

October 16, 2018

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, 2018.

HCFSI (In Thousands)

Net Income for our holding company through September 30, 2018 was \$1,451 as compared to \$1,107 for the same period last year. Return on Average Equity was 7.91% and Return on Average Assets was 0.92% compared to 6.01% and 0.74% respectively at September 30, 2017. Book value of your common stock is \$44.76 and Earnings per Share are \$2.61. At September 30, 2018 the share-holder equity is \$25,015.

HCB (In Thousands)

Net Income through the end of the third quarter 2018 was \$1,512 compared to \$1,299 for the same period last year. September 30, 2018 Return on Average Equity was 8.62% with Return on Average Assets of 0.98% compared to 7.45% and 0.88% respectively at September 30, 2017. Total assets at the end of the third quarter were \$224,631 versus \$214,637 in 2017. Total loans ended the third quarter at \$142,020 while total deposits were \$191,751.

Year to Date Financial Performance

The third quarter continues to show solid performance for our bank. Third quarter results for net income were ahead of actual year over year. The improved performance is a result of the continued growth we are experiencing in our loan portfolio, growth in our investment portfolio, and a decrease in operating expenses. YTD 2018 net interest margin was 3.83% compared to 3.75% at the end of the third quarter 2017. Total outstanding loans at the end of September 2018 were \$142.0 million compared to \$141.6 million at September 2017 month end. The third quarter also showed a strong improvement in Asset Quality ratios.

Commercial Loan demand continues to drive loan growth for 2018. In addition, mortgage lending has picked up nicely since mid-year. Our "Locally Owned for Better Banking" branding campaign was launched in July of this year and the results have been very positive. We continue to offer competitive products for both the business and consumer sectors and the results are evident in our growing balance sheet. Our newest market, West Branch, has shown consistent growth in deposit and loan balances along with increased branch traffic.

On a national level the Federal Reserve is continuing it's slow and steady raising of interest rates simultaneous with the planned shrinking of its balance sheet. The rate adjustments have had very little impact on loan demand and has shown no dampening impact on the national economy. Closer to home the local economy is strong with many of our clients reporting record years for their businesses. We believe rates will continue to rise through year end 2018 and according to national economists, we could see additional upward movement in 2019. Regardless of which direction rates move your community banking professionals are prepared.

Cash Dividend Declared

Your Board of Directors declared a cash dividend of \$0.30 per share to shareholders of record at October 5, 2018. This represents the 99th consecutive quarter in which a cash dividend has been paid to our shareholders. The dividend was paid on October 15, 2018. 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!

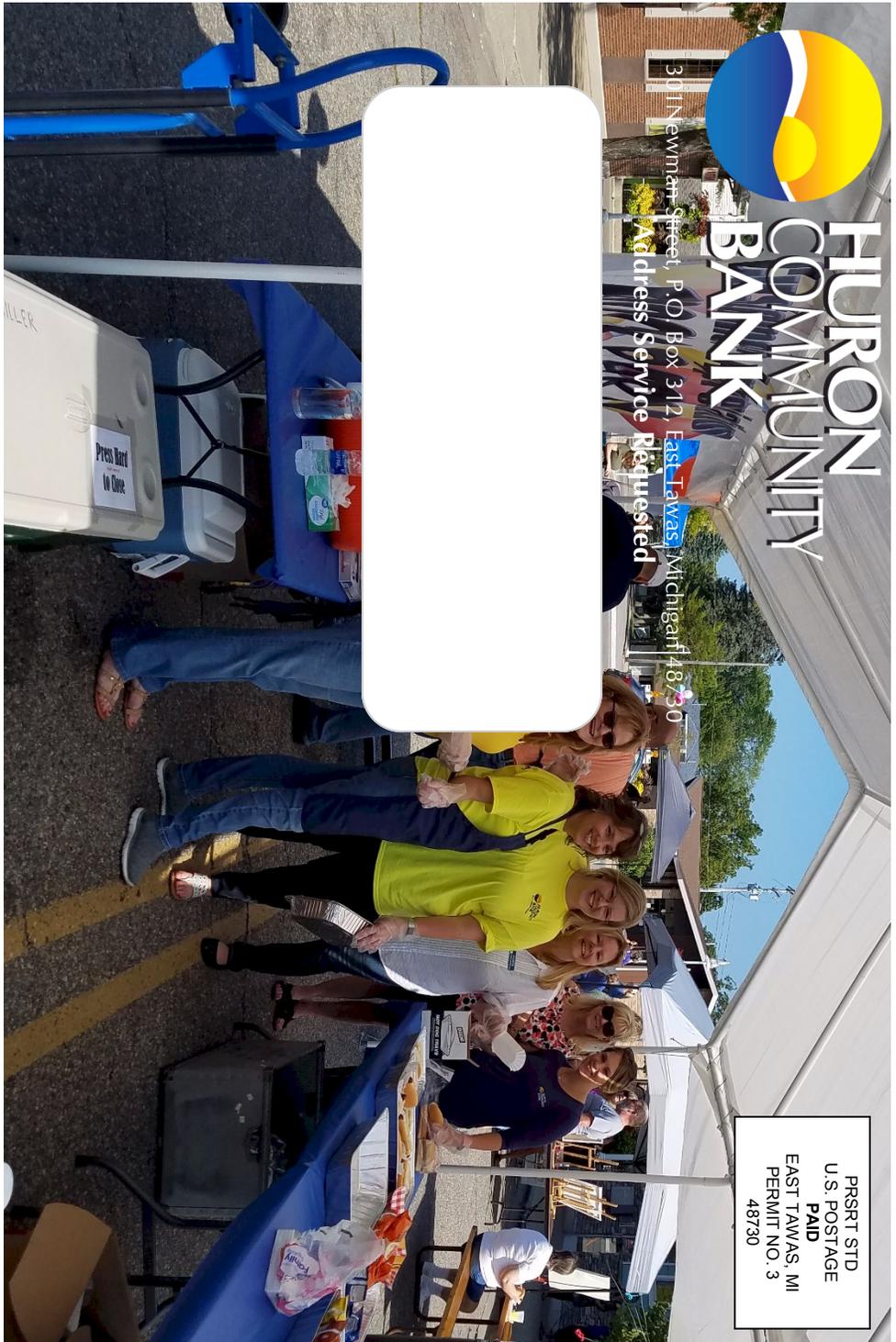
As always I encourage you to reach out to me if you should have any questions or concerns. We appreciate your continued support and investment in HCFSI/HCB and "Community Banking" as we continue to make a difference in people's lives.

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

Sincerely,



Jeff Loomis
President & CEO



HCFSI Consolidated Balance Sheet
(000's Omitted)

HCFSI Consolidated Report of Income
(000's Omitted)

Huron Community Bank
Financial Highlights

	(Unaudited) 9/30/2018	(Unaudited) 9/30/2017	Nine Months Ended	(Unaudited) 9/30/2018	(Unaudited) 9/30/2017		(Unaudited) 9/30/2018	(Unaudited) 9/30/2017
ASSETS						PROFITABILITY		
Cash & Due From Banks	\$ 40,908	\$ 33,322	Interest on Loans	\$ 5,197	\$ 4,879	Net Income (In thousands)	\$ 1,512	\$ 1,299
Investment Securities	32,331	30,482	Interest on Investments	814	524	Return on Assets - Year-to-date annualized	0.98%	0.88%
Total Loans	142,019	141,599	TOTAL INTEREST INCOME	6,011	5,403	Return on Equity - Year-to-date annualized	8.62%	7.45%
Allowance for Loan Loss	(1,907)	(1,959)	INTEREST EXPENSE	490	298	Net Interest Margin - Year-to-date annualized	3.83%	3.75%
Net Loans	140,112	139,640	NET INTEREST INCOME	5,521	5,105			
Bank Premises & Equipment	2,595	2,742				SELECTED BALANCES (In Thousands)		
Accrued Interest Receivable	739	589	Fees on Loans	285	327	Total Assets	\$ 224,631	\$ 214,637
Intangible Assets	405	405	Other Income	768	545	Total Loans	\$ 142,020	\$ 141,600
Other Assets	8,462	8,602				Total Deposits	\$ 191,751	\$ 183,427
TOTAL ASSETS	\$ 225,552	\$ 215,784	Total Other Operating Income	1,053	872	Stockholder's Equity	\$ 23,922	\$ 23,605
			Salaries and Benefits (net)	2,769	2,425			
LIABILITIES & EQUITY			Fixed Expense	587	623			
Total Deposits	\$ 191,591	\$ 183,411	Variable Expense	1,555	1,355			
Repurchase Agreements	8,089	6,858	Loan Loss Provision	(76)	85			
FHLB Borrowings	0	0	Loss (Gain) on Assets	14	(34)			
Other Liabilities	856	771	Other Operating Expense	4,849	4,454			
TOTAL LIABILITIES	200,537	191,040	NET INCOME BEFORE INCOME TAXES	1,725	1,523			
Common Stock	559	556	FEDERAL INCOME TAXES	274	416			
Surplus	17,604	17,490	NET INCOME	\$ 1,451	\$ 1,107			
Retained Earnings	7,373	6,471	Basic Earnings Per Share	\$ 2.61	\$ 1.97			
Unrealized Gain(Loss) Inv. Sec. AFS	(520)	227	Book Value Per Share	\$ 44.76	\$ 44.35			
TOTAL SHAREHOLDERS EQUITY	25,015	24,744	Cash Dividends Declared Per Share	\$ 0.90	\$ 0.84			
TOTAL LIABILITIES & EQUITY	\$ 225,552	\$ 215,784						

HURON COMMUNITY FINANCIAL SERVICES, INC.

BOARD OF DIRECTORS

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DIRECTORS EMERITUS

Earl T. O'Loughlin
Howard C. Look
Monty L. Kruttlin
Robert M. Beneson
Thomas B. Huck

East Tawas Office
301 Newman Street
East Tawas, MI 48730
(989) 362-6700
(989) 362-8982 FAX

Tawas City Office
410 East Lake Street
Tawas City, MI 48763
(989) 362-8671
(989) 362-3743 FAX

Oscoda Office
5077 North US-23
Oscoda, MI 48750
(989) 739-9125
(989) 739-0370 FAX

Lincoln Office
327 Traverse Bay Road
Lincoln, MI 48742
(989) 736-6727
(989) 736-3451 FAX

AuGres Office
3150 East Huron
AuGres, MI 48703
(989) 876-8068
(989) 876-6599 FAX

Harrisville Office
423 East Main Street
Harrisville, MI 48740
(989) 724-6719
(989) 724-6755 FAX

West Branch Office
2210 South M76
West Branch, MI 48661
(989) 343-1050
(989) 343-0811 (FAX)