

COMPARATIVE FINANCIAL STATEMENT

March 31, 2025

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March 31, 2025

TO OUR SHAREHOLDERS

FINANCIAL HIGHLIGHTS

Eastern Michigan Financial Corporation (the Company) reported strong earnings for the first quarter of 2025, including net income of \$1.46 million and earnings per share of \$1.13.

QUARTER ONE 2025 HIGHLIGHTS VERSUS QUARTER ONE 2024

- At \$1.46 million, net income was down modestly compared to the first quarter of 2024.
- Net interest income improved by 5.1% over last year at this time.
- Our cost of funds ended the quarter at 44 basis points, a decrease of 13.7%.
- Deposits declined by 2.4%, to \$459.4 million.
- Loans declined by 4.6%, to \$202.2 million.
- Shareholders earned a special cash dividend of \$0.50 per share and a regular cash dividend of \$0.40 per share, with an annualized dividend yield of 5.1%, as of March 31, 2025.

OPERATING RESULTS

Net income at quarter's end decreased by 4.9% over the first quarter of 2024, \$1.46 million versus \$1.53 million. Earnings per share for the same period declined by 7.0%, \$1.13 compared to \$1.22.

Two notable changes impacted year-over-year results:

- In early 2024, we borrowed \$50 million through the Federal Reserve's Bank Term Funding Program and found an opportunity to earn 5.4% on the borrowed funds. We paid back those borrowings in September 2024 and no longer have the benefit of that arbitrage.
- Salary and benefits expenses have increased due to the addition of staff for our new Marine City branch, which opened in December 2024. As this branch grows, its revenue will offset these additional costs.

BALANCE SHEET

Return on Average Assets (ROA) improved to 1.12% for the first quarter of 2025 versus an ROA of 1.07% in the same period of 2024.

Return on Average Equity (ROE) declined to 11.60% for the first quarter of 2025 compared to 14.77% for the same period in 2024, primarily driven by an increase in our equity.

Capital. As of the end of the first quarter of 2025, our Tier 1 Leverage Ratio was 16.14%, Tier 1 Capital Ratio was 16.14%, and Total Capital Ratio was 16.93%, making Eastern Michigan Bank a "well-capitalized" institution.

Book Value and Stock Price. As of March 31, 2025, book value was \$39.25 per share, an increase of \$6.47 per share over the end of the first quarter of 2024. Our last known trade for the first quarter of 2025 was \$41.51 per share.

CONCLUSION

The Company is monitoring the impact tariffs have or may have on our customers. We have discussed the potential stresses from tariffs on their business and are fortunate, as very few customers have experienced or expect to experience any direct impact. We will continue to evaluate future effects tariffs may have on our customers.

We do expect our financial metrics to improve as we head into the year, as our net interest income will benefit from repricing our maturing loans and investments. We are pleased with the results thus far, which reflect the hard work of our entire staff and the loyalty we proudly receive from our customers. We also thank you, our shareholders, for your continued support.



President and Chief Executive Officer

**Eastern
Michigan
Financial
Corporation**



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CONSOLIDATED BALANCE SHEETS (unaudited)

	March 31,	
	2025	2024
ASSETS		
Cash and due from banks	\$ 45,153	\$ 45,816
Securities	242,078	277,919
Federal funds sold & other deposits	1,309	1,301
Loans.....	202,181	212,021
Current expected credit loss on loans.....	(2,656)	(2,595)
Other assets.....	24,390	29,862
TOTAL ASSETS.....	\$ 512,455	\$ 564,324
LIABILITIES		
Deposits		
Non-interest bearing.....	\$ 125,997	\$ 118,926
Interest bearing.....	333,447	351,786
Total deposits.....	459,444	470,712
Other liabilities.....	2,174	52,136
TOTAL LIABILITIES.....	\$ 461,618	\$ 522,848
SHAREHOLDERS' EQUITY		
Common stock (issued 1,295,132 shares in 2025 and 1,265,131 shares in 2024).....	\$ 6,294	\$ 6,158
Surplus.....	4,032	2,705
Retained earnings.....	45,863	42,459
Accumulated other comprehensive income (loss).....	(5,352)	(9,846)
TOTAL SHAREHOLDERS' EQUITY.....	\$ 50,837	\$ 41,476
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY.....	\$ 512,455	\$ 564,324

FINANCIAL RATIOS

Return on Average Equity (annualized).....	11.60%	14.77%
Return on Average Assets (annualized).....	1.12%	1.07%
Capital to Assets.....	9.92%	7.35%
Current Expected Credit Loss on Loans / Loans....	1.31%	1.22%

(Dollars in thousands except per share data)

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	Three Months Ended March 31,	
	2025	2024
INTEREST INCOME		
Interest & fees on loans.....	\$ 3,145	\$ 3,142
Interest on federal funds sold & other deposits.....	390	760
Interest on investment securities.....	1,771	1,843
TOTAL INTEREST INCOME.....	5,306	5,745
INTEREST EXPENSE.....	520	1,191
NET INTEREST INCOME.....	4,786	4,554
PROVISION (REVERSAL) FOR CURRENT EXPECTED CREDIT LOSS.....	(43)	8
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	4,829	4,546
OTHER INCOME.....	479	500
OTHER OPERATING EXPENSES.....	3,472	3,119
INCOME BEFORE INCOME TAXES.....	1,836	1,927
INCOME TAX EXPENSE.....	379	395
NET INCOME.....	\$ 1,457	\$ 1,532
EARNINGS PER COMMON SHARE.....	\$ 1.13	\$ 1.22

(Dollars in thousands except per share data)

STOCK INFORMATION

Transfer Agent and Registrar:
Computershare Shareholder Services
P.O. Box 30170
College Station, Texas 77842-3170
800.368.5948

Stock Listing:
Symbol: EFIN
Over-The-Counter
Bulletin Board

Investor Relations Contact:

Errin Levitt, Chief Financial Officer
Eastern Michigan Financial Corporation
810.398.5135

Corporate Headquarters:

Eastern Michigan Financial Corporation
65 N. Howard Avenue
Croswell, Michigan 48422-0139
800.397.2504

	2025	2024
Number of shares, issued and outstanding	1,295,132	1,265,131
Number of shareholders of record	266	273
Cash dividends declared, year-to-date	\$ 0.90	\$ 0.90
Book value, end-of-period	39.25	32.78
Market value, last trade known	41.51	28.50

BOARD OF DIRECTORS

Timothy Ward, Chairperson
Retired Chief Executive Officer
Eastern Michigan Bank, Croswell

William Oldford, Jr., Vice Chairperson
President and Chief Executive Officer
Eastern Michigan Bank, Croswell

Lisa Disser, Director
Controller
Gielow Pickles, Inc., Lexington
Gielow Logistics, LLC, Lexington

Karen Flanagan, Director
Farmer
Sandusky

Patricia Manley, Director
McBridge-Manley & Company, P.C.
Marine City

Anthony Roggenbuck, Director
President, D&D Farms, Inc., Ruth
Owner Operator, Trucker T's Transport, LLC, Ubyl

Patricia Ryan, Director
Retired Partner
Frohm, Kelley, Butler & Ryan, P.C., Port Huron

Steven Schwehofer, Director
Former Chief Financial Officer
Foster Blue Water Oil, Richmond

Michael Wendling, Director
Prosecuting Attorney
St. Clair County

CORPORATE OFFICERS

William Oldford, Jr., President and Chief Executive Officer
Stacie Bales, Senior Vice President, Chief Operating Officer
Kimberly Bowman, Senior Vice President, Chief Retail Officer
Chad Deaner, Senior Vice President, Chief Lending Officer
Errin Levitt, Senior Vice President, Chief Financial Officer