September 30, 2025

2025

COMPARATIVE FINANCIAL STATEMENT

September 30, 2025

TO OUR SHAREHOLDERS

FINANCIAL HIGHLIGHTS

We are pleased to present Eastern Michigan Financial Corporation's financial results for the nine months ended September 30, 2025, and an update on the merger with Mercantile Bank Corporation.

QUARTER THREE 2025 HIGHLIGHTS VERSUS QUARTER THREE 2024

- Net income ended the quarter at $4.9 million, a 2.7% increase over 2024.
- Net interest income improved by 7.0% over 2024 to $15.0 million.
- Total assets grew to $560.1 million, a 2.1% increase.
- Total deposits ended the quarter at $501.5 million, a 0.7% increase over last year.
- Provision for credit losses was down by 283.6% over end of third quarter 2024.
- Return on Average Equity (ROE) was 12.34% at quarter's end, a decrease of 213 basis points.
- Return on Average Assets (ROA) increased by 15 basis points to 1.25%, up from 1.10% in 2024.
- Earnings per share for third quarter 2025 were $3.76 compared to $3.74, a 0.4% increase over end of third quarter 2024.

PERFORMANCE OVERVIEW

- Interest income was down modestly compared to the same period last year, as we then benefited from a 52 basis point arbitrage from a $50.0 million Bank Term Funding Program (BTFP) borrowing versus the proceeds investment in Fed Funds. This borrowing was drawn in January 2024 and repaid in September 2024.
- Interest expense is down significantly versus 2024, driven almost exclusively by the absence of the BTFP borrowing.
- Other interest expense is higher due to merger-related costs (e.g., advisory fees, legal fees, etc.) of $558,000.
- We did have significant relief for CECL resulting from the termination of a $15 million line of credit facility with another financial institution, decreasing to 1.20% from 1.31% last year at this time.
- Earnings improved by 2.7% despite the added merger-related expenses and loss of the benefit from the BTFP borrowings.
- The balance sheet grew modestly, deposits held steady.
- Our financial ratios remain strong with Return on Equity (ROE) at 12.34%, Return on Assets (ROA) at 1.25% and Capital to Assets at 10.04%.

SHAREHOLDER VALUE

- **Dividends:** A year-to-date dividend of $1.70 per share was declared, consistent with the prior year.
- **Stock Performance:** The market value per share increased to $61.02, up 89.7%.
- **Book Value Growth:** Book value per share increased by 12.9%, a direct reflection of increased retained earnings and improved capital levels.

CONCLUSION

As we move through the fourth quarter, our commitment to delivering long-term value to our shareholders remains a focus.

The merger with Mercantile Bank Corporation is firmly on track, with both regulatory and shareholder approval anticipated in the coming months. This merger positions us to strengthen our community presence, expand our capabilities, and enhance profitability. We are confident that the strategic decisions and investments made this year will yield sustainable growth and increase shareholder value.

In the coming weeks, all our shareholders will receive materials to vote at an upcoming meeting to approve the merger. We encourage you to vote and ask that you be on the lookout for this material.

We sincerely thank you for your continued trust and support as we work with our new partner to build a stronger, more resilient organization for the future.

President and Chief Executive Officer

Eastern Michigan Financial Corporation®

COMPARATIVE FINANCIAL STATEMENT

September 30, 2025

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CONSOLIDATED BALANCE SHEETS (unaudited)

	September 30, 2025	September 30, 2024
ASSETS		
Cash and due from banks	$ 113,067	$ 21,321
Securities	216,098	282,135
Federal funds sold & other deposits	2,001	653
Loans	207,315	220,776
Current expected credit loss on loans	(2,493)	(2,895)
Other assets	24,076	26,615
TOTAL ASSETS	**$ 560,064**	**$ 548,605**
LIABILITIES		
Deposits		
Non-interest bearing	$ 144,087	$ 133,130
Interest bearing	357,423	364,942
Total deposits	501,510	498,072
Other liabilities	2,336	1,834
TOTAL LIABILITIES	**$ 503,846**	**$ 499,906**
SHAREHOLDERS' EQUITY		
Common stock (issued 1,299,058 shares in 2025 and 1,270,043 shares in 2024)	$ 6,300	$ 6,163
Surplus	4,215	2,785
Retained earnings	48,742	44,757
Accumulated other comprehensive income (loss)	(3,039)	(5,006)
TOTAL SHAREHOLDERS' EQUITY	**$ 56,218**	**$ 48,699**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**$ 560,064**	**$ 548,605**
FINANCIAL RATIOS		
Return on Average Equity (annualized)	12.34%	14.47%
Return on Average Assets (annualized)	1.25%	1.10%
Capital to Assets	10.04%	8.88%
Current Expected Credit Loss on Loans / Loans	1.20%	1.31%

(Dollars in thousands except per share data)

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
INTEREST INCOME		
Interest & fees on loans	$ 9,693	$ 9,847
Interest on federal funds sold & other deposits	1,628	1,872
Interest on investment securities	5,187	5,765
TOTAL INTEREST INCOME	**16,508**	**17,484**
INTEREST EXPENSE	**1,529**	**3,482**
NET INTEREST INCOME	**14,979**	**14,002**
PROVISION (REVERSAL) FOR CURRENT EXPECTED CREDIT LOSSES	(314)	171
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	**15,293**	**13,831**
OTHER INCOME	1,552	1,534
OTHER OPERATING EXPENSES	10,710	9,395
INCOME BEFORE INCOME TAXES	**6,135**	**5,970**
INCOME TAX EXPENSE	1,279	1,242
NET INCOME	**$ 4,856**	**$ 4,728**
EARNINGS PER COMMON SHARE	**$ 3.76**	**$ 3.74**

(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	1,299,058	1,270,043
Number of shareholders of record	250	268
Cash dividends declared, year-to-date	$ 1.70	$ 1.70
Book value, end-of-period	43.28	38.34
Market value, last trade known	61.02	32.16

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, Ubly

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

Steven Schweihofer, 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