

## HCB Locations:

150 West Court Street  
Hastings, Michigan 49058  
269-945-2401

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435 Arlington Street  
Middleville, Michigan 49333  
269-795-3338

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111 East Capital Avenue  
Bellevue, Michigan 49021  
269-763-9418

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310 North Main Street  
Nashville, Michigan 49073  
517-852-0790

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9265 Cherry Valley  
Caledonia, Michigan 49316  
616-891-0010

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156 West Superior  
Wayland, Michigan 49348  
269-792-6201

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124 West Michigan Avenue  
Marshall, Michigan 49068  
269-558-0994

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Home Banking Center  
269-948-2000 or  
Toll-Free 1-888-HCB-HCB1

[hastingscitybank.com](http://hastingscitybank.com)

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Transfer Agent  
HCB Financial Corp.  
c/o Broadridge Corporate Issuer Solutions  
P.O. Box 1342  
Brentwood, NY 11717  
Toll-Free 1-855-449-0975



Hastings City Bank

*Here For You Since 1886*

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**FINANCIAL  
CORP.**

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**FIRST QUARTER FINANCIAL REPORT  
2015**

April 29, 2015

## To Our Shareholders:

We are very pleased to enclose a check representing the new quarterly cash dividend of \$.14 per share on your HCB Financial Corp. common stock. This dividend, which is payable today to shareholders of record at the close of business on April 1, 2015, is 7.7 percent greater than the dividend of \$.13 per share that we have been paying in recent quarters. The steady improvement in our performance recently made it possible for the Board of Directors to increase our regular dividend at this time.

Our net income for the first three months of 2015 was \$436,000 or \$.41 per common share. One year ago, we reported first quarter earnings of \$327,000 or \$.31 per share, making the year to year earnings increase 33 percent. Over the past twelve months, total assets went up 11 percent to \$307,046,000 while total deposits grew by 8 percent, standing at \$260,657,000 at the end of the quarter. Total loans increased 3 percent to \$152,246,000. During the year ended March 31, 2015, shareholders' equity rose by 7 percent to \$27,417,000, bringing the book value of each HCB share to \$25.72.

There are three principal reasons for these excellent results. First, we have stronger loan demand across the board, which is reflected in increased interest income, higher loan fees, and more gains on the sale of loans. Second, our newest branch office in Marshall operated profitably during the first quarter of this year. Instead of requiring a subsidy from the profits of our other operations, the Marshall office is now adding to them. From the time of its opening, this office has consistently exceeded our internal projections as it has gradually become a new profit center. Finally, an influx of temporary deposits has allowed us to increase our overall earning asset base with short-term investments.

In other significant news, Bauer Financial, Inc. has awarded Hastings City Bank its coveted Superior 5-Star Rating for the 22nd consecutive quarter. In Bauer's estimation, our bank is "one of the strongest banks in the nation," excelling in every critical area.

Once again, we thank you for your interest and support.

Yours truly,



Mark A. Kolanowski  
President and  
Chief Executive Officer

## HCB FINANCIAL CORP.

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

<b>Financial Highlights</b>	<b>Year-to-Date March 2015</b>	<b>Year-to-Date March 2014</b>	<b>% Change</b>
Interest Income (inc. loan fees)	\$2,194	\$2,021	9%
Interest Expense	151	141	7%
Loan Loss Provision	—	—	0%
<b>Net Interest Income</b>	<b>\$2,043</b>	<b>\$1,880</b>	<b>9%</b>
Non-Interest Income	657	586	12%
Other Non-Interest Expense	2,204	2,099	5%
Federal Income Tax Provision	60	40	50%
<b>Net Income after Tax</b>	<b>\$436</b>	<b>\$327</b>	<b>33%</b>

## Per Share Data

Average Outstanding Shares	1,066,000		
Net Income per Share	0.41	0.31	32%
Dividends per Share	0.14	0.13	8%
Book Value per Share	25.72	23.99	7%

## Balance Sheet Highlights

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

Assets	\$307,046	\$276,745	11%
Loans (gross)	\$152,246	\$147,520	3%
Deposits	\$260,657	\$240,389	8%
Interest Earning Assets	\$280,898	\$253,336	11%
Shareholders Equity	\$27,417	\$25,577	7%