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Fourth Quarter Financial Report 2025



January 28, 2026

To Our Shareholders:

I am pleased to enclose a quarterly cash dividend of \$.35 per share on your HCB Financial Corp. common stock. This dividend is payable today to shareholders of record at the close of business on January 2, 2026. Dividends per average outstanding shares declared in 2025 totaled \$1.40, a 3% increase compared to \$1.36 declared in 2024. This increase reflects our continued commitment to delivering consistent returns to our shareholders.

Unaudited net income for 2025 was \$6,154,000 or \$6.08 per average outstanding share. This is a 2% increase from earnings in 2024 of \$6,006,000 or \$5.85 per average outstanding share. Total assets at year-end were \$589,689,000, 6% less than they were one year ago. Total deposits decreased 8% with a 2025 year-end balance at \$532,097,000. Total loans were \$354,019,000, an increase of 8% over the course of the past year. Shareholders' equity rose 12% with a year-end balance of \$47,511,000, bringing the book value of our common shares to \$47.51 per share. As always, our equity position reflects any "mark-to-market" unrealized losses or gains identified in our available for sale securities portfolio.

We are pleased with the overall performance of our organization this past year. 2025 marked another record year, surpassing the six-million-dollar mark and significantly exceeding our internal projections. Two primary factors contributed to our strong results:

1. Continued loan growth driven by our expanded presence in Kent County, which added higher-yielding commercial loans to our portfolio.
2. Effective utilization of short-term, temporary deposits, which continued to provide meaningful short-term asset opportunities, even as the Federal Reserve lowered interest rates.

Together, these factors helped generate a 6% increase in net interest income for the year. Looking at the balance sheet, overall deposits declined, however less than expected as significant growth in core deposits offset a reduction in temporary deposits. Loan quality remains strong with delinquency and charge-off activity at historically low points.

As we look ahead to 2026 and beyond, we will continue building on the strong momentum created over the past several years. We plan to deepen our presence in West Michigan with the opening of our Hudsonville branch in the first quarter. This new location will help expand our early foothold in the Greater Grand Rapids market, foster new relationships, and support our strategic priority of sustainable growth.

The HCB Financial Corp. Board of Directors has authorized the renewal of our Stock Repurchase Program, permitting management to repurchase up to 40,000 shares of HCB stock on the open market during 2026 as market conditions allow.

Our Annual Meeting is scheduled to be held at 1:00 p.m. on April 15, 2026, in the Main Office of Highpoint Community Bank. Prior to the meeting, we will be sending you our 2025 Annual Report, including the audited financial statements and voting and attendance instructions. Our directors, senior officers and I look forward to your participation.

Sincerely,



Mark A. Kolanowski
President and CEO

HCB FINANCIAL CORP.

(Unaudited) Dollars in thousands, except per share data.

Financial Highlights	Year-to-Date December 2025	Year-to-Date December 2024	% Change
Interest Income (inc. loan fees)	\$28,060	\$26,436	6%
Interest Expense	8,065	8,054	0%
Loan Loss Provision	806	264	205%
Net Interest Income	\$19,189	\$18,118	6%

Non-Interest Income	3,290	3,275	0%
Other Non-Interest Expense	15,292	14,475	6%
Federal Income Tax Provision	1,033	912	13%
Net Income after Tax	\$6,154	\$6,006	2%

Per Share Data

Average Outstanding Shares	1,012,000	1,026,203	
Outstanding Shares End of Period	1,000,000	1,020,000	
Net Income per Average Outstanding Shares	6.08	5.85	4%
Dividends per Average Outstanding Shares	1.40	1.36	3%
Book Value per Outstanding Shares End of Period	47.51	41.53	14%

Balance Sheet Highlights

(Unaudited) Dollars in thousands, except per share data.

Assets	\$589,689	\$627,900	-6%
Loans (gross)	\$354,019	\$327,177	8%
Deposits	\$532,097	\$575,453	-8%
Interest Earning Assets	\$565,309	\$607,441	-7%
Shareholders Equity	\$47,511	\$42,358	12%