

April 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 March 31, 2020.

HCFSI (In Thousands)

Net Income for your holding company through March 31, 2020 was \$346 as compared to \$488 for the same quarter last year. Return on Average Equity was 4.91% and Return on Average Assets was 0.62% compared to 7.48% and 0.91% respectively at March 31, 2019. Book value of your common stock is \$48.06 and Earnings per Share are \$0.60. At March 31, 2020 the share-holder equity is \$27,856.

HCB (In Thousands)

Net Income through the end of the first quarter 2020 was \$365 compared to \$509 for the same period last year. March 31, 2020 Return on Average Equity was 5.42% with Return on Average Assets of 0.66% compared to 8.34% and 0.96% respectively at March 31, 2019. Total assets at the end of the quarter were \$229,446 versus \$213,375 in 2019. Total loans ended the first quarter at \$143,762 while total deposits were \$186,394 compared to \$140,309 and \$179,051 respectively in 2019.

Year to Date Financial Performance

First quarter results for net income were ahead of budget forecasts for 2020, however, well below last year's performance. This reduction in performance was due to significant federal rate decreases throughout the first quarter, coupled with the COVID-19 pandemic that struck Michigan in early March 2020, which resulted in a significant reduction in our Net Interest Margin. YTD 2020 margin was 3.62% compared to 3.91% at the end of the first quarter 2019.

The COVID-19 pandemic has taken center stage in the world. This once in a lifetime event is changing the landscape of how business and life in general is conducted. As news of the virus surfaced HCB took immediate action to protect the health and safety of our customers and staff. We moved to "appointment only" visits for our lobbies and encouraged electronic forms of banking to serve our customers. To combat the economic impact, we are working with our consumer and business borrowers to modify payment plans to fit their needs. With the roll out of the CARES Act, your bank is on the frontlines in assisting our local business to secure funding through the PPP SBA plan. This plan provides funding for payroll costs to keep our businesses running and our local citizens employed.

In these difficult times, your Community Bank is leading the way. We are doing what authentic Community Banks do "making a difference" in the lives of those we serve.

Cash Dividend Declared

Your Board of Directors declared a cash dividend of \$0.39 per share to shareholders of record at April 3, 2020. This represents the 105th consecutive quarter in which a cash dividend has been paid to our shareholders. The dividend was paid on April 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 your 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

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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) 3/31/2020	(Unaudited) 3/31/2019	Three Months Ended	(Unaudited) 3/31/2020	(Unaudited) 3/31/2019	PROFITABILITY	(Unaudited) 3/31/2020	(Unaudited) 3/31/2019
Cash & Due From Banks	\$ 33,925	\$ 28,297	Interest on Loans	\$ 1,765	\$ 1,773	Net Income (In thousands)	\$ 365	\$ 509
Investment Securities	41,313	35,249	Interest on Investments	369	380	Return on Assets - Year-to-date annualized	0.66%	0.96%
Total Loans	143,762	140,308	TOTAL INTEREST INCOME	2,133	2,153	Return on Equity - Year-to-date annualized	5.42%	8.34%
Allowance for Loan Loss	(1,820)	(1,833)	INTEREST EXPENSE	269	213	Net Interest Margin - Year-to-date annualized	3.62%	3.91%
Net Loans	141,942	138,475	NET INTEREST INCOME	1,864	1,939	SELECTED BALANCES (In Thousands)		
Bank Premises & Equipment	3,044	2,524	Fees on Loans	133	100	Total Assets	\$ 229,446	\$ 213,375
Accrued Interest Receivable	738	760	Other Income	259	243	Total Loans	\$ 143,762	\$ 140,309
Intangible Assets	405	405	Total Other Operating Income	392	342	Total Deposits	\$ 186,394	\$ 179,051
Other Assets	9,053	8,600	Salaries and Benefits (net)	1,034	968	Stockholder's Equity	\$ 26,683	\$ 25,284
TOTAL ASSETS	\$ 230,420	\$ 214,309	Fixed Expense	231	213			
LIABILITIES & EQUITY			Variable Expense	534	501			
Total Deposits	\$ 186,235	\$ 178,708	Loan Loss Provision	53	15			
Repurchase Agreements	3,569	5,845	Loss (Gain) on Assets	0	(10)			
FHLB/FRB Borrowings	11,500	2,150	Other Operating Expense	1,852	1,687			
Other Liabilities	1,260	1,016	NET INCOME BEFORE INCOME TAXES	404	595			
TOTAL LIABILITIES	202,564	187,718	FEDERAL INCOME TAXES	58	107			
Common Stock	580	568	NET INCOME	\$ 346	\$ 488			
Surplus	18,673	18,064	Basic Earnings Per Share	\$ 0.60	\$ 0.86			
Retained Earnings	8,662	8,004	Book Value Per Share	\$ 48.06	\$ 46.83			
Unrealized Gain(Loss) Inv. Sec. AFS	(58)	(46)	Cash Dividends Declared Per Share	\$ 0.39	\$ 0.38			
TOTAL SHAREHOLDERS EQUITY	27,856	26,590						
TOTAL LIABILITIES & EQUITY	\$ 230,420	\$ 214,309						

HURON COMMUNITY FINANCIAL SERVICES, INC.

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