

January 18, 2008

**To Our Shareholders:**

It is with pleasure that we enclose a check representing the regular quarterly dividend of \$.18 per share and a year-end special dividend of \$.33 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 31, 2007.

The quarterly and year-end special dividends are the same amount that we paid at this time one year ago. However, because of the stock dividend distributed in November, they represent a ten percent increase over the dividends paid last January and a four percent increase in total dividends paid from 2007 earnings. Our Board of Directors believes this is appropriate recognition of the role that the support and cooperation of our shareholders has played in our continued success.

Unaudited net income for all of 2007 was \$2,021,000 or \$2.02 per share, essentially unchanged from 2006 when earnings were \$2,019,000. During the year, total assets increased three percent to \$238,623,000, total deposits went up five percent to \$186,860,000 and total loans were \$142,141,000 at year-end, approximately \$500,000 more than they had been at the end of 2006. This financial performance is better than we predicted in our internal forecasts and reflects diligent efforts by the entire staff to control overhead expenses in a difficult economic environment while still seeking to maximize income.

As you might be aware, the Board of Directors has authorized continuation of our Stock Repurchase Program for 2008. Management is authorized to purchase up to 30,000 shares of HCB Financial Corp. common stock during the coming year. These shares will then be retired, giving the selling shareholders added liquidity and the remaining shareholders enhanced value for their holdings. Our ability to continue this program is clear evidence of our solid earnings and excellent capital position.

We will be sending you our audited financial statements as of December 31, 2007, along with your notice of the Annual Meeting in March. The audited statements and the presentations at the Annual Meeting will give you further insights into our performance in 2007.

Sincerely,



Mark A. Kolanowski  
President & CEO

**HCB FINANCIAL CORP.**

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

<b>Financial Highlights</b>	Year-to-Date	Year-to-Date	<b>% Change</b>
	<b>December 2007</b>	<b>December 2006</b>	
Interest Income (inc. loan fees)	\$12,860	\$11,839	9%
Interest Expense	\$5,856	\$4,802	22%
Loan Loss Provision (recovery)	(\$159)	\$0	n/a
Net Interest Income	\$7,163	\$7,037	2%
Non-Interest Income	\$2,124	\$2,073	2%
Non-Interest Expense	\$6,936	\$6,681	4%
Federal Income Tax Provision	\$330	\$410	-20%
Net Income after Tax	\$2,021	\$2,019	0%

**Per Share Data**

Average Outstanding Shares	998,266		
Net Income per Share	2.02	2.02	0%
Dividends per Share	1.05	1.05	0%
Book Value per Share	27.02	26.11	3%

**Balance Sheet Highlights**

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

Assets	\$238,623	\$231,407	3%
Loans (gross)	\$142,141	\$141,660	0%
Deposits	\$186,860	\$177,784	5%
Interest Earning Assets	\$217,579	\$210,090	4%
Shareholders Equity	\$26,976	\$26,061	4%

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HCB Mortgage Company

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**FOURTH QUARTER FINANCIAL REPORT  
2007**