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Caledonia, MI 49316  
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269.558.0994

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# Third Quarter Financial Report 2025



October 24, 2025

To Our Shareholders:

Enclosed is the regular quarterly cash dividend of \$.35 per share on your HCB Financial Corp. common stock. It is payable today to shareholders of record at the close of business on October 1, 2025.

Net income for the nine months ended September 30, 2025, was \$5,050,000 or \$4.97 per share. This represents a 21% improvement from one year earlier with earnings of \$4,171,000 or \$4.06 per share. The major contributing factors to our increased year-over-year earnings include a 13% improvement in our net interest income and a 7% improvement in non-interest income, offset slightly by a 6% increase in our other non-interest expenses. During the twelve months ended September 30, 2025, total assets decreased 6% to \$596,092,000. This was driven by an 8% decrease in temporary, non-core deposits which, as we have indicated in the past, was expected. Total loans came in 10% higher than the prior year, standing at \$351,748,000 at the end of September. Shareholders' equity reached \$46,544,000, 12% more than it was one year ago, and brought the book value of our common shares to \$46.54 per share.

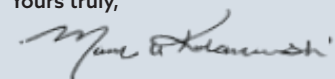
Our performance for the first nine months of the year has continued to exceed our expectations. Net income stands at a record high for any nine-month period in our history. We continue to see the benefits of expanding our presence in Kent County and entering the Kalamazoo market in both our balance sheet and income statement. Mortgage lending has been somewhat tempered by interest rates and a lack of supply on the market. However, commercial loan demand in West Michigan has been strong, with ample opportunity for quality loan growth. We also continue to benefit from strong core deposit growth.

Our previously announced agreement with Legacy Trust to offer trust and wealth management services to our customers is now in place. I am happy to report that the transition of existing trust and wealth management accounts over to the Legacy platform has gone smoothly. This partnership should serve both current and future HCB customers quite well.

Under the terms of our 2025 Stock Repurchase Plan, we have purchased and retired 20,000 shares of HCB Financial Corp. common stock this year. While our stock price has improved dramatically in recent months, it is still well below our current book value. Retiring shares below book value is tremendously beneficial to all existing shareholders, and we believe good current use of our capital.

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 CEO

## HCB FINANCIAL CORP.

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

| Financial Highlights             | Year-to-Date<br>September 2025 | Year-to-Date<br>September 2024 | % Change |
|----------------------------------|--------------------------------|--------------------------------|----------|
| Interest Income (inc. loan fees) | \$21,154                       | \$18,851                       | 12%      |
| Interest Expense                 | 6,032                          | 5,898                          | 2%       |
| Loan Loss Provision              | 711                            | 180                            | 295%     |
| Net Interest Income              | \$14,411                       | \$12,773                       | 13%      |
| Non-Interest Income              | 2,660                          | 2,477                          | 7%       |
| Other Non-Interest Expense       | 11,133                         | 10,504                         | 6%       |
| Federal Income Tax Provision     | 888                            | 575                            | 54%      |
| Net Income after Tax             | \$5,050                        | \$4,171                        | 21%      |

## Per Share Data

|                                                 |           |           |     |
|-------------------------------------------------|-----------|-----------|-----|
| Average Outstanding Shares                      | 1,016,044 | 1,027,489 |     |
| Outstanding Shares End of Period                | 1,000,000 | 1,023,664 |     |
| Net Income per Average Outstanding Shares       | 4.97      | 4.06      | 22% |
| Dividends per Average Outstanding Shares        | 1.05      | .82       | 28% |
| Book Value per Outstanding Shares End of Period | 46.54     | 40.43     | 15% |

## Balance Sheet Highlights

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

|                         |           |           |     |
|-------------------------|-----------|-----------|-----|
| Assets                  | \$596,092 | \$637,442 | -6% |
| Loans (gross)           | \$351,748 | \$319,387 | 10% |
| Deposits                | \$539,958 | \$586,366 | -8% |
| Interest Earning Assets | \$572,361 | \$614,887 | -7% |
| Shareholders Equity     | \$46,544  | \$41,391  | 12% |