

## HCB Locations:

150 W Court St  
Hastings, MI 49058  
269.945.2401  
1.888.442.4221

435 Arlington St  
Middleville, MI 49333  
269.795.3338

310 N Main St  
Nashville, MI 49073  
517.852.0790

9265 Cherry Valley  
Caledonia, MI 49316  
616.891.0010

156 W Superior  
Wayland, MI 49348  
269.792.6201

124 W Michigan Ave  
Marshall, MI 49068  
269.558.0994

259 E Michigan Ave  
Kalamazoo, MI 49007  
269.366.3300

[highpointcommunitybank.com](https://highpointcommunitybank.com)

Transfer Agent  
HCB Financial Corp  
Continental Stock Transfer & Trust Company  
1 State St Plaza, 30th Floor  
New York, NY 10004-1561  
Email [cstmail@continentalstock.com](mailto:cstmail@continentalstock.com)  
Toll Free 1.800.509.5586 or 1.212.845.3206

# First Quarter Financial Report 2025



April 24, 2025

To Our Shareholders:

We are pleased to enclose a check representing the regular cash dividend of \$.35 per share on your HCB Financial Corp. common stock. This dividend reflects an increase of \$.09 per share over the regular dividend paid at this time last year. It is payable today to shareholders of record at the close of business on April 1, 2025.

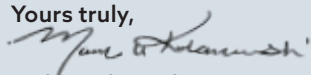
Our net income for the first three months of 2025 was \$1,288,000 or \$1.26 per common share. One year ago, we reported first quarter earnings of \$1,418,000 or \$1.37 per share, making for a year-to-year earnings decline of 9%. Over the past twelve months, total assets increased by 7% to \$638,539,000 while total deposits increased 7% to \$585,982,000 at the end of the quarter. Total loans also increased 7% to \$337,157,000. While credit quality remains exceptionally strong, we took prudent measures to add \$322,000 to our loan loss reserve account, primarily as a result of loan growth. This \$298,000 increase in provision expense is the main contributing factor in the decline in net income compared to last year. Shareholders' equity increased 14% from the prior year, standing at \$43,443,000. Our quarter end book value per share increased to \$42.59 from \$37.14 in the prior year.

As the financials indicate, we continue to see significant year-over-year growth in both loans and deposits. For this, I credit our talented team of community bankers who remain focused on building meaningful, long-term relationships with the customers we serve. It can often take years, or even a decade, for a new banking relationship to develop. Once we earn that opportunity, we do an exceptional job of retaining it. If you look back on our financials from this period 3 years ago, you will see that our loans have increased by over \$100,000,000 and our deposits by over \$150,000,000. The growth has come in a variety of ways. It has come from existing customers, new customers in newer markets, business customers and retail customers alike. In all, we could not be more pleased with the growth and quality of our balance sheet over these years.

In other significant news, we are pleased to report that for the 17<sup>th</sup> consecutive year, Highpoint Community Bank is honored to receive recognition as one of "West Michigan's Best and Brightest Companies to Work For". This distinction is earned based upon anonymous feedback a company receives from its surveyed employees, which makes it all the more meaningful to receive.

If you have any comments, questions or suggestions, we hope that you will contact any director or senior officer to discuss them. We are always pleased to hear from you.

Yours truly,



Mark A. Kolanowski  
President and Chief Executive Officer

## HCB FINANCIAL CORP:

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

Financial Highlights	Year-to-Date March 2025	Year-to-Date March 2024	% Change
Interest Income (inc. loan fees)	\$6,740	\$5,985	13%
Interest Expense	2,012	1,930	4%
Loan Loss Provision	<u>322</u>	<u>24</u>	<u>1242%</u>
Net Interest Income	\$4,406	\$4,031	9%
Non-Interest Income	702	927	-24%
Other Non-Interest Expense	3,634	3,386	7%
Federal Income Tax Provision	<u>186</u>	<u>154</u>	<u>21%</u>
Net Income after Tax	<u>\$1,288</u>	<u>\$1,418</u>	<u>-9%</u>

## Per Share Data

Average Outstanding Shares	1,020,000	1,034,764	
Outstanding Shares End of Period	1,020,000	1,024,664	
Net Income per Average Outstanding Shares	1.26	1.37	-8%
Dividends per Average Outstanding Shares	.35	.26	35%
Book Value per Outstanding Shares End of Period	42.59	37.14	15%

## Balance Sheet Highlights

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

Assets	\$638,539	\$599,528	7%
Loans (gross)	\$337,157	\$315,967	7%
Deposits	\$585,982	\$545,680	7%
Interest Earning Assets	\$616,440	\$580,216	6%
Shareholders Equity	\$43,443	\$38,057	14%