

October 15, 2020

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, 2020.

**HCFSI (In Thousands)**

Net Income for our holding company through September 30, 2020 was \$1,533 as compared to \$1,609 for the same period last year. Return on Average Equity was 7.07% and Return on Average Assets was 0.82% compared to 7.95% and 0.97% respectively at September 30, 2019. Book value of your common stock is \$51.87 per share and Earnings per Share are \$2.64. At September 30, 2020 the shareholder equity is \$30,066.

**HCB (In Thousands)**

Net Income through the end of the third quarter 2020 was \$1,584 compared to \$1,679 for the same period last year. September 30, 2020 Return on Average Equity was 7.67% with Return on Average Assets of 0.87% compared to 8.77% and 1.03% respectively at September 30, 2019. Total assets at the end of the third quarter were \$273,779 versus \$235,094 in 2019. Total loans ended the third quarter at \$162,241 while total deposits were \$233,652.

**Year to Date Financial Performance**

At the bank level, YTD net income has outpaced budget by \$88K. However, YTD 2020 net interest margin was 3.25% compared to 3.87% at the end of the third quarter 2019. Total outstanding loans at the end of September 2020 were \$162.2 million compared to \$143.9 million at September 2019 month end. This increase in outstandings is directly attributable to the CARES's Act PPP loans.

The bank balance sheet growth, coupled with increased mortgage activity, was the largest contributors to overall profitability in the 3<sup>rd</sup> quarter. Our total of \$273,779 is the largest asset size your bank has reached. The deposit growth has been primarily in the stable core deposits portion of the bank.

COVID-19 continues to impact the economy on many fronts. Like you we are watching the trends carefully. We continue to follow the recommended safety guidelines of the CDC. We are also closely monitoring loan performance and have continued to build our reserves in preparation of any long term economic downturns.

**Cash Dividend Declared**

Your Board of Directors declared a cash dividend of \$0.39 per share to shareholders of record at October 5, 2020. This represents the 107th consecutive quarter in which a cash dividend has been paid to our shareholders. The dividend was paid on October 15, 2020. If you are not already enrolled in our dividend reinvestment program I would encourage you to do so. It is a great way to increase investment in the bank!

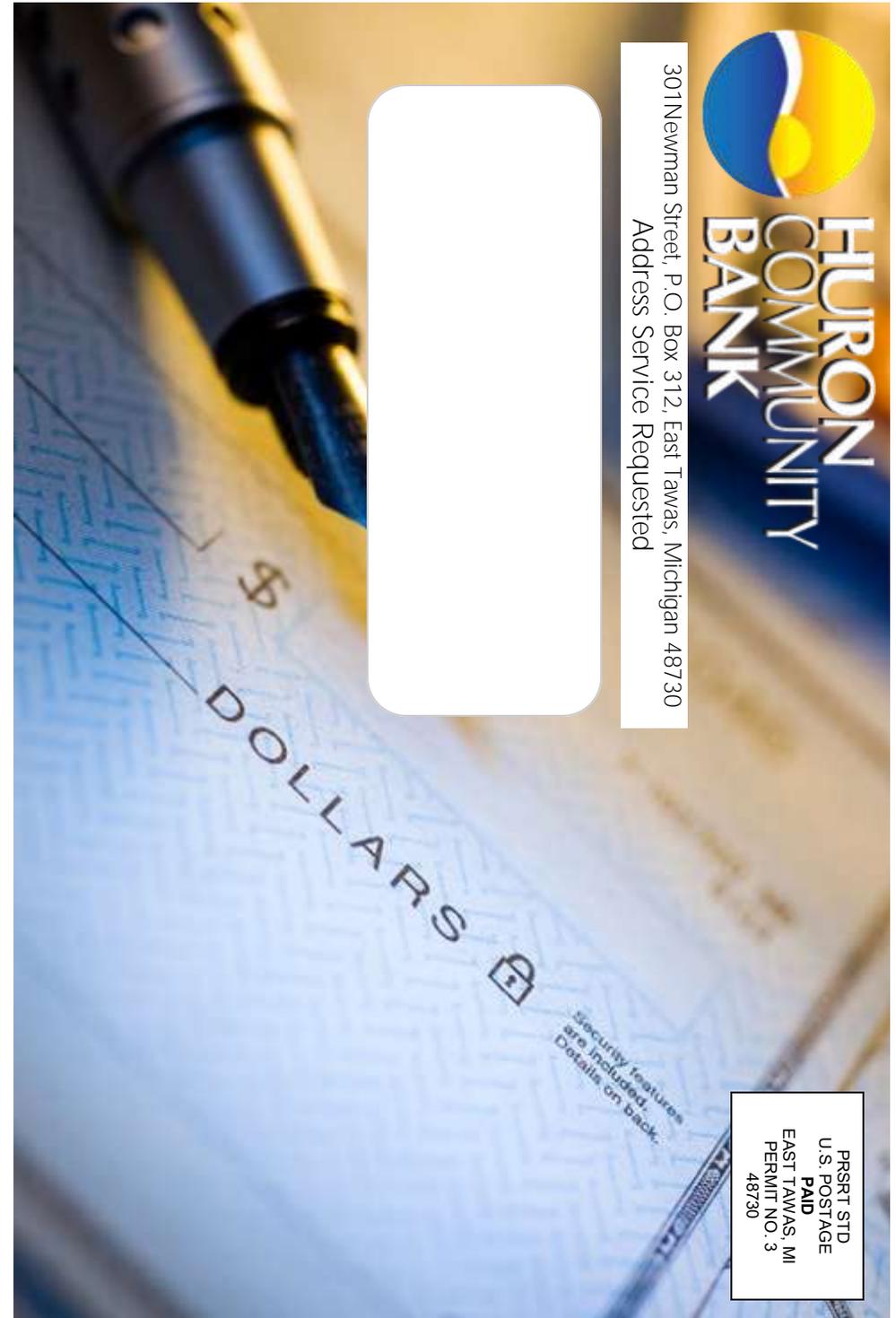
As always, I encourage you to reach out to me if you should have any questions or concerns. We appreciate your continued support and investment in HCFSI/HCB and "Community Banking" as we continue to make a difference in people's lives.

The ladies and gentlemen of HCB thank you for your support and welcome your comments.

Sincerely,



Jeff Loomis  
President & CEO



**HURON  
COMMUNITY  
BANK**

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**HCFSI Consolidated Balance Sheet**  
(000's Omitted)

**HCFSI Consolidated Report of Income**  
(000's Omitted)

**Huron Community Bank**  
**Financial Highlights**

ASSETS	(Unaudited) 9/30/2020	(Unaudited) 9/30/2019	Nine Months Ended	(Unaudited) 9/30/2020	(Unaudited) 9/30/2019	PROFITABILITY	(Unaudited) 9/30/2020	(Unaudited) 9/30/2019
Cash & Due From Banks	\$ 59,491	\$ 45,040	Interest on Loans	\$ 5,190	\$ 5,477	Net Income (In thousands)	\$ 1,584	\$ 1,679
Investment Securities	42,067	36,272	Interest on Investments	1,040	1,167	Return on Assets - Year-to-date annualized	0.87%	1.03%
Total Loans	162,240	143,854	<b>TOTAL INTEREST INCOME</b>	<b>6,230</b>	<b>6,644</b>	Return on Equity - Year-to-date annualized	7.67%	8.77%
Allowance for Loan Loss	(2,190)	(1,835)	INTEREST EXPENSE	713	752	Net Interest Margin - Year-to-date annualized	3.25%	3.87%
Net Loans	160,050	142,019	NET INTEREST INCOME	5,517	5,892	SELECTED BALANCES (In Thousands)		
Bank Premises & Equipment	2,952	2,847	Fees on Loans	1,115	343	Total Assets	\$ 273,779	\$ 235,094
Accrued Interest Receivable	863	753	Other Income	949	744	Total Loans	\$ 162,241	\$ 143,855
Intangible Assets	405	405	Total Other Operating Income	2,064	1,086	Total Deposits	\$ 233,652	\$ 200,284
Other Assets	8,932	8,701	Salaries and Benefits (net)	3,104	2,826	Stockholder's Equity	\$ 28,938	\$ 26,942
<b>TOTAL ASSETS</b>	<b>\$ 274,759</b>	<b>\$ 236,037</b>	Fixed Expense	692	642			
			Variable Expense	1,639	1,553			
LIABILITIES & EQUITY			Loan Loss Provision	293	58			
Total Deposits	\$ 233,584	\$ 200,129	Loss (Gain) on Assets	20	(26)			
Repurchase Agreements	6,701	3,740	Other Operating Expense	5,747	5,053			
FHLB Borrowings	3,000	3,000	NET INCOME BEFORE INCOME TAXES	1,834	1,925			
Other Liabilities	1,409	1,048	FEDERAL INCOME TAXES	301	316			
<b>TOTAL LIABILITIES</b>	<b>244,694</b>	<b>207,918</b>	NET INCOME	<b>\$ 1,533</b>	<b>\$ 1,609</b>			
Common Stock	580	573	Basic Earnings Per Share	\$ 2.64	\$ 2.82			
Surplus	18,657	18,366	Book Value Per Share	\$ 51.87	\$ 49.04			
Retained Earnings	9,432	8,736	Cash Dividends Declared Per Share	\$ 1.17	\$ 1.14			
Unrealized Gain(Loss) Inv. Sec. AFS	1,397	443						
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>30,066</b>	<b>28,119</b>						
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 274,759</b>	<b>\$ 236,037</b>						

**HURON COMMUNITY FINANCIAL SERVICES, INC.**

**BOARD OF DIRECTORS**

Alan J. Stephenson, Chairman  
Wayne D. Bigelow, Vice Chairman  
David H. Cook  
Matthew W. Buresh  
Gary J. Thibault  
Larry J. Richardson  
Jeffrey B. Loomis

**DIRECTORS EMERITUS**

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Howard C. Look  
Monty L. Kruttlin  
Robert M. Beneson  
Thomas B. Huck  
Mark D. Elliott

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