

HCB Locations:

150 West Court Street  
Hastings, Michigan 49058  
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](http://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



Hastings City Bank

*Here For You Since 1886*

---



---

**FOURTH QUARTER FINANCIAL REPORT**

**2014**

January 27, 2015

**To Our Shareholders:**

We are pleased to enclose a check representing the regular quarterly cash dividend of \$.13 per share plus a special year-end dividend of \$.05 per share on your HCB Financial Corp. Common Stock. These dividends are payable today to shareholders of record at the close of business on December 30, 2014.

The special year-end dividend was made possible by an improvement in almost every area of our operations. During the past year, total assets went up 12 percent to \$304,359,000, the first time this figure has exceeded \$300,000,000. Total deposits grew 10 percent to \$258,092,000, also a new record, and total loans grew by five percent to stand at \$153,891,000. At the end of 2014, Shareholders' Equity was \$26,962,000, a year-to-year increase of 7 percent, which brought the book value of each of our shares to \$25.29.

Some of our growth this past year is attributable to an improvement in the economy in our market area and some is due to the excellent progress we are making at our newest branch office in Marshall. Much of it, however, is also due to the fact that certain long-time customers have favored us with unusually large deposits for temporary safekeeping. In due course, they must withdraw these funds to use for their intended purpose but, in the meantime, they can rely upon Hastings City Bank's exceptionally strong financial position for confidence that their funds are safe with us until they are needed. Of course, this same financial strength is the reason that the bank has been awarded the coveted 5-Star Superior Bank Rating for the 21st consecutive quarter by Bauer Financial, Inc., the nation's leading bank rating firm.

We look forward to sending you more complete details on our 2014 operations in the Annual Report that will be sent to you before the Annual Meeting. If you should have any comments or questions in the meantime, please let us know.

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 December 2014</b>	<b>Year-to-Date December 2013</b>	<b>% Change</b>
Interest Income (inc. loan fees)	\$8,486	\$7,838	8%
Interest Expense	580	657	-12%
Loan Loss Provision	(133)	—	0%
Net Interest Income	\$8,039	\$7,181	12%
Non-Interest Income	2,507	2,503	0%
Other Non-Interest Expense	8,762	8,436	4%
Federal Income Tax Provision	240	170	41%
<b>Net Income after Tax</b>	<b>\$1,544</b>	<b>\$1,078</b>	<b>43%</b>

**Per Share Data**

Average Outstanding Shares	1,066,000		
Net Income per Share	1.45	1.01	43%
Dividends per Share	0.57	0.52	10%
Book Value per Share	25.29	23.73	7%

**Balance Sheet Highlights**

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

Assets	\$304,359	\$270,620	12%
Loans (gross)	\$153,891	\$145,950	5%
Deposits	\$258,092	\$235,430	10%
Interest Earning Assets	\$276,996	\$244,880	13%
Shareholders Equity	\$26,962	\$25,296	7%