

April 16, 2014

To Our Shareholders:

Enclosed is the regular quarterly cash dividend of \$.13 per share on your HCB Financial Corp. common shares. This dividend is payable today to shareholders of record at the close of business on April 1, 2014.

We were pleased with our financial performance during the first three months of 2014. Net income for the period was \$326,000 (\$.31 per share), 14 percent more than earnings for the same quarter last year. Total assets at the end of March were \$276,745,000, five percent more than they were twelve months ago. Total deposits went up six percent in the year ended March 31, 2014, and stood at \$240,389,000 on that date. Total loans were eight percent greater at the end of March than they were on the same date last year. Shareholders' equity was \$25,577,000, making the book value of our shares \$23.99 as the quarter ended.

We are beginning to see signs of the benefits arising from our investment in the Marshall market, particularly in the eight percent growth in total loans outstanding. Beyond loans, we also note definite improvements in other areas of our business attributable to new business in Marshall. If current trends continue, this new banking office should begin making a contribution to the "bottom line" sooner than we had expected when we opened it.

It is also worth noting that Bauer Financial Inc., the nation's leading bank rating and research firm, has awarded Hastings City Bank its highest Superior 5-Star rating for the 18th consecutive quarter. By every measure of financial strength and stability, Hastings City Bank exceeds or matches those of its community bank peers. It is also worth noting that our organization has been named one of West Michigan's "Best and Brightest Companies to work for" for the sixth consecutive year. We are pleased to report such recognition from respected third party experts.

We want to assure you that your questions and suggestions are always welcome. Feel free to contact me or any member of our leadership team at any time.

Yours truly,



Mark A. Kolanowski
President and
Chief Executive Officer
mark@hcb.us

HCB FINANCIAL CORP.

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

Financial Highlights	Year-to-Date March 2014	Year-to-Date March 2013	% Change
Interest Income (inc. loan fees)	\$2,021	\$1,953	4%
Interest Expense	141	173	-19%
Loan Loss Provision	—	—	—
Net Interest Income	\$1,880	\$1,780	6%
Non-Interest Income	586	558	5%
Other Non-Interest Expense	2,099	2,016	4%
Federal Income Tax Provision	40	35	14%
Net Income after Tax	\$326	\$287	14%
Per Share Data			
Average Outstanding Shares	1,066,000		
Net Income per Share	0.31	0.27	14%
Dividends per Share	0.13	0.13	0%
Book Value per Share	23.99	23.79	1%
Balance Sheet Highlights			
(Unaudited) Dollars in thousands, except per share data.			
Assets	\$276,745	\$262,931	5%
Loans (gross)	\$147,520	\$136,911	8%
Deposits	\$240,389	\$226,424	6%
Interest Earning Assets	\$253,336	\$238,559	6%
Shareholders Equity	\$25,577	\$25,358	1%

HCB Locations:

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Hastings, Michigan 49058
269-945-2401

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Middleville, Michigan 49333
269-795-3338

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

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

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

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

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

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IST Shareholder Services
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Hastings City Bank

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