



2024

COMPARATIVE FINANCIAL STATEMENT

TO OUR SHAREHOLDERS

September 30, 2024

FINANCIAL HIGHLIGHTS

Eastern Michigan Financial Corporation had strong earnings for the first three quarters of 2024, reporting net income of \$4.7 million and earnings per share of \$3.74. Both figures represent increases from the same period in 2023.

QUARTER 3 2024 HIGHLIGHTS VERSUS QUARTER 3 2023

- Net income increased by 7.0% over the first three quarters of 2023.
- Net interest income improved by 6.8%.
- Cost of funds rose by 0.5% to 0.9%.
- Deposits declined by a modest \$8.9 million.
- Loans increased by 8.1% to \$220.8 million.
- Shareholders earned a cash dividend of \$0.40 per share for the quarter, with an annualized dividend yield of 7.6% as of September 30, 2024.

OPERATING RESULTS

Net income for the first three quarters of 2024 was \$4.7 million versus \$4.4 million one year ago, a 7.0% increase. Earnings per share increased by 5.9%, or \$0.21 to \$3.74, for the first three quarters of 2024, compared to \$3.53 for the same period in 2023.

Net Interest Income for the first three quarters of 2024 increased by \$896.0 thousand, or 6.8%, over the same period in 2023. Interest expense increased as well, totaling \$3.5 million for the first three quarters of 2024 versus \$1.4 million for the same period last year. As shared earlier in the year, we borrowed \$50 million from the Bank Term Funding Program (BTFP) in January 2024 at an average rate of 4.88% and then reinvested those funds at 5.4%. While this did increase our cost of funds, the boost in interest income more than offset that increase. When the Federal Open Market Committee cut the Federal Funds rate by 50 basis points in September, the margin we were earning on the BTFP funds was greatly reduced, so we chose to repay the borrowings early and thus improve our capital ratios.

BALANCE SHEET

Return on Average Assets (ROA) improved to 1.10% over the first three quarters of 2024 versus an ROA of 1.09% for the same period of 2023.

Return on Average Equity (ROE) declined to 14.47% for the first three quarters of 2024 compared to 16.86% for the same period in 2023. The change in ROE was primarily driven by a meaningful reduction in the unrealized losses in our investment portfolio, resulting in an increase to equity.

Deposits for the first three quarters of 2024 declined to \$498.1 million compared to \$506.9 million for the same period in 2023. Given our cost of funds and the competitiveness for deposits from both banks and non-banks, we are pleased with such a modest decline.

Capital remains strong. As of the end of the first three quarters of 2024, our Tier 1 Leverage Ratio was 9.3%, Tier 1 Capital Ratio was 14.2%, and our Total Capital Ratio was 15.0%, all indicators of a well-capitalized institution.

Stock Price and Book Value both increased over 2023. As of September 30, 2024, our last known trade was \$27.54 per share. Book Value as of this date was \$38.34 per share, an increase of \$9.72 per share over the end of the first three quarters of 2023. Book Value increased due to earnings and a reduction in our Accumulated Other Comprehensive Loss driven by lower unrealized losses in our investment portfolio.

We are deeply saddened to announce the passing of Director Donna Niester on October 6, 2024. True to her spirit, Donna fought a courageous battle with cancer. She advocated passionately for Eastern Michigan Bank everywhere she went and represented us with great dedication. We invite you to read her memorial at the end of this statement. Her contributions to her community and this organization were extensive, and she will be greatly missed.

President and Chief Executive Officer

**Eastern
Michigan
Financial
Corporation**





2024

COMPARATIVE FINANCIAL STATEMENT

September 30

CONSOLIDATED BALANCE SHEETS (unaudited)

| | September 30, | |
|--|-------------------|-------------------|
| | 2024 | 2023 |
| ASSETS | | |
| Cash and due from banks | \$ 21,321 | \$ 34,671 |
| Securities | 282,135 | 272,493 |
| Federal funds sold & other deposits | 653 | 7,421 |
| Loans..... | 220,776 | 204,229 |
| Current expected credit loss on loans..... | (2,895) | (2,606) |
| Other assets..... | 26,615 | 27,935 |
| TOTAL ASSETS..... | \$ 548,605 | \$ 544,143 |
| LIABILITIES | | |
| Deposits | | |
| Non-interest bearing..... | \$ 133,130 | \$ 138,048 |
| Interest bearing..... | 364,942 | 368,880 |
| Total deposits..... | 498,072 | 506,928 |
| Other liabilities..... | 1,834 | 1,423 |
| TOTAL LIABILITIES..... | \$ 499,906 | \$ 508,351 |
| SHAREHOLDERS' EQUITY | | |
| Common stock (issued 1,270,043 shares in 2024 and 1,250,757 shares in 2023)..... | \$ 6,163 | \$ 6,129 |
| Surplus..... | 2,785 | 3,123 |
| Retained earnings..... | 44,757 | 40,139 |
| Accumulated other comprehensive loss..... | (5,006) | (13,599) |
| TOTAL SHAREHOLDERS' EQUITY..... | \$ 48,699 | \$ 35,792 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY..... | \$ 548,605 | \$ 544,143 |

FINANCIAL RATIOS

| | | |
|---|--------|--------|
| Return on Average Equity (annualized)..... | 14.47% | 16.86% |
| Return on Average Assets (annualized)..... | 1.10% | 1.09% |
| Capital to Assets..... | 8.88% | 6.58% |
| Current Expected Credit Loss on Loans / Loans.... | 1.31% | 1.28% |

(Dollars in thousands except per share data)

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

| | Nine Months Ended September 30, | |
|---|------------------------------------|-----------------|
| | 2024 | 2023 |
| INTEREST INCOME | | |
| Interest & fees on loans..... | \$ 9,847 | \$ 7,641 |
| Interest on federal funds sold & other deposits..... | 1,872 | 1,478 |
| Interest on investment securities..... | 5,765 | 5,407 |
| TOTAL INTEREST INCOME..... | 17,484 | 14,526 |
| INTEREST EXPENSE..... | 3,482 | 1,420 |
| NET INTEREST INCOME..... | 14,002 | 13,106 |
| PROVISION FOR CURRENT EXPECTED CREDIT LOSSES..... | 171 | 279 |
| NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES..... | 13,831 | 12,827 |
| OTHER INCOME..... | 1,534 | 1,504 |
| OTHER OPERATING EXPENSES..... | 9,395 | 8,772 |
| INCOME BEFORE INCOME TAXES..... | 5,970 | 5,559 |
| INCOME TAX EXPENSE..... | 1,242 | 1,141 |
| NET INCOME..... | \$ 4,728 | \$ 4,418 |
| EARNINGS PER COMMON SHARE | \$ 3.74 | \$ 3.53 |

(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

| | 2024 | 2023 |
|---|-----------|-----------|
| Number of shares, issued and outstanding | 1,270,043 | 1,250,757 |
| Number of shareholders of record | 268 | 272 |
| Cash dividends declared, year-to-date | \$ 1.70 | \$ 1.10 |
| Book value, end-of-period | 38.34 | 28.62 |
| Market value, last trade known | 32.16 | 24.50 |

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

Donna Niester, Director
President and Chief Executive Officer
Acheson Ventures, LLC, Port Huron

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

Patricia Ryan, Director
Retired Partner
Frohnm, Kelley, Butler & Ryan, PC, 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



DONNA NIESTER (1956 - 2024)

We are saddened by the passing of Donna Niester on October 6, 2024.

Donna Niester was appointed to the Boards of Directors of Eastern Michigan Financial Corporation and Eastern Michigan Bank in April 2019 and has faithfully served our organization for the past five years. She was a strong advocate and supporter of Eastern Michigan Bank.

Donna was Chief Executive Officer of Acheson Ventures, LLC, Trustee of the James C. Acheson Foundation, and a certified public accountant of over 40 years. Prior to joining Acheson Ventures in 2000, she was a partner in the Port Huron accounting firm of Austin, Niester, Schwehofer & Finnegan, PC.

Donna had a long and distinguished record of service to the Port Huron community. She was the first woman board chair of the Community Foundation of St. Clair County, a past trustee of the McLaren Port Huron Hospital Board of Directors, and chairperson of the hospital's Audit Committee. She was also a past member of the Michigan Community Service Commission, past chair of the Port Huron Hospital Foundation, and past president of the Port Huron Golf Club.

Donna was instrumental in the development of Studio 1219 and the Blue Water River Walk and was a founding member of the Community Foundation of St. Clair County's Women's Initiative. She received numerous awards and recognitions in her lifetime, including being named one of Crain's Detroit Business's 100 Most Influential Women (2016) and a Northwood University Distinguished Women Honoree (2014). In 2024, she received a Lifetime Achievement Award from the Community Foundation and a Spirit of Port Huron Award from the City of Port Huron.

We extend our deepest sympathies to Donna's family and her partner, Brian.

