

October 20, 2015

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, 2015.

**HCFSI (In Thousands)**

Net Income for our holding company through September 30, 2015 was \$892 as compared to \$1,232 through the same quarter last year. Return on Average Equity was 5.08% and Return on Average Assets was 0.61% compared to 7.21% and 0.86% respectively at September 30, 2014. Book value of your common stock is \$42.79 and Earnings per Share are \$1.61. At September 30, 2015 the shareholder equity is \$23,865.

**HCB (In Thousands)**

Net Income through the end of the third quarter was \$959 compared to \$1,252 for the same period last year. Return on Average Equity was 5.75% with Return on Average Assets of 0.66% compared to 7.66% and 0.88% respectively at September 30, 2014. Total assets at the end of the quarter were \$205.9 versus \$205.9 in 2014. Total loans ended the third quarter at \$132.8 while total deposits were \$173.8.

**Year to Date Financial Performance**

The third quarter of 2015 was reflective of continued steady core earnings but was offset by lower loan demand in the markets we serve. The bank's net interest income continued to improve year over year coming in at \$71,000 over 9/30/14 results, however, the loss of outstanding loan balances has reduced the bank's gross interest income. The differential in the net income comparison year over year was impacted by a onetime gain received in the 3Q of 2014. Actual year over year net income is down \$104,000 year to date.

The fourth quarter of 2015 shows promise on the commercial loan front with a total of just over \$10,000,000 in new loans to be booked in the months of October and November. The mortgage group continues its strong performance in 2015. We've closed 118 mortgages totaling \$11.5MM YTD. Mortgage Non-Interest Revenues thru Q3 in 2015 are \$487,840 compared to \$394,105 for same period in 2014. This is an improvement of \$93,735 and a growth rate of 23.8%.

The Federal Reserve, once again, chose to keep rates flat which will continue to place pressure on determining when and if they will move rates in the future. Our management team continues to focus on loan growth and stability and will leave the rate forecasting to the "financial pundits". Once again we are confident your bank is positioned properly to preserve stockholder value and handle any changes in future interest rates.

**Cash Dividend Declared**

Your Board of Directors declared a cash dividend of \$0.25 per share to shareholders of record at October 5, 2015. This represents the 87th consecutive quarter in which a cash dividend has been paid to our shareholders. The dividend was paid on October 15, 2015. 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 your investment in your community 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**

ASSETS	(Unaudited) 9/30/2015	(Unaudited) 9/30/2014	Nine Months Ended	(Unaudited) 9/30/2015	(Unaudited) 9/30/2014	PROFITABILITY	(Unaudited) 9/30/2015	(Unaudited) 9/30/2014
Cash & Due From Banks	\$28,218	\$34,982	Interest on Loans	\$4,477	\$4,498			
Investment Securities	34,060	24,342	Interest on Investments	470	456	Net Income (In thousands)	\$959.2	\$1,251.9
Total Loans	132,792	136,620	<b>TOTAL INTEREST INCOME</b>	<b>4,947</b>	<b>4,953</b>	Return on Assets - Year-to-date annualized	0.66%	0.88%
Allowance for Loan Loss	(1,634)	(1,757)	INTEREST EXPENSE	289	366	Return on Equity - Year-to-date annualized	5.75%	7.66%
Net Loans	131,158	134,863	<b>NET INTEREST INCOME</b>	<b>4,658</b>	<b>4,587</b>	Net Interest Margin - Year-to-date annualized	3.48%	3.54%
Bank Premises & Equipment	2,722	2,892	Fees on Loans	452	732			
Accrued Interest Receivable	525	381	Other Income	1,059	1,087	SELECTED BALANCES (In Thousands)		
Intangible Assets	405	405						
Other Assets	10,100	8,846						
<b>TOTAL ASSETS</b>	<b>\$207,187</b>	<b>\$206,710</b>	Total Other Operating Income	1,511	1,818	Total Assets	\$205,898	\$205,920
			Salaries and Benefits (net)	2,315	2,256	Total Loans	\$132,792	\$136,620
LIABILITIES & EQUITY			Fixed Expense	617	648	Total Deposits	\$173,783	\$171,152
			Variable Expense	1,679	1,575	Stockholder's Equity	\$22,464	\$22,308
Total Deposits	\$173,627	\$171,035	Loan Loss Provision	400	332			
Repurchase Agreements	9,328	8,883	Loss (Gain) on Assets	(1)	(21)			
FHLB Borrowings	0	3,000	Other Operating Expense	5,010	4,789			
Other Liabilities	367	567						
<b>TOTAL LIABILITIES</b>	<b>183,322</b>	<b>183,485</b>	NET INCOME BEFORE INCOME TAXES	1,159	1,616			
Common Stock	558	554	FEDERAL INCOME TAXES	267	385			
Surplus	17,573	17,401	<b>NET INCOME</b>	<b>\$892</b>	<b>\$1,232</b>			
Retained Earnings	5,533	5,101	Basic Earnings Per Share	\$1.61	\$2.22			
Unrealized Gain(Loss) Inv. Sec. AFS	200	169	Book Value Per Share	\$42.79	\$41.96			
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>23,865</b>	<b>23,225</b>	Cash Dividends Declared Per Share	\$0.75	\$0.69			
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$207,187</b>	<b>\$206,710</b>						

**HURON COMMUNITY FINANCIAL SERVICES, INC.**

**BOARD OF DIRECTORS**

Alan J. Stephenson, Chairman  
Wayne D. Bigelow, Vice Chairman  
Thomas B. Huck  
David H. Cook  
Matthew W. Buresh  
Mark D. Elliott  
Gary J. Thibault  
Jeffrey B. Loomis

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Earl T. O'Loughlin  
Eugene J. Weaver  
Howard C. Look  
Robert D. Hodges  
Monty L. Kruttlin  
Robert M. Beneson

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