Sturgis Bancorp, Inc. Reports Financial Results for Second Quarter 2026

STURGIS, MI, July 13, 2026 – Sturgis Bancorp, Inc. (OTCQX: STBI) today reported for the second quarter of 2026:

Tier 1 Capital

The Bank maintained strong capital ratios, exceeding well capitalized requirements, with Tier 1 leverage capital at 8.63%.

Key Quarterly Highlights

- Net income was $2.5 million.
- Earnings per share of $1.16.
- Paid dividend of $0.18 per share.
- Total assets increased to $1.03 billion.

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

"The Bank had a solid second quarter. Earnings growth and tax equivalent net interest margin are up in 2Q26 compared to 2Q25, while credit quality remains on solid footing. The Bank continues to operate cautiously in the growing uncertain economic environment. The focus of the Bank for 2026 remains relationship banking with an emphasis on expanding service offerings to existing customers across the Bank's footprint."

Quarterly Income Statement Highlights

- Net income for the quarter (2Q26) was $2.5 million, an increase from both last quarter's (1Q26) $1.9 million and from the same quarter of the prior year's (2Q25) $1.6 million.
- Earnings per share were $1.16 for 2Q26, $0.88 for 1Q26, and $0.76 for 2Q25.
- Tax equivalent net interest margin increased to 3.77% for 2Q26 from 3.70% for 1Q26, and from 3.64% for 2Q25.
- Net interest income after the provision for credit losses was $9.5 million during 2Q26, an 11.13% increase from 1Q26's $8.5 million. This was a 19.03% increase from 2Q25's $7.9 million. These fluctuations were primarily due to:
    - Total interest and dividend income of $12.8 million in 2Q26, compared to $12.7 million in 1Q26, and $12.3 million in 2Q25.
    - A reversal of the provision for credit loss of ($688,000) in 2Q26, compared to provision for credit loss expense of $121,000 in 1Q26, and $117,000 in 2Q25. The 2Q26 reversal was substantially related to a $40.1 million sale of residential mortgages.
- Noninterest income totaled $2.1 million during 2Q26, a 9.59% decrease from 1Q26's $2.3 million. This was a 2.54% decrease from 2Q25's $2.2 million.
    - Mortgage banking activities were $242,000 in 2Q26, compared to $340,000 in 1Q26; and
    - Proportionate net income from unconsolidated subsidiaries was $78,000 in 2Q26, compared to $233,000 in 1Q26.

- Noninterest expenses totaled $8.4 million during 2Q26, a 0.49% decrease from 1Q26's $8.5 million. This was a 4.14% increase from 2Q25's $8.1 million. The increase in 2Q26 from 1Q26 was primarily due to:
    - Compensation and benefits in 2Q26 were $5.0 million, compared to $4.8 million for 2Q25. Most of this difference is attributable to typical wage increases.

Year-to-Date Income Statement Highlights

- Net income for the first six months of 2026 (YTD 2026) was $4.4 million compared to $3.1 million for the first six months of 2025 (YTD 2025).
- Earnings per share were $2.04 for YTD 2026 and $1.43 for YTD 2025.
- Tax equivalent net interest margin was 3.73% for YTD 2026 and 3.58% for YTD 2025.
- Net interest income after the provision for credit losses was $18.0 million for YTD 2026, a 13.59% increase from YTD 2025's $15.8 million. This increase was primarily due to:
    - Total interest and dividend income of $25.5 million for YTD 2026, compared to $24.3 million for YTD 2025.
    - A reversal of the provision for credit loss of ($566,000) for YTD 2026, compared to a reversal of the provision for credit loss of ($41,000) for YTD 2025.
- Noninterest income totaled $4.4 million for YTD 2026, a 2.37% increase from YTD 2025's $4.3 million.
- Noninterest expenses totaled $16.9 million for YTD 2026, a 3.16% increase from YTD 2025's $16.4 million. This increase was primarily due to:
    - Compensation and benefits of $10.1 million for YTD 2026, compared to $9.7 million for YTD 2026. Most of this difference is attributable to typical wage increases.

Balance Sheet Highlights

- Total assets increased to $1.03 billion at the end of 2Q26, a 1.47% increase from the end of 1Q26's $1.01 billion, and a 4.54% increase from the end of 2Q25's $985 million.
- Loans, net of allowance for credit losses decreased to $755 million at the end of 2Q26, compared to $786 million at the end of 1Q26 and $778 million at the end of 2Q25. This decrease was due to the aforementioned $40.1 million sale of residential mortgages. The sale enhanced the Bank's interest rate risk profile.
- Total deposits decreased to $893 million at the end of 2Q26, compared to $908 million at the end of 1Q26, while deposits increased compared to $882 million at the end of 2Q25.
- Subordinated debentures were paid in full as of the end of 4Q25, while having a balance of $15.0 million at the end of 2Q25.
- Total equity at the end of 2Q26 was $66.8 million, compared to $64.7 million at the end of 1Q26, and $58.5 million at the end of 2Q25.
- Book value per share was $30.73 ($26.41 tangible) at the end of 2Q26, compared to $29.78 ($25.68 tangible) at the end of 1Q26, and $27.06 ($22.93 tangible) at the end of 2Q25.

About Sturgis Bancorp, Inc.

Sturgis Bancorp, Inc. is the holding company for Sturgis Bank & Trust Company (the Bank), and its subsidiaries: Oakleaf Financial Services, 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. 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		
	Jun 30, 2026 2Q26	Mar 31, 2026 1Q26	Jun 30, 2025 2Q25
Interest and dividend income			
Loans, including fees	$ 11,356	$ 11,220	$ 11,221
Taxable securities	1,200	1,273	811
Tax-exempt securities	39	38	38
Dividend income on securities	203	208	210
Total interest and dividend income	12,798	12,739	12,280
Interest expense			
Deposits	3,543	3,698	3,707
Borrowed funds	490	413	514
Total interest expense	4,033	4,111	4,221
Net interest income	8,765	8,628	8,059
Credit loss expense (reversal)	(688)	121	117
Net interest income, after credit loss expense (reversal)	9,453	8,507	7,942
Noninterest income			
Service charges on deposits and other fees	338	358	334
Interchange income	405	332	364
Investment brokerage commission income	814	787	702
Mortgage banking activitives	242	340	311
Trust fee income	50	69	135
Earnings on cash value of bank-owned life insurance	117	115	107
Proportionate net income from unconsolidated subsidiaries	78	233	41
Other income	64	98	169
Total noninterest income	2,108	2,332	2,163
Noninterest expenses			
Compensation and benefits	4,991	5,083	4,758
Occupancy and equipment	1,187	1,240	1,137
Interchange expenses	201	202	198
Data processing	184	172	378
Professional services	165	176	133
Advertising	285	240	255
FDIC premiums	193	178	159
Other expenses	1,213	1,170	1,067
Total noninterest expenses	8,419	8,461	8,085
Income before income taxes	3,142	2,378	2,020
Income tax expense	621	466	378
Net income	$ 2,521	$ 1,912	$ 1,642
Earnings (loss) per share	$ 1.16	$ 0.88	$ 0.76
Dividends per share	$ 0.18	$ 0.18	$ 0.17

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

	Six Months Ended Jun 30, 2026 2Q26	Six Months Ended Jun 30, 2025 2Q25
Interest and dividend income		
Loans, including fees	$ 22,576	$ 22,151
Taxable securities	2,473	1,637
Tax-exempt securities	77	77
Dividend income on securities	411	423
Total interest and dividend income	25,537	24,288
Interest expense		
Deposits	7,241	7,367
Borrowed funds	902	1,151
Total interest expense	8,143	8,518
Net interest income	17,394	15,770
Credit loss expense (reversal)	(566)	(41)
Net interest income, after credit loss expense (reversal)	17,960	15,811
Noninterest income		
Service charges on deposits and other fees	696	653
Interchange income	737	680
Investment brokerage commission income	1,601	1,400
Mortgage banking activitives	583	761
Trust fee income	119	234
Earnings on cash value of bank-owned life insurance	232	212
Gain on sale of real estate owned, net	-	1
Proportionate net income from unconsolidated subsidiaries	312	212
Other income	161	185
Total noninterest income	4,441	4,338
Noninterest expenses		
Compensation and benefits	10,074	9,741
Occupancy and equipment	2,427	2,268
Interchange expenses	403	380
Data processing	356	727
Professional services	341	322
Advertising	526	473
FDIC premiums	371	335
Other expenses	2,383	2,118
Total noninterest expenses	16,881	16,364
Income before income taxes	5,520	3,785
Income tax expense	1,087	697
Net income (loss)	$ 4,433	$ 3,088
Earnings (loss) per share	$ 2.04	$ 1.43
Dividends per share	$ 0.36	$ 0.34

CONSOLIDATED BALANCE SHEETS

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

	Jun 30, 2026 2Q26	Mar 31, 2026 1Q26	Jun 30, 2025 2Q25
ASSETS			
Cash and cash equivalents			
Cash and due from financial institutions	$ 11,292	$ 11,908	$ 12,688
Other short-term investments	53,856	41,677	26,295
Total cash and cash equivalents	65,148	53,585	38,983
Debt securities available-for-sale	112,577	84,910	76,546
Debt securities held-to-maturity	17,832	18,058	18,748
Federal Home Loan Bank stock	9,786	9,786	9,786
Loans held for sale	5,256	3,806	3,725
Loans, net of allowance for credit losses of $8,435; $9,075; and $9,254 at 2Q26; 1Q26; and 2Q25, respectively	755,118	785,920	777,728
Mortgage servicing rights	3,567	3,084	3,103
Real estate owned, net	4,068	821	335
Premises and equipment, net	18,222	18,488	19,629
Goodwill	5,834	5,834	5,834
Bank-owned life insurance	16,071	15,953	15,614
Accrued interest receivable	3,604	3,709	3,690
Other assets	12,676	10,917	11,282
Total assets	$ 1,029,759	$ 1,014,871	$ 985,003
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Noninterest-bearing	$ 175,449	$ 164,883	$ 164,532
Interest-bearing	717,465	743,498	717,923
Total deposits	892,914	908,381	882,455
Federal Home Loan Bank advances and other borrowings	56,620	30,687	15,680
Subordinated debentures	-	-	14,959
Accrued interest payable	2,165	1,776	2,039
Other liabilities	11,256	9,363	11,325
Total liabilities	962,955	950,207	926,458
Stockholders' equity			
Common stock - $1 par value: authorized - 9,000,000 shares; issued and outstanding - 2,173,791 shares at 2Q26; 2,171,041 shares at 1Q26; and 2,163,691 shares at 2Q25	2,174	2,171	2,164
Additional paid-in capital	8,993	8,926	8,776
Retained earnings	63,037	60,907	55,751
Accumulated other comprehensive (loss)	(7,400)	(7,340)	(8,146)
Total stockholders' equity	66,804	64,664	58,545
Total liabilities and stockholders' equity	$ 1,029,759	$ 1,014,871	$ 985,003