

THIRD QUARTER

CORPORATE HIGHLIGHTS

To Our Shareholders:

Southern Michigan Bancorp, Inc. maintained strong performance throughout the first nine months of 2025. Southern reported net income of \$3,019,000, or \$0.65 per share, an increase of 16.70 percent for the third quarter ended September 30, 2025, compared with \$2,586,000 or \$0.57 per share, for the third quarter of 2024. For the first nine months of 2025, Southern earned \$9,303,000 or \$2.01 per share, an increase of 20.0 percent, compared with \$7,751,000 or \$1.70 per share, for the same nine-month period one year ago.

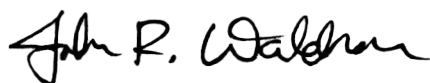
Southern's annualized return on average assets for the nine-month periods ended September 30, 2025 and September 30, 2024 were 0.79 percent and 0.70 percent, respectively. The annualized return on average equity was 11.00 percent for the first nine months of 2025 compared to 10.18 percent for the same period in 2024. Our tax equivalent net interest margin for the nine-month periods ended September 30, 2025 and 2024 was 3.21 percent and 2.94 percent, respectively.

Total assets as of September 30, 2025 increased to \$1.665 billion from \$1.497 billion at December 31, 2024. Loan totals as of September 30, 2025 increased to \$1.229 billion from \$1.116 billion at December 31, 2024. Deposits totaled \$1.395 billion at quarter end, an increase of \$143 million as compared to \$1.252 billion at year-end 2024.

Southern's asset quality metrics, as of September 30, 2025, indicated that non-performing loans accounted for 1.03 percent of total loans. The bank realized net loan charge-offs totaling \$29,000 for the first nine months of 2025, compared to \$20,000 for the nine-month period ending September 30, 2024. \$1,200,000 of provision for credit losses expense was recorded during the third quarter of 2025, compared to \$425,000 for the third quarter of 2024. The allowance for credit losses at September 30, 2025 totaled \$14.410 million, or 1.17 percent of total loans, as compared to December 31, 2024 levels of \$12.782 million or 1.14 percent of total loans.

We are pleased to announce another strong quarter of earnings and growth. Our ongoing commitment to expanding our markets and investing in our team led to record levels in loans, deposits, and total assets as of quarter end.

Please contact me, members of our management team or any of our directors should you have any questions or comments. Thank you for your ongoing support.



John R. Waldron
President and Chief Executive Officer

SOUTHERN MICHIGAN BANCORP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September, 30 2025 (Unaudited)	December 31, 2024 (A)
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 127,565	\$ 73,737
Federal funds sold	250	259
Investment securities	219,722	219,774
Loans held for sale	559	995
Gross loans	1,228,786	1,116,434
Less: Allowance for credit losses	(14,410)	(12,782)
Net loans	1,214,376	1,103,652
 Premises and equipment, net	25,039	25,600
Net cash surrender value of life insurance	28,277	23,139
Goodwill	13,422	13,422
Other assets	35,887	35,977
Total assets	<u>\$ 1,665,097</u>	<u>\$ 1,496,555</u>
LIABILITIES		
Deposits	\$ 1,394,932	\$ 1,251,795
Securities sold under agreements to repurchase and overnight borrowings	1,109	1,560
Accrued expenses and other liabilities	18,604	18,355
Other borrowings	97,900	82,900
Subordinated debentures	34,774	34,722
Total liabilities	<u>1,547,319</u>	<u>1,389,332</u>
SHAREHOLDERS' EQUITY		
Preferred stock, 100,000 shares authorized; none issued or outstanding	-	-
Common stock, \$2.50 par value		
Authorized - 10,000,000 shares		
Issued and outstanding – 4,625,601 shares in 2025		
(4,577,107 shares in 2024)	11,560	11,438
Additional paid-in capital	13,503	13,438
Retained earnings	104,543	97,462
Accumulated other comprehensive loss, net	(11,828)	(15,115)
Total shareholders' equity	<u>117,778</u>	<u>107,223</u>
Total liabilities and shareholders' equity	<u>\$ 1,665,097</u>	<u>\$ 1,496,555</u>

(A) The balance sheet at December 31, 2024 has been derived from the audited consolidated financial statements at that date.

SOUTHERN MICHIGAN BANCORP, INC. BOARD OF DIRECTORS

John H. Castle Chairman	Charles James Scott Clark Clark Logic	Brian P. McConnell Burr Oak Tool, Inc.
Kurt G. Miller Vice Chairman	Stacey Hamlin Jeffrey N. Hamlin DMD, PC	Andrew R. Mercer R.W. Mercer Co.
John R. Waldron President and CEO	Travis Hampton Value Max Products	
Melissa J. Bauer B&M Crop Consulting	Nolan E. (Rick) Hooker Best American Car Washes	

DIRECTORS EMERITUS

Dean Calhoun
John S. Carton
H. Kenneth Cole
James T. Grohalski
Gregory J. Hull
Thomas E. Kolassa
Thomas D. Meyer

SOUTHERN MICHIGAN BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended September 30, 2025		Nine Months Ended September 30, 2025	
	2025	2024	2025	2024
(In thousands, except per share data)				
INTEREST INCOME	\$ 21,269	\$ 19,531	\$ 61,710	\$ 56,794
INTEREST EXPENSE	9,183	9,138	26,624	26,356
Net interest income	12,086	10,393	35,086	30,438
Provision for credit losses	1,200	425	1,864	661
Net interest income after provision for credit losses	10,886	9,968	33,222	29,777
NON-INTEREST INCOME				
Service charges on deposit accounts	423	439	1,226	1,270
Trust fees	820	741	2,345	2,041
Net gains on loan sales	250	181	744	419
ATM and debit card fee income	478	465	1,406	1,356
Other	647	346	1,627	1,106
Total non-interest income	2,618	2,172	7,348	6,192
NON-INTEREST EXPENSE				
Salaries and employee benefits	5,992	5,528	17,985	16,154
Occupancy, net	651	519	1,837	1,515
Equipment	474	400	1,462	1,233
Professional and outside services	507	530	1,555	1,575
Software maintenance	718	626	2,067	1,817
Other	1,637	1,400	4,621	4,240
Total non-interest expense	9,979	9,003	29,527	26,534
Income before income taxes	3,525	3,137	11,043	9,435
Federal income tax provision	506	551	1,740	1,684
NET INCOME	\$ 3,019	\$ 2,586	\$ 9,303	\$ 7,751
Basic Earnings Per Common Share	\$ 0.65	\$ 0.57	\$ 2.02	\$ 1.70
Diluted Earnings Per Common Share	0.65	0.57	2.01	1.70
Dividends Declared Per Common Share	0.16	0.15	0.48	0.45

MARKET INFORMATION

Inquiries regarding stock certificate administration, address changes, transfers, and other related services should be directed to:

Equiniti Trust Company
Website: www.equiniti.com
Phone: (718) 921-8124
Toll Free: (800) 937-5449
Email: help@equiniti.com

The following brokerage firm makes a market for Southern Michigan Bancorp, Inc. stock:

D.A. Davidson & Co.
Dublin, Ohio
(800) 394-9230

For further information on Southern Michigan Bancorp, Inc. please see the 'Investor Relations' tab on our website: www.smb-t.com

OFFICER LISTING

SMB & SMT Executive Officers

John R. Waldron
President and
Chief Executive Officer

Eric M. Anglin
EVP, Chief Operating Officer,
Chief Strategy Officer

Nicholas M. Grabowski
EVP, Chief Lending Officer

Aaron L. Lewis
EVP, Chief Credit Officer

Kevin A. Twardy
SVP, Chief Financial Officer

Commercial Loans

Douglas W. Kiessling
Regional VP,
Commercial Loan Manager

Sarah Headley
1st VP, Commercial Loan Officer

Tom Swoish
1st VP, Commercial Loan Officer

Gabriel Alvez
VP, Commercial Loan Officer

Deb Davis
VP, Commercial Loan Officer

Corey Donner
VP, Commercial Loan Officer

Britney Dickinson
VP, Commercial Loan Officer

Justin Horn
VP, Commercial Loan Officer

Adam Losinski
VP, Commercial Loan Officer

Greg Miller
VP, Commercial Loan Officer

Jim Sobeske
VP, Commercial Loan Officer

Samantha Gripman
VP, Credit Manager

Jackson Market Area

Bobby Wrozek
Jackson Market President

Bill Jors
SVP, Commercial Loan Officer

Mike Jors
VP, Commercial Loan Officer

Matthew Miller
VP, Commercial Loan Officer

Retail Loans

Brandy Titus
1st VP, Head of Mortgage Lending

DeAnne Hawley
VP, Retail Loan Sales Manager

Connie Caudill
VP, Collections Manager

Stacey Donner
VP, Mortgage Loan Officer

Jodie Johnson
VP, Mortgage Loan Officer

Karla Mullaly
VP, Mortgage Loan Officer

Craig Talbert
VP, Mortgage Loan Officer

Diane Krimmel
AVP, Consumer Loan Specialist

LeAndra Otis
AVP, Mortgage Loan Officer

Retail Loan Operations

Tina Mack
VP, Loan Operations Manager

Phyllis Wingate
VP, Retail Lending Functions
and Systems

Retail Banking

Derek Naylor
1st VP, Head of Retail
Banking Services,
Chief Deposit Officer

Lori Neill
VP, Retail Branch Administrator

BATTLE CREEK BRANCH
Lisa Ridgeway
VP, Branch Manager

CENTREVILLE BRANCH
Jenny Haydon
Branch Manager

COLDWATER BRANCHES
Felicia Landis
AVP, Branch Manager

CONSTANTINE BRANCH
Veronica Featherstone
Branch Manager

HILLSDALE BRANCH
Jennifer Crist
VP, Branch Manager

JACKSON BRANCHES
Sara Walz
Branch Manager

MARSHALL BRANCH
Kara Mead
VP, Commercial Loan Officer,
Branch Manager

MENDON BRANCH
Doreen Tobin
AVP, Branch Manager

PORTAGE BRANCH
Shannon Warsop
AVP, Branch Manager

THREE RIVERS BRANCH
Kelsey McClish
Branch Manager

UNION CITY/TEKONSHA
BRANCHES
Elizabeth DiDonato
Branch Manager

Treasury Management

Deanna Manville
AVP, Treasury Sales Officer

Beth Rowley
AVP, Treasury Sales Officer

Melissa Easter
Treasury Sales Officer

Cara Willbee
Treasury Sales Officer

Municipal Banking

Aimee Kornowicz
VP of Municipal Banking

Finance

Danice Chartrand
SVP, Accounting Director

Kim Hudelson
VP, Controller

Human Resources

Angie Tesman
1st VP, Head of Human Resources

Information Technology

Greg Sopcak
1st VP, Head of Information Technology

Joseph Duke
VP, Information Technology

Cody Smoker
Systems Administrator

Marketing

Quinn White
VP, Head of Marketing

Operations

Angie Smith
1st VP, Head of Operations

Maggie Usher
VP, Treasury and eService
Operations Manager

Lani Smith
AVP, Operations Support Manager

Vikki Kline
Core System Administrator

Risk Management

Scott McQueen
1st VP, Risk Management Officer

Jennifer Pope
VP, Information Security Officer

Stacy Pelikan
Audit and Insurance Officer,
Bank Security Officer

Wealth Management

Chad Perrine
SVP, Head of Wealth Management

Melissa Natzke-Barlow
VP, Wealth Management
Operations Officer

Sherrie Cochran
VP, Wealth Management Officer

Buzz Leach
VP, Wealth Management Officer

Shaun Fedder
VP, Wealth Management Officer

Victoria Duda
Wealth Management Officer