

April 17, 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 March 31, 2023.

**HCFSI (In Thousands)**

Net Income for your holding company through March 31, 2023 was \$245 as compared to \$375 for the same quarter last year. Return on Average Equity was 4.55% and Return on Average Assets was 0.31% compared to 5.20% and 0.50% respectively at March 31, 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 \$37.44 and Share-Holder Equity is \$21,626. These GAAP adjustments in **NO WAY** affects any of the bank's regulatory ratios, the strength of the bank, or the **EQUITY OF THE SHARE-HOLDERS**. 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 \$52.04 and \$30,054, respectively, compared to \$51.38 and \$30,335, respectively, at March 31, 2022. At March 31, 2023 Earnings per Share is \$0.42 compared to \$0.64 at March 31, 2022.

**HCB (In Thousands)**

Net Income through the end of the first quarter 2023 was \$268 compared to \$394 for the same period last year. March 31, 2023 Return on Average Equity was 6.83% with Return on Average Assets of 0.45% compared to 5.93% and 0.53% respectively at March 31, 2022. Total assets at the end of the quarter were \$312,355 versus \$298,074 in 2022. Total loans ended the first quarter at \$143,404 while total deposits were \$274,128 compared to \$135,329 and \$261,753, respectively in 2022.

**Year to Date Financial Performance**

First quarter results for net income were ahead of budget forecasts for 2023. For the remainder of 2023 we expect overall economic conditions to deteriorate due to inflation, additional interest rate increases, declining mortgage and consumer loan demand, and diminished economic development in some of our markets. Regardless of this gloomy outlook, the team at HCB expects to attain or exceed our budget numbers for the year. These expectations are partly based on the following; continued accelerated growth in our Agriculture banking business, growing our branch footprint by adding new branches, improved and expanded product offerings on the retail side of the bank, and competitive pricing on our loan and deposit products. HCB is in the finishing stages of significantly overhauling its technology infrastructure and capabilities to improve customer service, grow our suite of products, and protect customers from cyber security threats that continue to plague our industry and society as a whole. HCB follows a true community banking model which has stood the test of time, unlike other banks you hear about in the news. We offer our customers, our communities, and our employees a safe and financially secure bank that manages risk appropriately while maintaining strong capital reserves and liquidity. In addition, HCB has proven to be a great investment for all shareholders over the long term. There will always be some ups and downs but this bank has performed well for a long time. As I've said before "Our strength as a community bank is rooted in the support of our shareholders, loyalty of our customers, and commitment of our team."

I look forward to meeting all shareholders and customers. I invite you to stop by my office and visit, or call me to get acquainted. Our strength as a community bank is rooted in the support of our shareholders, the loyalty of our customers, and the commitment of our team.

**Cash Dividend Declared**

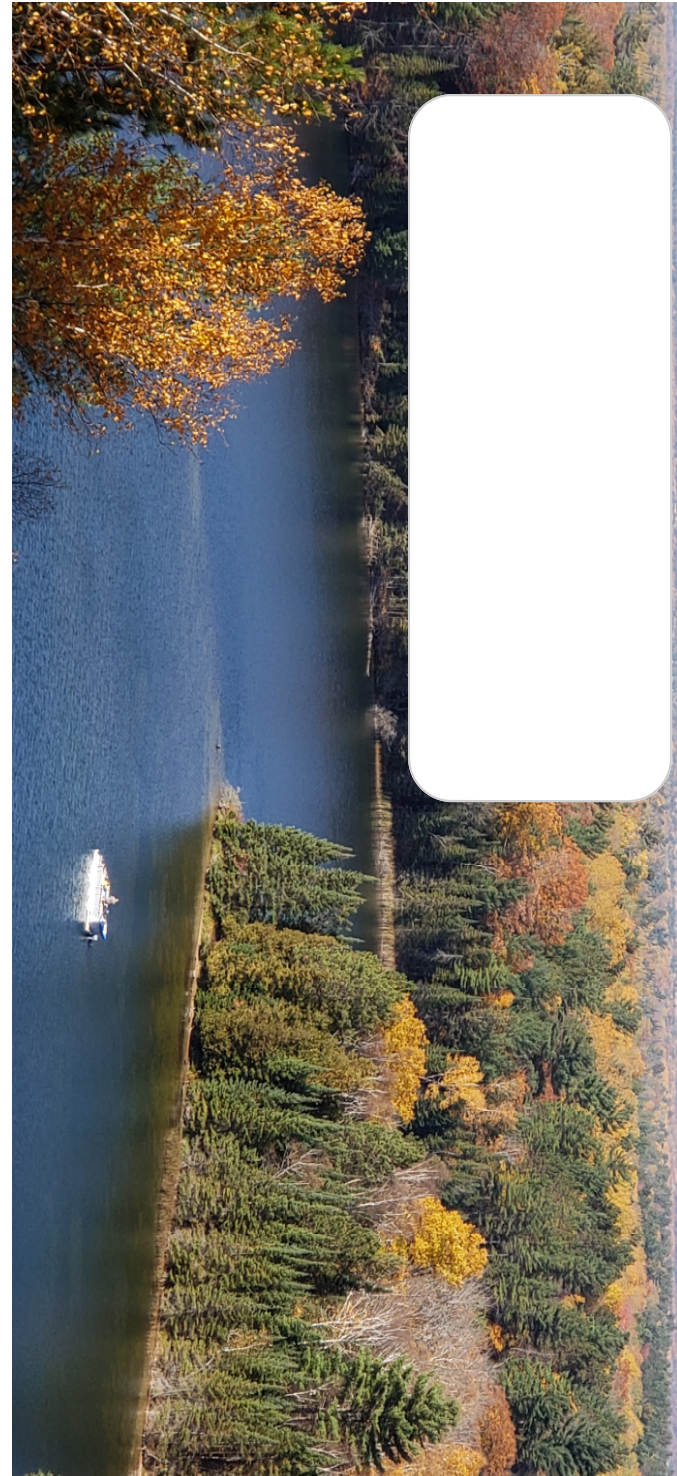
Your Board of Directors declared a cash dividend of \$0.41 per share to shareholders of record on April 5, 2023. This represents the 117th consecutive quarter in which a cash dividend has been paid to our shareholders. The dividend was paid on April 17, 2023. If you are not already enrolled in our dividend reinvestment program, I would encourage you to do so as it is a great way to increase investment in your bank!

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".

Sincerely,



Robert J. (Bob) Thomas  
President & CEO



**HURON  
COMMUNITY  
BANK**

**301 Newman Street, P.O. Box 312, East Tawas, Michigan 48730**  
**Address Service Requested**

PRRST STD  
U.S. POSTAGE  
**PAID**  
EAST TAWAS, MI  
PERMIT NO. 3  
48730

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

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

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

ASSETS	(Unaudited) 3/31/2023	(Unaudited) 3/31/2022	Three Months Ended	(Unaudited) 3/31/2023	(Unaudited) 3/31/2022	PROFITABILITY	(Unaudited) 3/31/2023	(Unaudited) 3/31/2022
Cash & Due From Banks	\$ 45,271	\$ 35,562	Interest on Loans	\$ 1,898	\$ 1,395	Net Income (In thousands)	\$ 268	\$ 394
Investment Securities	110,046	116,210	Interest on Investments	781	481	Return on Assets - YTD Annualized	0.35%	0.53%
Total Loans	143,403	135,328	<b>TOTAL INTEREST INCOME</b>	<b>2,679</b>	<b>1,877</b>	Return on Equity - YTD Annualized	<b>5.33%</b>	<b>5.93%</b>
Allowance for Loan Loss	(2,683)	(2,683)	INTEREST EXPENSE	522	144	Net Interest Margin - YTD Annualized	<b>2.98%</b>	<b>2.53%</b>
Net Loans	140,720	132,645	NET INTEREST INCOME	2,157	1,733			
Bank Premises & Equipment	3,176	2,575	Fees on Loans	103	322			
Accrued Interest Receivable	1,064	840	Other Income	235	260	SELECTED BALANCES (In Thousands)		
Intangible Assets	405	405	Total Other Operating Income	338	582	Total Assets	\$ 312,355	\$ 298,074
Other Assets	12,753	10,877	Salaries and Benefits (net)	1,245	1,106	Total Loans	\$ 143,404	\$ 135,329
<b>TOTAL ASSETS</b>	<b>\$ 313,434</b>	<b>\$ 299,115</b>	Fixed Expense	250	247	Total Deposits	\$ 274,128	\$ 261,753
			Variable Expense	757	607	Stockholder's Equity	\$ 20,352	\$ 23,324
LIABILITIES & EQUITY			Loan Loss Provision	0	0			
Total Deposits	\$ 273,904	\$ 259,766	Loss (Gain) on Assets	(1)	(103)			
Repurchase Agreements	6,446	8,790	Other Operating Expense	2,252	1,857			
FHLB/FRB Borrowings	10,000	3,000	NET INCOME BEFORE INCOME TAXES	243	458			
Other Liabilities	1,458	1,238	FEDERAL INCOME TAXES	(2)	83			
<b>TOTAL LIABILITIES</b>	<b>291,809</b>	<b>272,794</b>	NET INCOME	\$ 245	\$ 375			
Common Stock	578	590	Basic Earnings Per Share	\$ 0.42	\$ 0.64			
Surplus	18,137	19,140	Book Value Per Share	\$ 37.44	\$ 44.58			
Retained Earnings	11,340	10,604	Cash Dividends Declared Per Share	\$ 0.41	\$ 0.41			
Unrealized Gain(Loss) Inv. Sec. AFS	(8,429)	(4,013)						
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>21,626</b>	<b>26,322</b>						
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 314,434</b>	<b>\$ 299,115</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  
Robert J. Thomas  
Brenden A. Stephenson

**DIRECTORS EMERITUS**

Earl T. O'Loughlin  
Monty L. Kruttlin  
Robert M. Beneson  
Thomas B. Huck  
Mark D. Elliott

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