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**FINANCIAL
CORP.**

**THIRD QUARTER FINANCIAL REPORT
2018**

October 26, 2018

To Our Shareholders:

We are pleased to enclose the regular quarterly cash dividend of \$.15 per share on your HCB Financial Corp. common stock. This dividend is payable today to shareholders of record at the close of business on October 1, 2018.

Our net income for the first nine months of 2018 was \$1,550,000, three percent more than earnings of \$1,509,000 for the same three quarters of 2017. The principal factor in this growth was a nine percent increase in net interest income. Non-interest income declined three percent from the prior year primarily due to decreased demand for mortgage refinances in this rising interest rate environment. Non-interest expense increased by seven percent in comparison to third quarter 2017. Investments in technology, including new Interactive Teller Machines (ITM's), and one-time costs associated with the conversion to our new stock transfer company are the primary reasons for the increase.

At the end of September, our total assets were at \$321,822,000, two percent more than they were one year earlier. Total deposits were \$269,078,000, nearly identical to where they stood at the end of the third quarter one year ago. Outstanding loans reached a record high for our bank this quarter. We posted a gross loan total of \$202,388,000 at the end of the quarter, which reflects a 12% increase from a year ago. Shareholders' equity declined one percent over last year due primarily to mark-to-market adjustments in our securities portfolio.

As we announced last month, Continental Stock Transfer and Trust has been selected as our new stock transfer agent. We are confident they will do an outstanding job assisting with any transfer or stock ownership issues that you may have. Please note that you can find their contact information on the back of this document. As always, you can contact us directly with any questions you might have regarding your HCB Financial Corp. investment.

Today marks the 132nd anniversary of the bank's founding. Not many companies across this country are ever able to announce such an achievement. We want to recognize and thank you, our loyal shareholders, for the extremely important role you have had in our success. Because of your support, we have accomplished this milestone together.

Yours truly,



Mark A. Kolanowski
President and Chief Executive Officer

HCB FINANCIAL CORP.

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

Financial Highlights	Year-to-Date September 2018	Year-to-Date September 2017	% Change
Interest Income (inc. loan fees)	\$8,124	\$7,399	10%
Interest Expense	598	432	38%
Loan Loss Provision	45	80	-44%
Net Interest Income	\$7,481	\$6,887	9%
Non-Interest Income	1,995	2,061	-3%
Other Non-Interest Expense	7,778	7,284	7%
Federal Income Tax Provision	148	155	-5%
Net Income after Tax	\$1,550	\$1,509	3%

Per Share Data

Average Outstanding Shares	1,066,000		
Net Income per Share	1.45	1.42	2%
Dividends per Share	0.45	0.45	0%
Book Value per Share	28.06	28.29	-1%

Balance Sheet Highlights

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

Assets	\$321,822	\$316,324	2%
Loans (gross)	\$202,388	\$181,187	12%
Deposits	\$269,078	\$269,443	0%
Interest Earning Assets	\$295,835	\$288,759	2%
Shareholders Equity	\$29,911	\$30,162	-1%