

To Our Shareholders

Business Highlights

Eastern Michigan Financial Corporation earnings through the second quarter of 2009 were \$475,000 or \$0.42 per share. Although profitability was down for the first half of the year as compared to 2008, the second quarter of 2009 saw an improvement in earnings over first quarter of 56.8%.

Return on Average Equity during this time was 4.19% compared to 4.39% a year ago and Return on Average Assets was 0.41% compared to 0.46%. Our Capital to Assets ratio was 9.57% as of June 30, 2009, compared to 9.98% as of June 30, 2008.

Book value per share was \$20.22, compared to \$20.33 for the second quarter of 2008.

Total assets were \$238,330,000 compared to \$230,486,000 in the same quarter of 2008. Loans were \$170,829,000 compared to \$169,529,000 and deposits were \$212,434,000 compared to \$204,469,000 one year ago.

Stockholder Dividend

The Board of Directors declared a second quarter dividend of \$0.12 per share. Although this is a reduction in what has been paid as compared to previous quarters, we are pleased to be in a position to be able to pay a dividend. Many banks have eliminated their dividend entirely.

Management Comments

As you are undoubtedly aware, our state, local and national economies continue to struggle. Even our previously prosperous local dairy industry has been impacted, experiencing a 40% drop in milk prices over just one year ago. High unemployment in all our markets continues to affect overall loan demand. Despite the fact that demand is not where we would like it to be, however, we will not waiver from our commitment to booking only quality loans.

On a positive note, our deposit base grew in the second quarter, as customers sought safe havens for their savings. We also saw increased demand in home mortgage originations, a result of low rates and special refinancing programs made available through Freddie Mac. Our interest rate margin remained healthy at 4.02%.

You may have heard in the media that the FDIC imposed a special assessment on all insured banks in the second quarter of 2009. This assessment resulted in an additional expense for us in excess of \$100,000. This may not be the only special assessment we see either, as the FDIC has reserved the right to impose a second one later in the year. While we realize the necessity of the insurance fund remaining solvent, the effect of this charge on our profitability is a stinging one. A very real inequity exists in the fact that those of us who exercised prudent judgment must now pay to recapitalize a fund diminished due to the poor decisions of others.

Despite less than desired results for the quarter, we continue to maintain a strong financial position and remain a well capitalized financial institution as defined by our regulators. The months ahead are certain to present challenges as we move closer to an

eventual recovery of the overall economy. With the help of our dedicated team of employees, management will continue to manage expenses wisely while seeking out opportunities to enhance revenue through building new relationships and strengthening existing ones. When the difficulties we are now experiencing have passed, we are confident that our customers and shareholders will be able to say that their trust in us was well-placed.

Timothy M. Ward
President/CEO

CONSOLIDATED BALANCE SHEETS

(unaudited)

	June 30	
	2009	2008
ASSETS		
Cash and due from banks.....	\$ 19,906	\$ 9,629
Securities	33,786	28,813
Federal funds sold & other deposits	2,367	10,430
Loans	170,829	169,529
Allowance for loan loss	(2,424)	(2,065)
Other assets	13,866	14,150
TOTAL ASSETS	238,330	230,486
LIABILITIES		
Deposits		
Non-interest bearing	28,441	27,451
Interest bearing	183,993	177,018
Total deposits	212,434	204,469
Other liabilities	3,076	3,024
TOTAL LIABILITIES	215,510	207,493
SHAREHOLDERS' EQUITY		
Common Stock (issued 1,128,737 in 2009 and 1,130,737 in 2008)	5,644	5,654
Surplus	1,696	1,665
Retained earnings	15,502	15,737
Accumulated other comprehensive income (loss)	(22)	(63)
TOTAL SHAREHOLDERS' EQUITY	22,820	22,993
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 238,330	\$ 230,486

FINANCIAL RATIOS

Return on Average Equity (annualized)	4.19%	4.39%
Return on Average Assets (annualized)	0.41%	0.46%
Capital to Assets	9.57%	9.98%
Allowance for Loan Loss/Loans	1.42%	1.22%

(Dollars in thousands except per share data)

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Six months ended June 30,	
	2009	2008
INTEREST INCOME		
Interest & fees on loans	5,197	5,637
Interest on federal funds sold & other deposits	40	185
Interest on investment securities	496	695
TOTAL INTEREST INCOME	5,733	6,517
INTEREST EXPENSE	1,641	2,124
NET INTEREST INCOME	4,092	4,393
PROVISION FOR LOAN LOSSES	609	400
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES ...	3,483	3,993
OTHER INCOME	671	865
OTHER OPERATING EXPENSES	3,588	4,104
INCOME BEFORE INCOME TAXES ..	566	754
INCOME TAX EXPENSE	91	232
NET INCOME	\$475	\$522
EARNINGS PER COMMON SHARE	\$0.42	\$0.45

(Dollars in thousands except per share data)

STOCK INFORMATION

Transfer Agent and Registrar:
Eastern Michigan Financial Corporation
65 N. Howard Avenue
Croswell, MI 48422
810-679-4330

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

Investor Relations Contact:
Karen M. Lord, Chief Financial Officer
810-679-4330

	2009	2008
Number of Shares, issued and outstanding	1,128,737	1,130,737
Number of Shareholders of Record	307	312
Cash Dividends Declared, year-to-date	0.24	0.40
Book Value, end-of-period	20.22	20.33
Market Value, last trade known	10.05	17.50

Board of Directors

Charles W. Thorley, Chairman
Retired President, Eastern Michigan Bank

Earl E. Desjardins, Vice Chairman
President, BMJ Engineers & Surveyors, Inc.

Bradley D. Apsey
President, Apsey Funeral Home, Inc.

Gilbert B. Clark
Retired Farmer

Robert G. Frohm
Partner, Frohm, Kelley, Butler & Ryan, P.C.

Karen S. Flanagan
Farmer

Ann Randall Kendrick
*Owner, Pollock Randall Funeral Home
and Marysville Funeral Home*

Timothy M. Ward
President/CEO, Eastern Michigan Bank

Kenneth J. Wilhelm
Partner, Fraser Manufacturing Corporation

John C. Williams
Superintendent, Croswell Electrical & Water Departments

Corporate Officers

Timothy M. Ward, President/CEO

Kathlene M. Partaka, Secretary/Exec. V.P. - Operations

Charles O. Racette, Senior V.P. - Loans

Karen M. Lord, Chief Financial Officer

EASTERN MICHIGAN FINANCIAL CORPORATION

65 N. Howard Avenue
P.O. Box 139
Croswell, Michigan 48422
(810) 679-2500

LOCATIONS

MAIN OFFICE

65 N. Howard Avenue • Croswell, MI 48422
(810) 679-2500 • 1 (800) 397-2504

LOAN CENTER

66 N. Howard Avenue
Croswell, MI 48422
(810) 679-2500

LEXINGTON OFFICE

5446 Main Street
Lexington, MI 48450
(810) 359-5353

CROSWELL DRIVE-IN

5200 E. Peck Road
Croswell, MI 48422
(810) 679-3620

MARYSVILLE OFFICE

2970 Gratiot Boulevard
Marysville, MI 48040
(810) 364-4854

DECKERVILLE OFFICE

3636 Main Street
Deckerville, MI 48427
(810) 376-2015

MINDEN CITY OFFICE

1728 Main Street
Minden City, MI 48456
(989) 864-3393

FORT GRATIOT OFFICE

3061 Krafft Road
Fort Gratiot, MI 48059
(810) 966-2281

PORT HURON OFFICE

600 Water Street
Port Huron, MI 48060
(810) 987-9777

LAKEPORT OFFICE

7090 Lakeshore Road
Lakeport, MI 48059
(810) 385-3211

SANDUSKY OFFICE

324 S. Sandusky Road
Sandusky, MI 48471
(810) 648-3230



Eastern Michigan Financial Corporation

COMPARATIVE FINANCIAL STATEMENT
JUNE 30, 2009

