funds	368	514	1,233
Total interest expense	<u>4,374</u>	<u>4,221</u>	<u>4,919</u>
Net interest income	8,306	8,059	7,035
Credit loss expense (benefit)	<u>(62)</u>	<u>117</u>	<u>(28)</u>
Net interest income, after credit loss expense	8,368	7,942	7,063
Noninterest income			
Service charges on deposits and other fees	352	334	356
Interchange income	402	364	375
Investment brokerage commission income	759	702	646
Mortgage banking activities	463	311	588
Trust fee income	93	135	97
Earnings on cash value of bank-owned life insurance	109	107	111
Gain on sale of real estate owned, net	31	-	47
Proportionate net income from unconsolidated subsidiaries	208	41	100
Other income	23	169	47
Total noninterest income	<u>2,440</u>	<u>2,163</u>	<u>2,367</u>
Noninterest expenses			
Compensation and benefits	4,880	4,758	4,559
Occupancy and equipment	1,180	1,137	1,063
Data processing	361	378	318
Interchange expenses	207	198	174
Professional services	122	133	125
Advertising	158	255	223
FDIC premiums	170	159	176
Other expenses	796	1,067	933
Total noninterest expenses	<u>7,874</u>	<u>8,085</u>	<u>7,571</u>
Income before income tax expense	2,934	2,020	1,859
Income tax expense	<u>575</u>	<u>378</u>	<u>316</u>
Net income	<u>\$ 2,359</u>	<u>\$ 1,642</u>	<u>\$ 1,543</u>
Earnings per share	\$ 1.09	\$ 0.76	\$ 0.72
Dividends per share	\$ 0.17	\$ 0.17	\$ 0.17

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

	Nine Months Ended	
	Sep 30, 2025 3Q25	Sep 30, 2024 3Q24
Interest and dividend income		
Loans (including fees)	\$ 33,409	\$ 31,554
Investment securities:		
Taxable	2,812	2,471
Tax-exempt	115	138
Dividends	632	509
Total interest and dividend income	36,968	34,672
Interest expense		
Deposits	11,374	11,213
Borrowed funds	1,518	2,791
Total interest expense	12,892	14,004
Net interest income	24,076	20,668
Credit loss expense	(104)	4,800
Net interest income, after credit loss expense	24,180	15,868
Noninterest income		
Service charges on deposits and other fees	1,004	1,036
Interchange income	1,082	1,033
Investment brokerage commission income	2,159	1,881
Mortgage banking activities	1,225	1,561
Trust fee income	326	350
Earnings on cash value of bank-owned life insurance	321	325
Gain on sale of real estate owned, net	32	75
Gain on termination of interest rate swap	-	1,070
Proportionate net income from unconsolidated subsidiaries	420	274
Other income	209	74
Total noninterest income	6,778	7,679
Noninterest expenses		
Compensation and benefits	14,621	13,468
Occupancy and equipment	3,449	3,157
Data processing	1,088	895
Interchange expenses	587	505
Professional services	444	415
Advertising	631	636
FDIC premiums	505	554
Other expenses	2,914	3,054
Total noninterest expenses	24,239	22,684
Income before income tax expense	6,719	863
Income tax expense (benefit)	1,272	(7)
Net income	\$ 5,447	\$ 870
Earnings per share	\$ 2.52	\$ 0.40
Dividends per share	\$ 0.51	\$ 0.51

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

	<u>Sep 30,</u> <u>2025</u> <u>3Q25</u>	<u>Jun 30,</u> <u>2025</u> <u>2Q25</u>	<u>Sep 30,</u> <u>2024</u> <u>3Q24</u>
ASSETS			
Cash and due from banks	\$ 12,289	\$ 12,688	\$ 12,642
Other short-term investments	<u>33,703</u>	<u>26,295</u>	<u>11,199</u>
Total cash and cash equivalents	45,992	38,983	23,841
Securities - available-for-sale	77,111	76,546	80,867
Securities - held-to-maturity	18,490	18,748	19,722
Federal Home Loan Bank stock	9,786	9,786	9,786
Loans held for sale	5,784	3,725	3,664
Loans, net of allowance for credit losses of \$9,271; \$9,254; and \$9,484 at 3Q25; 2Q25; and 3Q24, respectively	781,236	777,728	752,660
Premises and equipment, net	19,485	19,629	18,546
Goodwill	5,834	5,834	5,834
Mortgage servicing rights	3,125	3,103	3,198
Bank-owned life insurance	15,723	15,614	16,158
Accrued interest receivable	3,619	3,690	3,504
Other assets	<u>12,770</u>	<u>11,617</u>	<u>10,352</u>
Total assets	<u>\$ 998,955</u>	<u>\$ 985,003</u>	<u>\$ 948,132</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Noninterest-bearing	\$ 162,894	\$ 164,532	\$ 162,254
Interest-bearing	<u>731,570</u>	<u>717,923</u>	<u>646,734</u>
Total deposits	894,464	882,455	808,988
Federal Home Loan Bank advances and other borrowings	15,680	15,680	57,000
Subordinated debentures	14,980	14,959	14,898
Accrued interest payable	1,912	2,039	2,380
Other liabilities	<u>10,644</u>	<u>11,325</u>	<u>9,350</u>
Total liabilities	937,680	926,458	892,616
Stockholders' equity			
Common stock - \$1 par value: authorized - 9,000,000 shares; issued and outstanding - 2,165,941 shares at 3Q25; 2,163,691 shares at 2Q25; and 2,156,941 shares at 3Q24	2,166	2,164	2,157
Additional paid-in capital	8,817	8,776	8,660
Retained earnings	57,743	55,751	51,801
Accumulated other comprehensive (loss)	<u>(7,451)</u>	<u>(8,146)</u>	<u>(7,102)</u>
Total stockholders' equity	<u>61,275</u>	<u>58,545</u>	<u>55,516</u>
Total liabilities and stockholders' equity	<u>\$ 998,955</u>	<u>\$ 985,003</u>	<u>\$ 948,132</u>