

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
SEPTEMBER 30, 2009



MEMBER
FDIC

To Our Shareholders

Business Highlights

Eastern Michigan Financial Corporation earnings through the third quarter of 2009 were \$583,000 or \$0.52 per share as compared to \$821,000 or \$0.72 per share for the same period in 2008.

Return on average equity during this time was 3.41% compared to 4.65% one year ago and return on average assets was 0.33% compared to 0.48% one year ago. Our Capital to Assets ratio was 9.51% as of September 30, 2009, compared to 10.53% as of September 30, 2008. The reduction in this ratio was driven by the nearly 10% increase in assets over the prior period.

Book value per share was \$20.32, compared to \$20.51 for the third quarter of 2008.

Total assets were \$241,072,000 compared to \$219,850,000 for the same quarter in 2008. Loans were \$172,310,000 compared to \$172,775,000 and deposits were \$215,137,000 compared to \$193,769,000 one year ago.

Stockholder Dividend

The Board of Directors declared a third quarter dividend of \$0.12 per share. While this amount marks a reduction in what has been paid prior to 2009, we are pleased to still be able to pay a dividend in an environment where many banks cannot.

Management Comments

Clearly I would prefer to be delivering better news. While some individuals feel our nation's economy is improving as a whole, there is little evidence of it here in Michigan. The ongoing economic struggles at the state and local levels continue to impact our performance poorly compared to what we are accustomed to, and coupled with high unemployment in all of our markets, persist in affecting overall loan demand and credit quality. We still strive to originate only quality loans, but we have also made a significant increase to our loan loss reserve this quarter to guard against future deterioration in our portfolio.

On a positive note, our deposit base continued to grow in the third quarter as both new and existing customers sought safe havens for their savings. Recent articles in our local print media have reflected well on the bank and our ability to weather this difficult economic storm as compared to some of our peers. Even though our net interest margin has seen some compression due to lower investment rate opportunities, it remains strong at 3.96% on a year to date basis.

I mentioned in the second quarter's report that the FDIC had imposed a special assessment on all banks, resulting in an additional expense to us in excess of \$100,000. Despite this assessment, it now appears that some form of further additional payment will still be required by all banks prior to year's end. These added payments on top of increased premiums place a heavy burden on banks at a time when we can least afford it, not to mention the inequity in our having to pay for the mistakes of those who exercised poor judgment.

Despite less than desired results for the quarter, we remain a well capitalized institution as defined by our regulators. With the support of our dedicated team of employees, management will stay the course of prudent expense management while seeking out opportunities for revenue enhancement through forging new relationships and strengthening existing ones. While we do not know when these difficult times will pass, we do know that they will pass and when that day comes, we will stand well positioned to serve the needs of our communities and our duty to our shareholders.


President/CEO

CONSOLIDATED BALANCE SHEETS (unaudited)

	September 30	
	2009	2008
ASSETS		
Cash and due from banks.....	\$ 16,730	\$ 8,534
Securities.....	39,935	28,004
Federal funds sold & other deposits.....	1,382	0
Loans.....	172,310	172,775
Allowance for loan loss.....	(3,247)	(2,283)
Other assets.....	13,962	12,820
TOTAL ASSETS.....	241,072	219,850

LIABILITIES

Deposits		
Non-interest bearing.....	30,516	23,698
Interest bearing.....	184,621	170,071
Total deposits.....	215,137	193,769
Other liabilities.....	3,004	2,933
TOTAL LIABILITIES.....	218,141	196,702

SHAREHOLDERS' EQUITY

Common stock (issued 1,128,737 in 2009 and 2008).....	5,644	5,644
Surplus.....	1,699	1,665
Retained earnings.....	15,475	15,764
Accumulated other comprehensive income (loss)....	113	75
TOTAL SHAREHOLDERS' EQUITY.....	22,931	23,148
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY...	\$ 241,072	\$ 219,850

FINANCIAL RATIOS

Return on Average Equity (annualized).....	3.41%	4.65%
Return on Average Assets (annualized).....	0.33%	0.48%
Capital to Assets.....	9.51%	10.53%
Allowance for Loan Loss / Loans.....	1.88%	1.32%

(Dollars in thousands except per share data)

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	Nine Months Ended September 30,	
	2009	2008
INTEREST INCOME		
Interest & fees on loans.....	7,734	8,365
Interest on federal funds sold & other deposits..	83	257
Interest on investment securities.....	765	996
TOTAL INTEREST INCOME.....	8,582	9,618
INTEREST EXPENSE.....	2,433	3,097
NET INTEREST INCOME.....	6,149	6,521
PROVISION FOR LOAN LOSSES.....	1,538	643
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES.....	4,611	5,878
OTHER INCOME.....	1,375	521
OTHER OPERATING EXPENSES.....	5,341	5,259
INCOME BEFORE INCOME TAXES.....	645	1,140
INCOME TAX EXPENSE.....	62	319
NET INCOME.....	\$ 583	\$ 821
EARNINGS PER COMMON SHARE	\$ 0.52	\$ 0.72

(Dollars in thousands except per share data)

STOCK INFORMATION

Transfer Agent and Registrar:
Eastern Michigan Financial Corporation
65 North Howard Avenue
Crosswell, 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

Number of Shares , issued and outstanding.....	2009 1,128,737	2008 1,128,737
Number of Shareholders of Record.....	309	311
Cash Dividends Declared , year-to-date.....	0.36	0.62
Book Value , end-of-period.....	20.32	20.51
Market Value , last trade known.....	9.00	16.50