**Sturgis Bancorp, Inc. Reports Financial Results for Third Quarter 2026**

**STURGIS, MI, October 22, 2026** – Sturgis Bancorp, Inc. (OTCQX: STBI) today reported for the third quarter of 2026:

## Tier 1 Capital

The Bank maintained strong capital ratios, exceeding well capitalized requirements, with Tier 1 leverage capital at 9.21%.

## Key Quarterly Highlights

- Net income was $2.5 million.
- Earnings per share of $1.17.
- Paid dividend of $0.18 per share.
- Total assets increased to $1.1 billion.

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

"The Bank had a solid third quarter. Earnings growth and tax equivalent net interest margin are up YTD 2026, compared to 2025, while credit quality remains on solid footing. Bancorp also completed a Subordinate Debt Raise that gave the Bank additional capital as we continue market expansion. The Bank recently purchased real estate for a new branch location in Paw Paw, Michigan that will help solidify our footprint in Van Buren County. We expect this full-service office to open late 2027. The Community Banking model is very much alive and well. The Bank will continue to strategically explore geographic areas where we believe a Community Bank can thrive and put the additional capital to work for our shareholders."

## Quarterly Income Statement Highlights

- Net income for the quarter (3Q26) was $2.5 million, similar to last quarter's (2Q26) $2.5 million net income and up from $2.4 million net income for the same quarter of the prior year (3Q25).
- Earnings per share were $1.17 for 3Q26, $1.16 for 2Q26, and $1.09 for 3Q25.
- Tax equivalent net interest margin decreased to 3.72% for 3Q26 from 3.77% from 2Q26, while increasing from 3.54% for 3Q25.
- Net interest income was $8.9 million during 3Q26, a 2.06% increase from 2Q26's $8.8 million and a 7.71% increase from 3Q25's $8.3 million. These increases were primarily due to interest and dividend income from taxable securities of $1.9 million in 3Q26, compared to income of $1.2 million in 3Q25, as debt securities have increased over the past year.
- The provision for credit losses was $45,000 for 3Q26, while 2Q26 and 3Q25 reported reversals to the provision of ($688,000) and ($62,000), respectively. The 2Q26 reversal was substantially related to a $40.1 million sale of residential mortgages, which reduced the overall loan portfolio as a whole.
- Noninterest income totaled $2.8 million during 3Q26, a 31.67% increase from 2Q26's $2.1 million, and a 13.75% increase from 3Q25's $2.4 million.
- Noninterest expenses totaled $8.5 million during 3Q26, a 1.16% increase from 2Q26's $8.4 million, and an 8.16% increase from 3Q26's $7.9 million.

**Year-to-Date Income Statement Highlights**

- Net income for the first nine months of 2026 (YTD 2026) was $7.0 million compared to $5.4 million for the first nine months of 2025 (YTD 2025).
- Earnings per share were $3.21 for YTD 2026 and $2.52 for YTD 2025.
- Tax equivalent net interest margin was 3.73% for YTD 2026 and 3.57% for YTD 2025.
- Net interest income was $26.3 million during 3Q26, a 9.40% increase from 3Q25's $24.1 million. This increase was primarily due to interest and dividend income from taxable securities of $4.4 million for YTD 2026, compared to $2.8 million in 3Q25, as debt securities have increased over the past year.
- Noninterest income totaled $7.2 million for YTD 2026, a 6.46% increase from YTD 2025's $6.8 million.
- Noninterest expenses totaled $25.4 million for YTD 2026, a 4.78% increase from YTD 2025's $24.2 million. This increase was primarily due to an increase in compensation and benefits to $15.2 million for YTD 2026, compared to $14.6 million for YTD 2025. Most of this increase is attributable to typical wage increases.

**Balance Sheet Highlights**

- Total assets increased to $1.1 billion at the end of 3Q26, a 4.0% increase from the end on 2Q26's $1.0 billion, and a 7.22% increase from the end of 3Q25's $999 million.
- Cash and cash equivalents decreased to $35.1 million at the end of 3Q26, compared to $65.1 at the end of 2Q26 and $46.0 million at the end of 3Q25.
- Debt securities – available-for-sale increased to $166 million at the end of 3Q26, compared to $113 million at the end of 2Q26 and $77.1 million at the end of 3Q25. This increase was primarily due to reinvesting the loan sale proceeds from the aforementioned $40.1 million sale of residential mortgages.
- Loans held for sale decreased to $373,000 at the end of 3Q26, compared to $5.3 million at the end of 2Q26 and $5.8 million at the end of 3Q25. Loan sales were suspended in 3Q26, as the net yield on these loans was favorable compared to alternative investing opportunities.
- Loans, net of allowance for credit losses increased to $772 million at the end of 3Q26, compared to $755 million at the end of 2Q26, while it decreased compared to $781 million at the end of 3Q25.
    - Increase from prior quarter due to suspension of loan sales and overall loan growth.
    - Decrease from the same quarter for the prior year due to aforementioned $40.1 million sale of residential mortgages. This sale was a strategic decision to enhance the Bank's interest rate risk profile.
- Bank-owned life insurance increased to $21.2 million at the end of 3Q26, compared to $16.1 million at the end of 2Q26 and $15.7 million at the end of 3Q25. During the quarter, the Bank purchased additional life insurance on key employees as a long-term investment to help manage the increasing costs of providing employee benefit programs.
- Total deposits as of the end of 3Q26 were $952 million, compared with $893 million at the end of 2Q26 and $894 million at the end of 3Q25.
- Borrowed funds decreased to $15.7 million at the end of 3Q26, compared to $56.6 million at the end of 2Q26 and $15.7 million at the end of 3Q25. The Bank paid off short-term borrowings with cash reserves in part from the offering of new subordinated debt during 3Q26.
- Subordinated debt was issued during 3Q26 and ended the quarter at $24.8 million. There was a balance of $15.0 million at the end of 3Q25. The prior year's debt was called in 4Q25, which is why there was no balance at the end of 2Q26. The Bank used the net proceeds from the 3Q26 issuance for general corporate purposes, including repayment of approximately $17.9 million of existing indebtedness and a downstream of capital to the Bank.

- Total equity at the end of 3Q26 was $65.6 million, compared to $66.8 million at the end of 2Q26 and $61.3 million at the end of 3Q25. Although retained earnings increased $2.1 million during 3Q26, this was offset by a $3.4 million unrealized loss in other comprehensive income, due to market value decreases in available-for-sale debt securities during the quarter.
- Book value per share was $30.13 ($25.81 tangible) at the end of 3Q26, compared to $30.73 ($26.41 tangible) at the end of 2Q26 and $28.29 ($24.15 tangible) at the end of 3Q25.

**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 | | |
|---|---|---|---|
| | Sep 30, 2026 3Q26 | Jun 30, 2026 2Q26 | Sep 30, 2025 3Q25 |
| Interest and dividend income | | | |
| Loans, including fees | $ 11,165 | $ 11,356 | $ 11,258 |
| Taxable securities | 1,897 | 1,200 | 1,174 |
| Tax-exempt securities | 39 | 39 | 38 |
| Dividend income on securities | 205 | 203 | 210 |
| Total interest and dividend income | 13,306 | 12,798 | 12,680 |
| Interest expense | | | |
| Deposits | 3,809 | 3,543 | 4,006 |
| Borrowed funds | 551 | 490 | 368 |
| Total interest expense | 4,360 | 4,033 | 4,374 |
| **Net interest income** | 8,946 | 8,765 | 8,306 |
| Credit loss expense (reversal) | 45 | (688) | (62) |
| **Net interest income, after credit loss expense (reversal)** | 8,901 | 9,453 | 8,368 |
| Noninterest income | | | |
| Service charges on deposits and other fees | 359 | 338 | 352 |
| Interchange income | 452 | 405 | 402 |
| Investment brokerage commission income | 906 | 814 | 759 |
| Mortgage banking activitives | 340 | 242 | 463 |
| Trust fee income | 126 | 50 | 93 |
| Earnings on cash value of bank-owned life insurance | 133 | 117 | 109 |
| Gain on sale of real estate owned, net | 149 | - | 31 |
| Proportionate net income from unconsolidated subsidiaries | 191 | 78 | 207 |
| Other income | 120 | 64 | 24 |
| Total noninterest income | 2,776 | 2,108 | 2,440 |
| Noninterest expenses | | | |
| Compensation and benefits | 5,145 | 4,991 | 4,880 |
| Occupancy and equipment | 1,215 | 1,187 | 1,180 |
| Interchange expenses | 236 | 201 | 207 |
| Data processing | 200 | 184 | 361 |
| Professional services | 192 | 165 | 122 |
| Advertising | 233 | 285 | 158 |
| FDIC premiums | 120 | 193 | 170 |
| Other expenses | 1,176 | 1,213 | 796 |
| Total noninterest expenses | 8,517 | 8,419 | 7,874 |
| **Income before income taxes** | 3,160 | 3,142 | 2,934 |
| Income tax expense | 624 | 621 | 575 |
| **Net income** | $ 2,536 | $ 2,521 | $ 2,359 |
| Earnings per share | $ 1.17 | $ 1.16 | $ 1.09 |
| Dividends per share | $ 0.18 | $ 0.18 | $ 0.17 |

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

| | Nine Months Ended | |
|---|---|---|
| | Sep 30, 2026 3Q26 | Sep 30, 2025 3Q25 |
| Interest and dividend income | | |
| Loans, including fees | $ 33,741 | $ 33,409 |
| Taxable securities | 4,370 | 2,812 |
| Tax-exempt securities | 116 | 115 |
| Dividend income on securities | 616 | 632 |
| Total interest and dividend income | 38,843 | 36,968 |
| Interest expense | | |
| Deposits | 11,050 | 11,374 |
| Borrowed funds | 1,453 | 1,518 |
| Total interest expense | 12,503 | 12,892 |
| **Net interest income** | 26,340 | 24,076 |
| Credit loss expense (reversal) | (521) | (103) |
| **Net interest income, after credit loss expense (reversal)** | 26,861 | 24,179 |
| Noninterest income | | |
| Service charges on deposits and other fees | 1,056 | 1,004 |
| Interchange income | 1,189 | 1,082 |
| Investment brokerage commission income | 2,507 | 2,159 |
| Mortgage banking activitives | 923 | 1,225 |
| Trust fee income | 245 | 326 |
| Earnings on cash value of bank-owned life insurance | 365 | 321 |
| Gain on sale of real estate owned, net | 149 | 32 |
| Proportionate net income from unconsolidated subsidiaries | 503 | 420 |
| Other income | 280 | 210 |
| Total noninterest income | 7,217 | 6,779 |
| Noninterest expenses | | |
| Compensation and benefits | 15,219 | 14,621 |
| Occupancy and equipment | 3,642 | 3,449 |
| Interchange expenses | 639 | 587 |
| Data processing | 556 | 1,088 |
| Professional services | 533 | 444 |
| Advertising | 758 | 631 |
| FDIC premiums | 491 | 505 |
| Other expenses | 3,560 | 2,913 |
| Total noninterest expenses | 25,398 | 24,238 |
| **Income before income taxes** | 8,680 | 6,720 |
| Income tax expense | 1,711 | 1,273 |
| **Net income** | $ 6,969 | $ 5,447 |
| Earnings per share | $ 3.21 | $ 2.52 |
| Dividends per share | $ 0.54 | $ 0.51 |

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

| | Sep 30, 2026 3Q26 | Jun 30, 2026 2Q26 | Sep 30, 2025 3Q25 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | | | |
| Cash and due from financial institutions | $ 13,792 | $ 11,292 | $ 12,289 |
| Other short-term investments | 21,277 | 53,856 | 33,703 |
| Total cash and cash equivalents | 35,069 | 65,148 | 45,992 |
| Debt securities - available-for-sale | 165,897 | 112,577 | 77,111 |
| Debt securities - held-to-maturity | 17,465 | 17,832 | 18,490 |
| Federal Home Loan Bank stock | 9,786 | 9,786 | 9,786 |
| Loans held for sale | 373 | 5,256 | 5,784 |
| Loans, net of allowance for credit losses of $8,486; $8,435; and $9,271 at 3Q26; 2Q26; and 3Q25, respectively | 771,831 | 755,118 | 781,236 |
| Mortgage servicing rights | 3,569 | 3,567 | 3,125 |
| Real estate owned, net | 3,407 | 4,068 | 485 |
| Premises and equipment, net | 17,959 | 18,222 | 19,485 |
| Goodwill | 5,834 | 5,834 | 5,834 |
| Bank-owned life insurance | 21,204 | 16,071 | 15,723 |
| Accrued interest receivable | 4,041 | 3,604 | 3,619 |
| Other assets | 14,644 | 12,676 | 12,285 |
| Total assets | $ 1,071,079 | $ 1,029,759 | $ 998,955 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| Liabilities | | | |
| Deposits | | | |
| Noninterest-bearing | $ 175,815 | $ 175,449 | $ 162,894 |
| Interest-bearing | 775,829 | 717,465 | 731,570 |
| Total deposits | 951,644 | 892,914 | 894,464 |
| Federal Home Loan Bank advances and other borrowings | 15,680 | 56,620 | 15,680 |
| Subordinated debentures | 24,826 | - | 14,980 |
| Accrued interest payable | 2,230 | 2,165 | 1,912 |
| Other liabilities | 11,110 | 11,256 | 10,644 |
| Total liabilities | 1,005,490 | 962,955 | 937,680 |
| Stockholders' equity | | | |
| Common stock - $1 par value: authorized - 9,000,000 shares; issued and outstanding - 2,176,641 shares at 3Q26; 2,173,791 shares at 2Q26; and 2,165,941 shares at 3Q25 | 2,177 | 2,174 | 2,166 |
| Additional paid-in capital | 9,074 | 8,993 | 8,817 |
| Retained earnings | 65,180 | 63,037 | 57,743 |
| Accumulated other comprehensive (loss) | (10,842) | (7,400) | (7,451) |
| Total stockholders' equity | 65,589 | 66,804 | 61,275 |
| Total liabilities and stockholders' equity | $ 1,071,079 | $ 1,029,759 | $ 998,955 |