

HCB Locations:

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269-945-2401

435 Arlington Street
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

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

hastingscitybank.com

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



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**FINANCIAL
CORP.**

**SECOND QUARTER FINANCIAL REPORT
2014**

July 28, 2014

To Our Shareholders:

Enclosed is the regular quarterly cash dividend of \$.13 per share on your HCB Financial Corp. common stock. This dividend is payable today to shareholders of record at the close of business on June 30, 2014.

Net income for the first six months of 2014 was \$682,000 or \$.64 per share. This is 20 percent more than earnings of \$567,000 (\$.53 per share) for the same period last year. This improvement in income is primarily due to a seven percent increase in interest income coupled with a 16 percent decrease in interest expense. Over the past year our total assets increased nine percent to \$283,174,000, total deposits went up two percent to \$228,812,000 and, most important, total loans grew by eight percent to \$147,972,000. The excellent performance of our new Marshall office is reflected in all of these positive developments.

Shareholders' equity at June 30, 2014, was \$26,042,000, three percent more than it was one year earlier. This brought the book value of each of our shares to \$24.43.

As you know from my letter of June 11th, we appointed a new transfer agent and registrar for our common stock, effective June 20, 2014. We selected Broadridge Corporate Issuer Solutions to fill this important role for our organization because they specialize in working with smaller public companies like ours and to ensure that you will enjoy state-of-the-art shareholder services in the years ahead. If you choose to use Broadridge's Shareholder Portal to manage your stock holdings in HCB Financial Corp. and need assistance in setting up your account, contact Brenda Chandler, Executive Assistant, at 269-948-5563. She will provide you with the assistance you may need.

I want to thank you for your continued support and the business that so many of you provide. Should you have questions on our performance, please feel free to contact me at any time at 269-948-5561 or mark@hcb.us.

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 June 2014	Year-to-Date June 2013	% Change
Interest Income (inc. loan fees)	\$4,105	\$3,842	7%
Interest Expense	284	339	-16%
Loan Loss Provision	(37)	—	—
Net Interest Income	\$3,858	\$3,503	10%
Non-Interest Income	1,235	1,204	3%
Other Non-Interest Expense	4,321	4,095	6%
Federal Income Tax Provision	90	45	100%
Net Income after Tax	\$682	\$567	20%
Per Share Data			
Average Outstanding Shares	1,066,000		
Net Income per Share	0.64	0.53	21%
Dividends per Share	0.26	0.26	0%
Book Value per Share	24.43	23.74	3%
Balance Sheet Highlights			
(Unaudited) Dollars in thousands, except per share data.			
Assets	\$283,174	\$260,867	9%
Loans (gross)	\$147,972	\$137,189	8%
Deposits	\$228,812	\$224,201	2%
Interest Earning Assets	\$259,807	\$236,313	10%
Shareholders Equity	\$26,042	\$25,308	3%