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First Quarter Financial Report

2019



April 25, 2019

To Our Shareholders:

We are very pleased to enclose a check representing a cash dividend of \$.17 per share on your HCB Financial Corp. common stock. This amount is an increase over the \$.15 regular dividend per share that was paid in the fourth quarter of 2018. This increase represents a 13% increase over the regular quarterly dividend that we had been paying since April of 2017. Continued improvement in our performance has made this possible. The dividend is payable today to shareholders of record at the close of business on April 1, 2019.

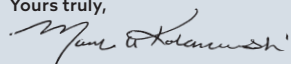
First quarter net income on a year-over-year basis has increased 15%. In the first three months of 2019, we've recorded net income after tax of \$531,000 or \$.50 per share compared to \$462,000 or \$.43 per share for the same period in 2018. Over the past twelve months, total assets declined by three percent to \$315,590,000. This was driven by a decline of four percent in primarily rate sensitive deposits. Total loans increased eight percent to \$212,882,000. An over accrual in our tax position has allowed for a modest federal income tax provision in 2019 as compared to the prior year. During the quarter ended March 31, 2019, shareholders' equity rose from the prior year by seven percent to \$31,492,000, bringing the book value per share to \$29.54.

As the financials indicate, the quarter brought solid growth in most of our key performance areas with the exception of deposits. As market conditions have improved and interest rates have risen, competition for deposits has increased dramatically. We continue to see healthy demand and growth in our loan portfolio, which is the largest contributor to our six percent improvement in net interest income this quarter. Mortgage refinances and our secondary market volume remain flat compared to one year ago, but strong activity in our Trust and Wealth Management business has allowed for a one percent improvement in our non-interest income compared to the early months of 2018. Overall, 2019 is off to a strong start. With the support of favorable economic conditions, we would anticipate this trend to continue.

In other significant news, Bauer Financial, Inc. has awarded Highpoint Community Bank its coveted Superior 5-Star Rating for the 38th consecutive quarter. We are always pleased to have the recognition from Bauer, the nation's leading independent bank rating and research firm. Additionally, for the 11th consecutive year, HCB has been recognized as one of "West Michigan's Best and Brightest Companies to Work For". We remain committed to our employees and focused on creating an excellent work experience. The end result is not only a great place to work, but also a great place to bank.

As always, 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.

Financial Highlights	Year-to-Date March 2019	Year-to-Date March 2018	% Change
Interest Income (inc. loan fees)	\$2,861	\$2,660	8%
Interest Expense	225	188	20%
Loan Loss Provision	20	15	33%
Net Interest Income	\$2,616	\$2,457	6%
Non-Interest Income	633	628	1%
Other Non-Interest Expense	2,711	2,603	4%
Federal Income Tax Provision	7	20	-65%
Net Income after Tax	\$531	\$462	15%

Per Share Data

Average Outstanding Shares	1,066,000		
Net Income per Share	0.50	0.43	15%
Dividends per Share	0.17	0.15	13%
Book Value per Share	29.54	27.65	7%

Balance Sheet Highlights

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

Assets	\$315,590	\$326,922	-3%
Loans (gross)	\$212,882	\$196,425	8%
Deposits	\$259,966	\$271,462	-4%
Interest Earning Assets	\$287,625	\$301,082	-4%
Shareholders Equity	\$31,492	\$29,478	7%