

HOCKING VALLEY BANCSHARES

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April 11, 2025

Dear Fellow Shareholder:

We're pleased to announce that the Board of Directors has declared a cash dividend of 15¢ per share payable April 11, 2025 to shareholders of record as of March 31, 2025. Book value was \$30.04. The price per share of the last trade on the OTCIQ exchange as of March 31, 2025 was \$22.85, up from \$19.22 at the end of December.

Our Performance At a Glance

Financial highlights for Hocking Valley Bank, the company's largest asset, are as follows:

- Total assets at the end of March were \$346.4 million as compared to \$332.8 million for the same time last year;
- Total deposits were \$309.2 million as compared to \$298.4 million at March 2024 month-end;
- Gross loan balances, \$206.2 million at the end of March, have increased by \$4.6 million year-over-year. Asset-quality remains very sound with a loan delinquency rate of 0.17%.
- Year-to-date net income for 2025, unaudited as of this writing, was \$866.1 thousand as compared to \$683.0 thousand for the same time last year. You'll see in a footnote that 2024 year-end financial information included in this communication has been updated to reflect the application of tax-credits noted during the 2024 year-end financial audit completed in February. These credits were backdated and applied in December 2024.

News from the Federal Reserve

In mid-March the Federal Reserve unanimously voted to hold interest rates steady at 4.5% for a second straight meeting following three consecutive rate reductions that began last September. The economy's resilience supports the Fed's posture, giving them time to assess potential impacts on inflation and growth from recent policy shifts under the Trump administration. While strategists believe the Fed will continue to sit on the sidelines and wait for more clarity, a gradual easing of interest rates is expected later this year.

The Summary of Economic Projections (SEP) revealed a few key changes in policymakers' 2025 forecasts from the December 2024 Federal Open Market Committee meeting:

- **Growth:** The Fed lowered its gross domestic product (GDP) growth forecast to 1.7% from 2.1%, indicating more moderate economic activity than anticipated.
- **Inflation:** The Fed raised its core inflation (excluding the volatile food and energy components) projections for 2025 to 2.8% from 2.5%. This shift partially reflects the expected impact of recently implemented U.S. tariffs and consequential retaliation.
- **Unemployment rate:** The year-end unemployment rate forecast was revised upward to 4.4% from 4.3%.

Where the dust settles in terms of tariffs remains to be seen. In the interest of getting a better understanding of how we may be impacted locally, we've been reaching out to our small business customers to get a sense of their concerns. What we've heard is that many customers while in the midst of the pandemic and associated interruptions in the supply chain, began to work with multiple sources to secure goods and services. We believe that the very best way to stress test any of our platforms is through having dialogue with the customers who may be impacted.

"Good fortune is what happens when opportunity meets with planning." ~ Thomas Edison

We're just one quarter into the second installment of Forward Together, the bank's 2025-2027 Strategic Plan. Included in the plan is a review of the bank's ATM footprint. As it turns out, this project floated to the top of the to-do list given the vandalism of the ATM at our Coolville office. Who knew that the new mode of attempting to rob an ATM is by blowtorch? An income/expense analysis has

since been completed with a go-forward recommendation on the number of units to maintain receiving board approval in late March. We expect to have new machines, with Coolville being our first installation, put into service over the course of the next few months. As a companion piece, a debit card modernization project to enhance security, speed, and user experience, while continuing to align our card processing platform with global payment standards, will follow.

In another project designed to also enhance security and user experience, we're working through installing a dashboard which will reside within our online and mobile banking platforms and allow customers to monitor accounts, review credit scores, analyze debt, and more. A version of The Hub will be available at no cost as will a service-chargeable premium package with additional features. Information, as it becomes available, will be posted on our website, www.hvbonline.com, as well as our Facebook page. Stay tuned!

And lastly, we've just finished up a project to address the age of our boardroom with a major roof repair and new paint and flooring inside the building. While we know that being just over sixty is very young in banking years, we've been systematically addressing a fair amount of deferred building maintenance. In our favor was the bank's rebranding project, as we've been able to kill two birds with one stone in many instances *i.e.* opportunity.

A Reminder on This Year's Annual Meeting

The annual shareholder's meeting packet was mailed on March 19. The meeting is scheduled for April 16, 2025 at 4:00pm in the bank's boardroom at 16 W. Stimson Avenue. Included in the proxy statement, as well as the proxy to be voted and returned to us, was a request to adopt an Amended and Restated Code of Regulations. Addendum A, which details the updates as recommended by the Board of Directors at the December 2024 Hocking Valley BancShares, Inc. regular board meeting, was mailed on March 26. If you're unable to join us and have not yet voted your proxy, I'd respectfully ask that you take a moment to complete the proxy card included in the original mailing and return it in the postage paid envelope included in your packet prior to the meeting date.

Our Impact

Our team in Coolville again assisted the Coolville Founders Day Committee with their mid-February Taste of Italy fundraiser by selling pre-sale tickets in our bank office, preparing dessert, and helping serve dinner to a hungry crowd that included more than one Hocking Valley Banker the evening of the event. February also saw us launch the 2025 edition of Love is a Verb with team members in our offices designing valentine boxes for the collection of monetary contributions for non-profit organizations as chosen by our five teams. In just two short weeks \$4,500 was raised for the benefit of The Athens Photographic Project, the Friends of Athens Court Appointed Special Advocates for Children, the Albany Volunteer Fire Department, Coolville Founders Day, and Community Food Initiatives. We are grateful for our employees' creativity and love of community and appreciative of friends and neighbors who joined in helping make a difference. And just last weekend we joined our friends at Athens Children Services to help with Kidfest. In its 38th year, Kidfest, with the support of individuals, organizations, and businesses in the area, celebrates the children of Athens County and we're pleased that we were able to contribute to the event with the gift of both our time and finances.

While these activities and several more have resulted in financial contributions made by the bank and we continue to feature local small businesses on our social media platforms, I continue to be most pleased with our team members' engagement in the communities we serve. It's very easy to write a check. It's the gift of time that is truly priceless.

As always, if you have questions about anything I've shared here, please let me know. We appreciate your comments and investment and trust in us. If you or someone you know would like to experience the best that community banking has to offer, please call me at (740) 592-6840.

We're still moving **Forward Together**.



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