

October 16, 2023

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, 2023.

HCFSI (In Thousands)

Net Income for our holding company through September 30, 2023 was \$1,012 as compared to \$1,345 for the same period last year. Return on Average Equity was 6.33% and Return on Average Assets was 0.43% compared to 7.13% and 0.59% respectively at September 30, 2022. After the Generally Accepted Accounting Principles (GAAP) adjustments of our Unrealized Gains and Losses of the securities portfolio, the Book Value of your Common Stock is \$36.91 per share and Share-Holder Equity is \$21,039. These GAAP adjustments in **NO WAY** affects any of the bank's regulatory ratios, the strength of the bank, or the **EQUITY OF THE SHAREHOLDERS**. This does **NOT** affect the share price of the stock or the value of shares owned by any shareholder. **This is just an accounting entry reflecting the timing difference between rates moving up or down and the maturity of these securities.** When these GAAP adjustments are backed out, Book Value per share and Share-Holder Equity are \$52.57 and \$29,963, respectively, compared to \$51.89 and \$30,341, respectively, at September 30, 2022. At September 30, 2023 Earnings per Share is \$2.34 compared to \$2.29 at September 30, 2023.

HCB (In Thousands)

Net Income through the end of the third quarter 2023 was \$1,082 compared to \$1,398 for the same period last year. September 30, 2023 Return on Average Equity was 7.24% with Return on Average Assets of 0.43% compared to 7.99% and 0.62% respectively at September 30, 2022. Total assets at the end of the third quarter were \$336,710 versus \$316,411 in 2022. Total loans ended the third quarter at \$147,624 while total deposits were \$300,075.

Year to Date Financial Performance

The 3rd quarter results show a new record in assets size for the bank totaling \$336,710,000. A significant portion of the growth is found in the investment portfolio as interest rates have continued to rise. The loan portfolios have shown modest growth in these challenging times, but fee income from those loans is down significantly. HCB has recently hired a new Chief Lending Officer who previously worked in Northern Michigan. While this is a positive step, the current interest rate environment coupled with economic conditions in our markets are obstacles that affect our net income as evidenced this quarter. We are working hard to identify opportunities for continued growth and profits despite economic pressures and the slowing of the economy.

Cash Dividend Declared

Your Board of Directors declared a cash dividend of \$0.35 per share to shareholders of record at October 5, 2023. This represents the 119th consecutive quarter in which a cash dividend has been paid to our shareholders. The dividend was paid on October 16, 2023. 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,



Robert J. (Bob) Thomas
President & CEO



HCFSI Consolidated Balance Sheet
(000's Omitted)

HCFSI Consolidated Report of Income
(000's Omitted)

Huron Community Bank
Financial Highlights

	(Unaudited) 9/30/2023	(Unaudited) 9/30/2022	Nine Months Ended	(Unaudited) 9/30/2023	(Unaudited) 9/30/2022	PROFITABILITY	(Unaudited) 9/30/2023	(Unaudited) 9/30/2022
ASSETS								
Cash & Due From Banks	\$ 68,345	\$ 47,544	Interest on Loans	\$ 6,049	\$ 4,485	Net Income (In thousands)	\$ 1,082	\$ 1,398
Investment Securities	105,807	114,290	Interest on Investments	2,551	1,689	Return on Assets - YTD Annualized	0.43%	0.62%
Total Loans	147,638	142,215	TOTAL INTEREST INCOME	8,600	6,174	Return on Equity - YTD Annualized	7.24%	7.99%
Allowance for Loan Loss	(2,676)	(2,683)				Net Interest Margin - YTD Annualized	3.03%	2.74%
Net Loans	144,961	139,532	INTEREST EXPENSE	1,891	433			
Bank Premises & Equipment	3,656	2,565						
Accrued Interest Receivable	1,380	905	NET INTEREST INCOME	6,709	5,741			
Intangible Assets	405	405						
Other Assets	13,246	12,221	Fees on Loans	311	632			
TOTAL ASSETS	\$ 337,802	\$ 317,461	Other Income	672	801	SELECTED BALANCES (In Thousands)		
			Total Other Operating Income	983	1,433	Total Assets	\$ 336,710	\$ 316,411
LIABILITIES & EQUITY			Salaries and Benefits (net)	3,459	3,257	Total Loans	\$ 147,624	\$ 142,216
Total Deposits	\$ 300,044	\$ 279,500	Fixed Expense	736	711	Total Deposits	\$ 300,075	\$ 280,474
Repurchase Agreements	4,658	7,055	Variable Expense	2,401	1,906	Stockholder's Equity	\$ 19,935	\$ 19,339
FHLB/FRB Borrowings	10,000	8,000	Loan Loss Provision	0	0			
Other Liabilities	2,062	1,566	Loss (Gain) on Assets	(1)	(120)			
TOTAL LIABILITIES	316,763	296,122	Other Operating Expense	6,595	5,754			
Common Stock	570	585	NET INCOME BEFORE INCOME TAXES	1,097	1,420			
Surplus	17,715	18,658	FEDERAL INCOME TAXES	85	75			
Retained Earnings	11,678	11,098	NET INCOME	\$ 1,012	\$ 1,345			
Unrealized Gain(Loss) Inv. Sec. AFS	(8,924)	(9,002)	Basic Earnings Per Share	\$ 1.76	\$ 2.29			
TOTAL SHAREHOLDERS EQUITY	21,039	21,339	Book Value Per Share	\$ 36.91	\$ 36.49			
TOTAL LIABILITIES & EQUITY	\$ 337,802	\$ 317,461	Cash Dividends Declared Per Share	\$ 1.11	\$ 1.23			

HURON COMMUNITY FINANCIAL SERVICES, INC.

BOARD OF DIRECTORS

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Gary J. Thibault
Larry J. Richardson
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Robert M. Beneson
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East Tawas Office
(989) 362-6700

Oscoda Office
(989) 739-9125

AuGres Office
(989) 876-8068

West Branch Office
(989) 343-1050

Tawas City Office
(989) 362-8671

Lincoln Office
(989) 736-6727

Harrisville Office
(989) 724-6719

Rose City Office
(989) 685-1169