

November 2011

Dear Shareholders and Friends, Ladies and Gentlemen,

We are pleased to present to you selected financial highlights of Huron Community Financial Services, Inc. (HCFSI) and Huron Community Bank (HCB) for the period ending September 30, 2011.

HCFSI (In Thousands)

Net income for our holding company through September 30, 2011 was \$1,202.7, compared to \$1,229.0 last year. Return on Average Assets was 0.86% the same as September 30, 2010, while Return on Average Equity was 7.07% compared to 7.50% last year at this time. Book value of your common stock increased to \$38.95 from \$37.42, with Earnings per Share of \$2.05 versus \$2.06 last year. Shareholder Equity increased to \$23,234 from \$22,628.

HCB (In Thousands)

Net income through the end of the third quarter was \$1,232.5 compared to September 30, 2010 income of \$1,273.4. Return on Average Assets was 0.88% with Return on Average Equity of 7.75% compared to 0.89% and 8.37% respectively at September 30, 2010. Total assets of HCB at quarter end were \$195,182 versus \$204,704 in September 2010. Total loans were \$132,931 a decline of 8.3% with total deposits of \$160,488 representing a decline of 3.9%; as referred to in our June quarterly report, management opted to shrink the footings of the bank for two reasons: 1) paydown higher expense borrowings and 2) reduce interest margin pressures given the absence of loan demand. The shrinkage in total loans, as aforementioned, is directly attributable to the economic environment and absence of loan demand as well as loan paydowns, a prevailing trend at most financial institution across the nation. The bank was also able to reduce deposit totals to more effectively correlate to current loan balances.

Year to Date Financial Performance

While earnings are commensurate with 2010 income levels, we did realize a very solid third quarter. As a result of this solid performance, we increased our loan loss reserve by an additional \$218,000. This action further enhanced the core strength of our bank, while simultaneously reducing the impact of troubled assets. Throughout the remainder of 2011, we shall continue to focus on increasing loan growth, the management/reduction of troubled loans and efficiencies in expense control.

Our installment loan 'low interest rate' promotion, coupled with our business development program, helped stop our declining loan volume with total loans increasing nominally over June 30, 2010 totals. We are very encouraged with this result. We will continue to offer our exceedingly attractive, low loan rates and have an active business loan development presence. Singularly, the most important action we can execute - and control to increase earnings performance - is the making of quality business and consumer loans. To conclude, we have had very solid earnings performance through nine months and continue to out perform the overwhelming majority of Michigan banks.

Cash Dividend Declared

Your Board of Directors declared a cash dividend of \$.25 per share to shareholders of record at October 4, 2011. We are pleased, given these economic times, to pay competitive dividends to our shareholders when compared to many banks across the country.

As is always the case, we are pleased to report to you on the progress of your bank. Please feel free to contact me with any comments and or questions.

Sincerely,



Robert M. Beneson
CEO/President

Huron Community Financial Services, Inc.
P.O. Box 312
East Tawas, MI 48730

Huron Community Financial Services, Inc.

2011 Third Quarter Report



"The journey is the reward"

~ Chinese Proverb

Huron Community Bank
East Tawas, Tawas City, Oscoda,
Lincoln, Au Gres & Harrisville.
1-888-BANKHCB
www.bankhcb.com

HCFSI Consolidated Balance Sheet		
ASSETS	09/30/11	09/30/10
Cash & Due From Banks	\$23,953	\$26,500
Investment Securities	\$28,095	\$23,583
Total Loans	\$132,931	\$144,968
Allowance for Loan Loss	(\$1,755)	(\$2,322)
NET LOANS	\$131,176	\$142,646
Federal Funds Sold	\$0	\$39
Bank Premises & Equipment	\$3,022	\$3,194
Accrued Interest Receivable	\$564	\$595
Intangible Assets	\$405	\$405
Other Assets	\$7,967	\$7,742
TOTAL ASSETS	\$195,182	\$204,704
LIABILITIES & EQUITY		
Total Deposits	\$160,404	\$166,854
Federal Funds Purchased	\$0	\$0
Repurchase Agreements	\$6,454	\$7,137
Deferred Tax Liabilities	(\$196)	(\$196)
FHLB Borrowings	\$5,000	\$8,000
Other Liabilities	\$286	\$281
TOTAL LIABILITIES	\$171,948	\$182,076
Common Stock	\$588	\$598
Surplus	\$20,316	\$20,554
Retained Earnings	\$1,997	\$1,221
Unrealized Gain (Loss) Inv. Sec. AFS	\$333	\$255
TOTAL SHAREHOLDERS EQUITY	\$23,234	\$22,628
TOTAL LIABILITIES & EQUITY	\$195,182	\$204,704

HCFSI Consolidated Report of Income		
	09/30/11	09/30/10
Interest on Loans & Deposits	\$5,544.2	\$6,166.5
Interest on Investments	\$481.6	\$403.6
TOTAL INTEREST INCOME	\$6,025.8	\$6,570.1
INTEREST EXPENSE	\$878.6	\$1,561.0
NET INTEREST INCOME	\$5,147.2	\$5,009.1
Fees on Loans	\$613.8	\$512.5
Other Income	\$884.9	\$1,422.0
Total Other Operating Income	\$1,498.7	\$1,934.5
Salaries and Benefits (net)	\$2,149.1	\$2,290.5
Federal Funds Purchased	\$0.0	\$0.0
Fixed Expense	\$659.3	\$686.1
Variable Expense	\$1,527.2	\$1,553.9
Loan Loss Provision	\$705.6	\$646.8
Loss (Gain) on Securities	\$0.0	\$122.3
Other Operating Expense	\$5,041.2	\$5,299.6
NET OPERATING INCOME	\$1,604.7	\$1,644.0
Amortization of Intangible Assets	\$0.0	\$0.0
FIT Provision	\$402.0	\$415.0
NET INCOME	\$1,202.7	\$1,229.0

HCB Balance Sheet		
ASSETS	09/30/11	09/30/10
Cash & Due From Banks	\$23,916	\$26,477
Investment Securities	\$28,095	\$23,583
Total Loans	\$132,931	\$144,968
Allowance for Loan Loss	(\$1,755)	(\$2,322)
NET LOANS	\$131,176	\$142,646
Federal Funds Sold	\$0	\$39
Bank Premises & Equipment	\$2,787	\$2,916
Total ORE & REPO Collateral	\$1,892	\$1,959
Accrued Interest Receivable	\$564	\$595
Other Assets	\$6,019	\$5,727
Investments in Subsidiaries	\$56	\$56
TOTAL ASSETS	\$194,505	\$203,998
LIABILITIES & EQUITY		
Total Deposits	\$160,488	\$166,927
Federal Funds Purchased	\$0	\$0
Other Liabilities	\$862	\$840
Other Borrowings: Repurchase Agmts.	\$6,454	\$7,137
Other Borrowings: FHLB	\$5,000	\$8,000
TOTAL LIABILITIES	\$172,804	\$182,904
Shareholders Equity	\$21,701	\$21,094
TOTAL LIABILITIES & EQUITY	\$194,505	\$203,998

HCB Statement of Income
9 Months Ending - 09/30/2011

	09/30/11	09/30/10
Interest on Loans & Deposits	\$5,544.2	\$6,166.5
Interest on Investments	\$481.6	\$403.6
TOTAL INTEREST INCOME	\$6,025.8	\$6,570.1
INTEREST EXPENSE	\$878.6	\$1,561.0
NET INTEREST INCOME	\$5,147.2	\$5,009.1
Fees on Loans	\$613.8	\$512.5
Other Income	\$884.9	\$1,422.0
Total Other Operating Income	\$1,498.7	\$1,934.5
Salaries and Benefits (net)	\$2,149.1	\$2,290.4
Federal Funds Purchased	\$0.0	\$0.0
Fixed & Variable Expense	\$2,142.7	\$2,175.7
Loan Loss Provision	\$705.6	\$646.8
Loss (Gain) on Securities	\$0.0	\$122.3
Other Operating Expense	\$4,997.4	\$5,235.2
NET OPERATING INCOME	\$1,648.5	\$1,708.4
FIT Provision	\$416.0	\$435.0
NET INCOME	\$1,232.5	\$1,273.4

FINANCIAL HIGHLIGHTS
HURON COMMUNITY BANK

	09/30/11	09/30/10
PROFITABILITY		
Net Income	\$1,232.5	\$1,273.4
Return on Assets	0.88%	0.89%
Return on Equity	7.75%	8.37%
Net Interest Margin	4.01%	3.80%

SELECTED BALANCES (In Thousands)

Total Assets	\$194,505	\$203,998
Total Net Loans	\$132,931	\$144,968
Total Deposits	\$160,488	\$166,927
Stockholder's Equity	\$21,701	\$21,094

HURON COMMUNITY FINANCIAL SERVICES, INC.

PROFITABILITY

Net Income	\$1,202.7	\$1,229.0
Return on Assets	0.86%	0.86%
Return on Equity	7.07%	7.50%

SELECTED BALANCES (In Thousands)

Total Assets	\$195,182	\$204,704
Total Loans	\$132,931	\$144,968
Total Deposits	\$160,404	\$166,854
Stockholder's Equity	\$23,234	\$22,628

PER SHARE DATA

Earnings Per Share	\$2.05	\$2.06
Book Value	\$38.95	\$37.42
Cash Dividends Declared	\$1.07	\$1.30

HURON COMMUNITY FINANCIAL SERVICES, INC.

BOARD OF DIRECTORS

Alan J. Stephenson, Chairman
Robert M. Beneson, President/CEO
Thomas B. Huck
Wayne D. Bigelow
David H. Cook
Matthew W. Buresh
Mark D. Elliott

DIRECTORS EMERITUS

Richard M. Harris
Robert W. Elliott, Jr.
Earl T. O'Loughlin
Eugene J. Weaver
Howard C. Look
Robert D. Hodges
Monty L. Kruttlin

OFFICERS

Robert M. Beneson, President/CEO
Thomas B. Huck, Vice President
Wayne D. Bigelow, Treasurer
David H. Cook, Secretary