

# 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**



# COMPARATIVE FINANCIAL STATEMENT

March 31, 2025

**2025**  
March 31, 2025

## CONSOLIDATED BALANCE SHEETS (unaudited)

	March 31,	
	2025	2024
<b>ASSETS</b>		
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
<b>TOTAL ASSETS.....</b>	<b>\$ 512,455</b>	<b>\$ 564,324</b>
<b>LIABILITIES</b>		
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
<b>TOTAL LIABILITIES.....</b>	<b>\$ 461,618</b>	<b>\$ 522,848</b>
<b>SHAREHOLDERS' EQUITY</b>		
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)
<b>TOTAL SHAREHOLDERS' EQUITY.....</b>	<b>\$ 50,837</b>	<b>\$ 41,476</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY.....</b>	<b>\$ 512,455</b>	<b>\$ 564,324</b>

## 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
<b>INTEREST INCOME</b>		
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
<b>TOTAL INTEREST INCOME.....</b>	<b>5,306</b>	<b>5,745</b>
<b>INTEREST EXPENSE.....</b>	<b>520</b>	<b>1,191</b>
<b>NET INTEREST INCOME.....</b>	<b>4,786</b>	<b>4,554</b>
<b>PROVISION (REVERSAL) FOR CURRENT EXPECTED CREDIT LOSS.....</b>	<b>(43)</b>	<b>8</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....</b>	<b>4,829</b>	<b>4,546</b>
<b>OTHER INCOME.....</b>	<b>479</b>	<b>500</b>
<b>OTHER OPERATING EXPENSES.....</b>	<b>3,472</b>	<b>3,119</b>
<b>INCOME BEFORE INCOME TAXES.....</b>	<b>1,836</b>	<b>1,927</b>
<b>INCOME TAX EXPENSE.....</b>	<b>379</b>	<b>395</b>
<b>NET INCOME.....</b>	<b>\$ 1,457</b>	<b>\$ 1,532</b>
<b>EARNINGS PER COMMON SHARE.....</b>	<b>\$ 1.13</b>	<b>\$ 1.22</b>

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