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# Third Quarter Financial Report

2024



October 25, 2024

To Our Shareholders:

Enclosed is the regular quarterly cash dividend of \$.30 per share on your HCB Financial Corp. common stock. This dividend reflects an increase of \$.04 per share over the regular dividend paid in recent quarters. It is payable today to shareholders of record at the close of business on October 2, 2024.

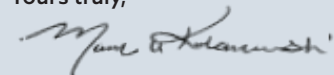
Net income for the nine months ended September 30, 2024, was \$4,171,000 or \$4.06 per share. This represents an 18% improvement from one year earlier with earnings of \$3,542,000 or \$3.42 per share. The major contributing factors to our increased year-over-year earnings include a 6% improvement in our net-interest income and an 18% improvement in non-interest income, while holding our other non-interest expenses to a 3% increase. During the twelve months ended September 30, 2024, total assets increased 9% to \$637,442,000. Total deposits also increased by 9% to now stand at \$586,366,000. Total loans came in 1% lower than the prior year, standing at \$319,387,000 at the end of September. The decrease in our loan loss provision expense is largely due to loan balances remaining relatively flat while credit quality remains strong. Shareholders' equity reached \$41,391,000, 18% more than it was one year ago, and brought the book value of our common shares to \$40.43 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. We also continue to benefit from strong core deposit growth, some of which we believe may be temporary, or shorter term in nature, as the interest rate environment changes.

As I mentioned last quarter, we have noted our stock trading in the open market well below our book value. While there has been improvement in the trade price to date, this discrepancy remains and may present an opportunity for those interested in buying our stock. As a potential buyer ourselves, we will continue to look for such opportunities to leverage our stock repurchase program announced earlier this year. Retiring shares below book value is tremendously beneficial to all existing shareholders and we believe a good 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 September 2024	Year-to-Date September 2023	% Change
Interest Income (inc. loan fees)	\$18,851	\$15,390	22%
Interest Expense	5,898	2,847	107%
Loan Loss Provision	180	491	-63%
Net Interest Income	\$12,773	\$12,052	6%
Non-Interest Income	2,477	2,091	18%
Other Non-Interest Expense	10,504	10,221	3%
Federal Income Tax Provision	575	380	51%
Net Income after Tax	\$4,171	\$3,542	18%

## Per Share Data

Average Outstanding Shares	1,027,489	1,036,600	
Outstanding Shares End of Period	1,023,664	1,036,600	
Net Income per Average Outstanding Shares	4.06	3.42	19%
Dividends per Average Outstanding Shares	.82	.63	30%
Book Value per Outstanding Shares End of Period	40.43	33.73	20%

## Balance Sheet Highlights

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

Assets	\$637,442	\$587,070	9%
Loans (gross)	\$319,387	\$323,960	-1%
Deposits	\$586,366	\$536,095	9%
Interest Earning Assets	\$614,887	\$570,075	8%
Shareholders Equity	\$41,391	\$34,966	18%