

July 10, 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 June 30, 2015.

**HCFSI (In Thousands)**

Net Income for our holding company through June 30, 2015 was \$575 as compared to \$694 through the same quarter last year. Return on Average Equity was 4.94% and Return on Average Assets was 0.60% compared to 6.16% and 0.74% respectively at June 30, 2014. Book value of your common stock is \$42.35 and Earnings per Share are \$1.04. At June 30, 2015 the shareholder equity is \$23,407.

**HCB (In Thousands)**

Net Income through the end of the second quarter was \$608 compared to \$720 through the same period last year. Return on Average Equity was 5.50% with Return on Average Assets of 0.63% compared to 6.69% and 0.78% respectively at June 30, 2014. Total assets at the end of the quarter were \$186.1 versus \$186.2 in 2014. Total loans ended the second quarter at \$132.9 while total deposits were \$155.3.

**Year to Date Financial Performance**

Through the first two quarters of 2015 HCB has increased the life blood of the bank, net interest income, by over \$80 thousand or 2.7% compared with last year. This increase has been a combination of a stronger yield in the loan portfolio and lowering the cost of our overall funding to .22%. In addition we have kept our non-interest expense in check with most categories coming in at or below our forecasted numbers. The second quarter financial results were negatively impacted by two non-reoccurring events. The first, a \$327,000 write down of an older troubled loan and the second is the ongoing expenses related to a repossessed asset. Absent these items net income for the first half of the year would have come in above budget. Management fully expects to recover a portion of the write down and is working diligently toward liquidation of the repossessed asset by this fall.

HCB is excited to announce the planned opening of a Loan Production Office (LPO) in West branch in the 3<sup>rd</sup> quarter of this year. We recently hired Stevens Loomis, a seasoned lender from the area who has an extensive network of contacts throughout West Branch and the surrounding area. As we stated at the annual meeting in May, the key to a successful LPO is the person we hire and not necessarily the location. Our management team believes we've landed both the person and the right market. This move will continue to expand our footprint, improve our profitability and enhance the stability of the bank. We are excited about expanding our "Community Banking" brand into the West Branch community.

Once again as the financial pundits are attempting to predict when and if the Federal Reserve will raise rates, (the latest guess is late fall or early winter) and the regulatory environment continues to become more complicated, our management team continues to remain diligent in focusing our effort on "Community Banking". This conservative proven approach to banking continues to preserve our stockholders value and positions our bank to remain financially stable.

**Cash Dividend Declared**

Your Board of Directors declared a cash dividend of \$0.25 per share to shareholders of record at July 3, 2015. This represents the 86th consecutive quarter in which a cash dividend has been paid to our shareholders. The dividend will be paid on July 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 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



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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) 6/30/2015	(Unaudited) 6/30/2014	Six Months Ended	(Unaudited) 6/30/2015	(Unaudited) 6/30/2014	PROFITABILITY	(Unaudited) 6/30/2015	(Unaudited) 6/30/2014
Cash & Due From Banks	\$11,107	\$13,041	Interest on Loans	\$2,988	\$2,949			
Investment Securities	31,034	28,247	Interest on Investments	309	315	Net Income (In thousands)	\$608.2	\$719.9
Total Loans	132,944	134,995	TOTAL INTEREST INCOME	3,297	3,264	Return on Assets - Year-to-date annualized	0.63%	0.78%
Allowance for Loan Loss	(1,551)	(1,882)	INTEREST EXPENSE	202	249	Return on Equity - Year-to-date annualized	5.50%	6.69%
Net Loans	131,393	133,113	NET INTEREST INCOME	3,095	3,015	Net Interest Margin - Year-to-date annualized	3.49%	3.54%
Bank Premises & Equipment	2,754	2,882				SELECTED BALANCES (In Thousands)		
Accrued Interest Receivable	418	422	Fees on Loans	315	448	Total Assets	\$186,147	\$186,156
Intangible Assets	405	405	Other Income	688	607	Total Loans	\$132,944	\$134,996
Other Assets	10,272	8,832	Total Other Operating Income	1,003	1,055	Total Deposits	\$155,258	\$150,898
TOTAL ASSETS	\$187,382	\$186,942	Salaries and Benefits (net)	1,525	1,476	Stockholder's Equity	\$22,085	\$21,968
LIABILITIES & EQUITY			Fixed Expense	419	452	<b>HURON COMMUNITY FINANCIAL SERVICES, INC.</b>  <b>BOARD OF DIRECTORS</b> 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  <b>DIRECTORS EMERITUS</b> Richard M. Harris Earl T. O'Loughlin Eugene J. Weaver Howard C. Look Robert D. Hodges Monty L. Kruttlin Robert M. Beneson		
Total Deposits	\$155,130	\$150,894	Variable Expense	1,063	975			
Repurchase Agreements	8,374	6,932	Loan Loss Provision	317	242			
FHLB Borrowings	0	5,850	Loss (Gain) on Assets	31	(20)			
Other Liabilities	471	501	Other Operating Expense	3,355	3,124			
TOTAL LIABILITIES	163,976	164,177	NET INCOME BEFORE INCOME TAXES	743	946			
Common Stock	553	552	FEDERAL INCOME TAXES	168	252			
Surplus	17,331	17,339	NET INCOME	\$575	\$694			
Retained Earnings	5,351	4,689	Basic Earnings Per Share	\$1.04	\$1.25			
Unrealized Gain(Loss) Inv. Sec. AFS	172	185	Book Value Per Share	\$42.35	\$41.24			
TOTAL SHAREHOLDERS EQUITY	23,407	22,765	Cash Dividends Declared Per Share	\$0.50	\$0.46			
TOTAL LIABILITIES & EQUITY	\$187,382	\$186,942						

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