

## HCB Locations:

150 W Court St  
Hastings, MI 49058  
269.945.2401

435 Arlington St  
Middleville, MI 49333  
269.795.3338

111 E Capital Ave  
Bellevue, MI 49021  
269.763.9418

310 N Main St  
Nashville, MI 49073  
517.852.0790

9265 Cherry Valley  
Caledonia, MI 49316  
616.891.0010

156 W Superior  
Wayland, MI 49348  
269.792.6201

124 W Michigan Ave  
Marshall, MI 49068  
269.558.0994

Home Banking Center  
269.948.2000 or  
1.888.442.4221

[highpointcommunitybank.com](http://highpointcommunitybank.com)

Transfer Agent  
HCB Financial Corp  
Continental Stock Transfer & Trust Company  
1 State St Plaza, 30th Floor  
New York, NY 10004-1561  
Email [cstmail@continentalstock.com](mailto:cstmail@continentalstock.com)  
Toll Free 1.800.509.5586 or 1.212.845.3206

# First Quarter Financial Report

2020



April 23, 2020

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. The dividend is payable today to shareholders of record at the close of business on April 1, 2020.

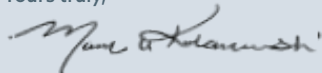
In the first three months of 2020, we've recorded net income after tax of \$531,000 or \$.50 per share which happens to match our first quarter results from 2019. Over the past twelve months, total assets increased by six percent to \$334,968,000. Total loans also increased by six percent, rising to \$226,078,000. Deposits totaling \$273,200,000 reflect a five percent increase over the prior year. During the quarter ended March 31, 2020, shareholders' equity rose from the prior year by eight percent to \$33,857,000, bringing the book value per share to \$31.76.

If someone had told me even six weeks ago that we would be facing a national emergency and a pandemic of the magnitude that the coronavirus/COVID-19 has brought, it would have been difficult for me to believe. Fortunately, as a part of the ongoing safety and soundness practices of the bank, we prepare for difficult circumstances like the one we found before us. Our management team began to execute our pandemic plan on March 12th. Within two short weeks, we modified how we serve our customers and operate our bank by introducing limited lobby access and having a majority of our employees working securely off site. Our objective was, and continues to be, providing access to all the services our customers need while keeping the health and safety of our employees, our customers, and our community in the forefront.

The current pandemic is not only a health crisis, it is a significant economic crisis as well. We believe that the steps that lawmakers and the Federal Reserve have taken to create an economic stimulus will provide needed relief. Educating our customers on what is available to them and participating directly in programs like the Paycheck Protection Program have been major priorities for us.

Along with better days, we know that there will be additional challenges ahead as well. I take comfort in knowing that we enter this uncertain time from a position of strength. The discipline and guiding principles that have provided our bank over 133 years of success will again be beneficial as we navigate into the future.

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 2020	Year-to-Date March 2019	% Change
Interest Income (inc. loan fees)	\$2,901	\$2,861	1%
Interest Expense	329	225	46%
Loan Loss Provision	<u>40</u>	<u>20</u>	<u>100%</u>
Net Interest Income	\$2,532	\$2,616	-3%
Non-Interest Income	621	633	-2%
Other Non-Interest Expense	2,596	2,711	-4%
Federal Income Tax Provision	<u>26</u>	<u>7</u>	<u>271%</u>
Net Income after Tax	<u>\$531</u>	<u>\$531</u>	<u>0%</u>

### Per Share Data

Average Outstanding Shares	1,066,000		
Net Income per Share	.50	.50	0%
Dividends per Share	0.17	0.17	0%
Book Value per Share	31.76	29.54	8%

### Balance Sheet Highlights

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

Assets	\$334,968	\$315,590	6%
Loans (gross)	\$226,078	\$212,882	6%
Deposits	\$273,200	\$259,966	5%
Interest Earning Assets	\$305,808	\$287,625	6%
Shareholders Equity	\$33,857	\$31,492	8%