



2024

COMPARATIVE FINANCIAL STATEMENT

TO OUR SHAREHOLDERS

March 31, 2024

FINANCIAL HIGHLIGHTS

Eastern Michigan Financial Corporation (the Company) had strong earnings for the first quarter of 2024, reporting net income of \$1.53 million and earnings per share of \$1.22. Both figures represent increases from the same period last year.

Quarter 1 2024 Highlights Versus Quarter 1 2023

- Net income grew by 4.6% over the first quarter of 2023 to \$1.53 million.
- Net interest income improved by 5.8%.
- Cost of funds increased by 51 basis points to 91 basis points.
- Deposits declined by 9.82%, to \$470.7 million.
- Loans increased by 15.15%, to \$212.0 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 7.37% as of March 31, 2024.

The increase in our cost of funds is a direct result of borrowing from the Federal Reserve's Bank Term Funding Program, which we will discuss later in this commentary.

Coming off the exceptional results achieved in 2023, this year is shaping up to be strong as well.

OPERATING RESULTS

Net income: Net income for the first quarter of 2024 was \$1.53 million compared to \$1.47 million, a 4.6% increase. Earnings per share were \$1.22 for the first quarter of 2024 compared to \$1.17 for the first quarter of 2023, a 4.13% increase.

Net Interest Income: Interest income for the first quarter of 2024 increased by 18.6% compared to the same period in 2023, \$5.75 million versus \$4.85 million. Interest expense increased to \$1.19 million in the first quarter of 2024 versus \$540 thousand for the same period last year. Overall, net interest income for the first quarter of 2024 increased by \$249 thousand, or 5.8%, from the same period in 2023.

BALANCE SHEET

Return on Average Assets (ROA): Our ROA improved to 1.07% in the first quarter of 2024 compared to 1.04% in the same period of 2023.

Return on Average Equity (ROE): Our ROE declined to 14.77% for the first quarter of 2024 compared to 17.43% for the same period in 2023.

Bank Term Funding Program: In March 2023, the Federal Reserve created the Bank Term Funding Program (BTFP) as a source of liquidity for depository institutions stressed by last spring's events in the banking sector. Utilizing the BTFP, banks could borrow for up to one year and repay at any time without a penalty. The program stopped extending new loans on March 11, 2024.

While confident in our liquidity position, we chose to participate in the BTFP and borrowed \$50 million at a blended rate of 4.88% for one year. Subsequently, we were able to invest the borrowing proceeds in federal funds paying 5.40%, thus creating additional net interest income and liquidity.

Capital: The Company is considered a "well-capitalized" institution. As of the end of the first quarter of 2024, our Tier 1 Leverage Ratio was 8.95%, our Tier 1 Capital Ratio was 13.33%, and our Total Capital Ratio was 14.00%.

Stock Price and Book Value: Our last known trade for the first quarter of 2024 was \$28.50 per share. Book Value per share ended the quarter at \$32.78, an increase of \$5.33 per share over the end of the first quarter of 2023.

We are pleased with this year's results to date as our financial metrics continue to improve. These accomplishments reflect the hard work of our entire staff and the loyalty we are proud to receive from our customers. We also thank you, our fellow shareholders, for your support.

President and Chief Executive Officer

**Eastern
Michigan
Financial
Corporation**





2024

March 31

COMPARATIVE FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEETS (unaudited)

ASSETS	March 31,	
	2024	2023
Cash and due from banks	\$ 45,816	\$ 57,693
Securities	277,919	290,213
Federal funds sold & other deposits	1,301	734
Loans.....	212,021	184,128
Current expected credit loss on loans.....	(2,595)	(2,304)
Other assets.....	29,862	26,796
TOTAL ASSETS.....	\$ 564,324	\$ 557,260

LIABILITIES	March 31,	
	2024	2023
Deposits		
Non-interest bearing.....	\$ 118,926	\$ 140,900
Interest bearing.....	351,786	381,097
Total deposits.....	470,712	521,997
Other liabilities.....	52,136	950
TOTAL LIABILITIES.....	\$ 522,848	\$ 522,947

SHAREHOLDERS' EQUITY	March 31,	
	2024	2023
Common stock (issued 1,265,131 shares in 2024 and 1,249,951 shares in 2023).....	\$ 6,158	\$ 6,133
Surplus.....	2,705	2,993
Retained earnings.....	42,459	38,128
Accumulated other comprehensive income (loss).....	(9,846)	(12,941)
TOTAL SHAREHOLDERS' EQUITY.....	\$ 41,476	\$ 34,313
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY.....	\$ 564,324	\$ 557,260

FINANCIAL RATIOS	2024	2023
Return on Average Equity (annualized).....	14.77%	17.43%
Return on Average Assets (annualized).....	1.07%	1.04%
Capital to Assets.....	7.35%	6.16%
Current Expected Credit Loss on Loans / Loans...	1.22%	1.25%

(Dollars in thousands except per share data)

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	Three Months Ended	
	2024	2023
INTEREST INCOME		
Interest & fees on loans.....	\$ 3,142	\$ 2,404
Interest on federal funds sold & other deposits.....	760	700
Interest on investment securities.....	1,843	1,741
TOTAL INTEREST INCOME.....	5,745	4,845
INTEREST EXPENSE.....	1,191	540
NET INTEREST INCOME.....	4,554	4,305
PROVISION FOR CURRENT EXPECTED CREDIT LOSSES.....	8	0
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	4,546	4,305
OTHER INCOME.....	500	482
OTHER OPERATING EXPENSES.....	3,119	2,944
INCOME BEFORE INCOME TAXES.....	1,927	1,843
INCOME TAX EXPENSE.....	395	378
NET INCOME.....	\$ 1,532	\$ 1,465
EARNINGS PER COMMON SHARE	\$ 1.22	\$ 1.17

(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
Crosswell, Michigan 48422-0139
800.397.2504

	2024	2023
Number of shares, issued and outstanding	1,265,131	1,249,951
Number of shareholders of record	273	275
Cash dividends declared, year-to-date	\$ 0.90	\$ 0.35
Book value, end-of-period	32.78	27.45
Market value, last trade known	28.50	25.00

BOARD OF DIRECTORS

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

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

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
Frohman, 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