

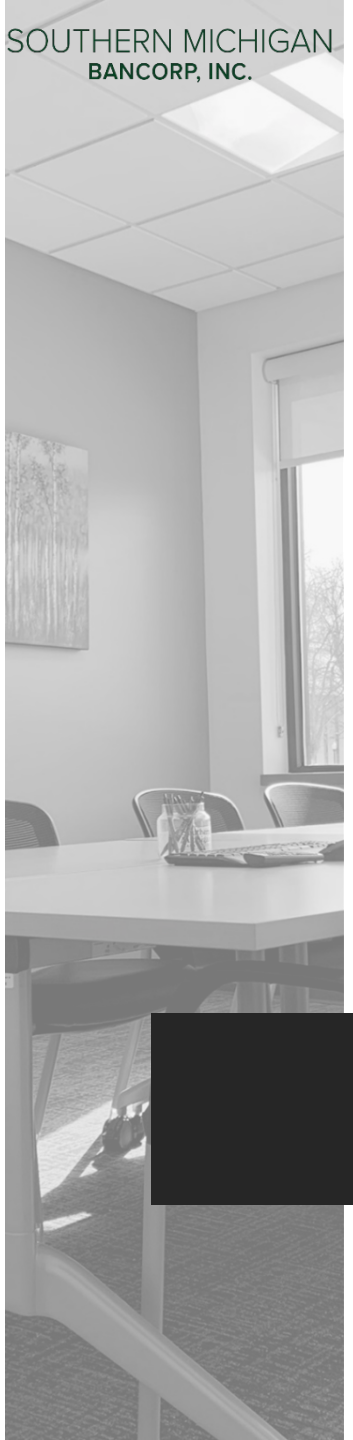
SOUTHERN MICHIGAN BANCORP, INC.

2022 Annual Presentation for Shareholders

Forward Looking Statements

This presentation contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy, and Southern Michigan Bancorp, Inc. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("risk factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. Management's determination of the provision and allowance for loan losses and other accounting estimates involve judgments that are inherently forward-looking. We undertake no obligation to update or revise any forward-looking statements to reflect developments that occur or information obtained after May 12, 2022.

SOUTHERN MICHIGAN
BANCORP, INC.



I. *Balance Sheet Metrics*

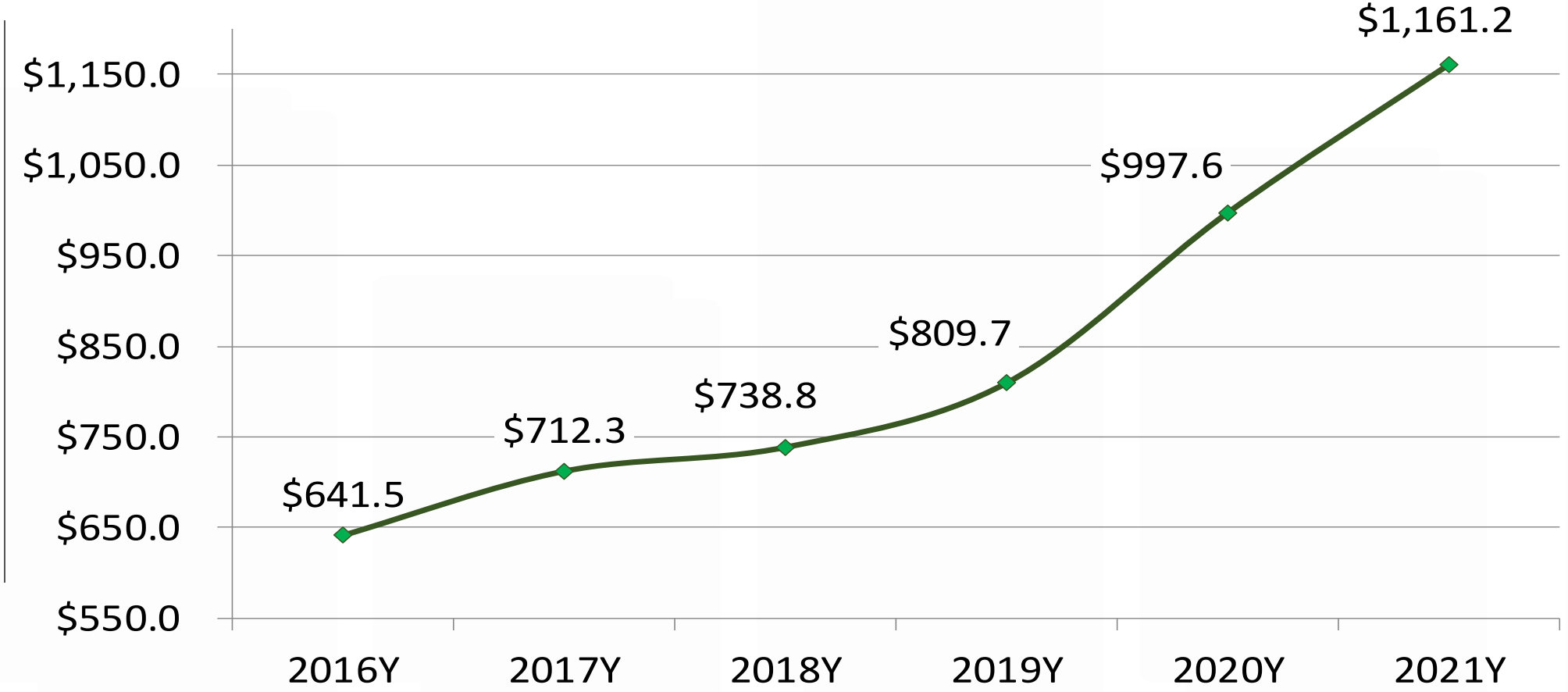
Commercial Banks Headquartered in Michigan

2021 Rank	Institution	City	Total Assets 12/31/21 ($000)
1	Mercantile Bank of Michigan	Grand Rapids	5,238,290
2	Northpointe Bank	Grand Rapids	4,728,459
3	Independent Bank	Grand Rapids	4,702,462
4	Bank of Ann Arbor	Ann Arbor	3,348,573
5	First National Bank of America	East Lansing	3,310,189
6	Macatawa Bank	Holland	2,928,502
7	Level One Bank	Farmington Hills	2,516,065
8	ChoiceOne Bank	Sparta	2,363,747
9	Isabella Bank	Mount Pleasant	1,982,186
10	The State Bank	Fenton	1,419,081
11	**Southern Michigan Bank & Trust**	**Coldwater**	1,157,088
12	County National Bank	Hillsdale	1,148,854
13	Superior National Bank	Manistique	1,073,220
14	First State Bank	Eastpointe	937,238
15	Northstar Bank	Bad Axe	913,384

Ranked by Total Assets

Record High

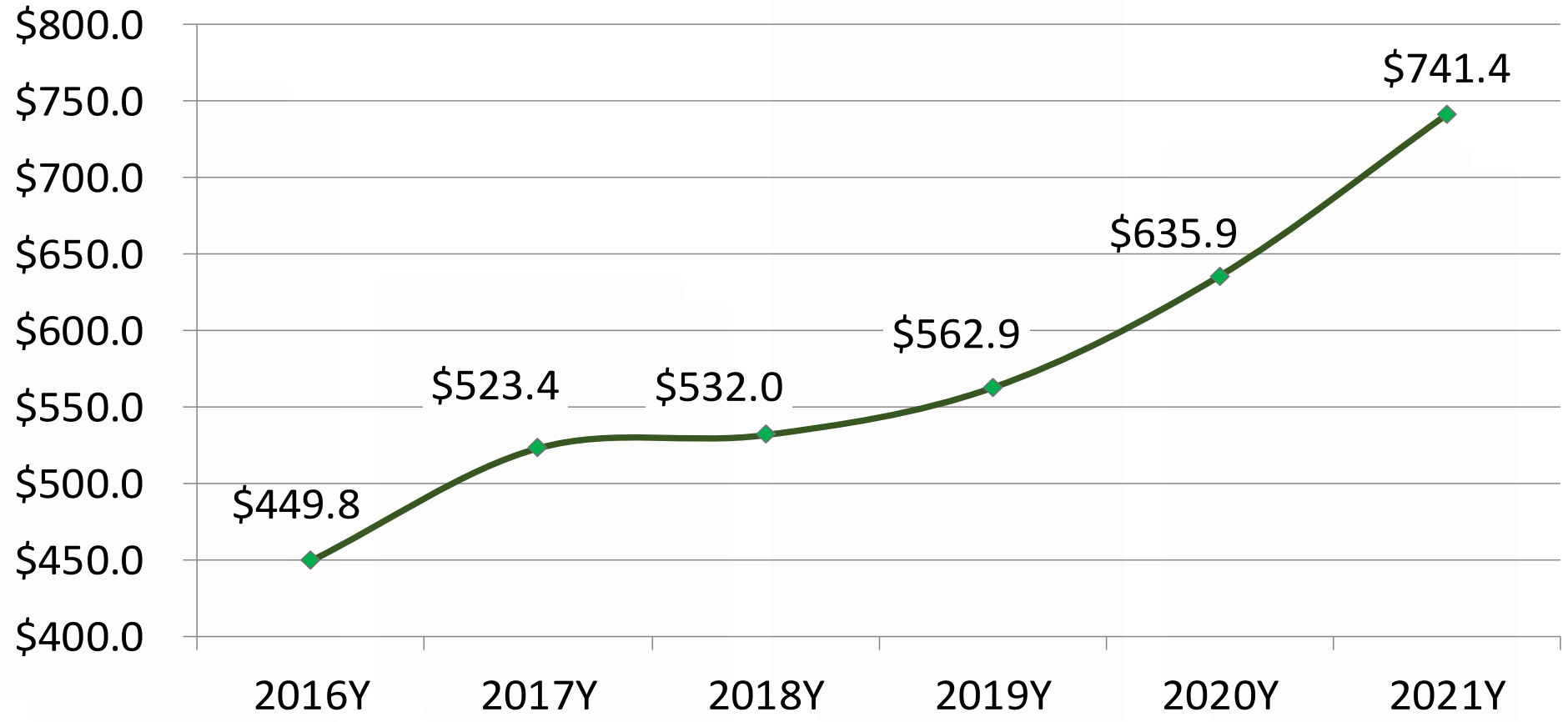
Total Assets



Note: Data in $ millions.

Record High

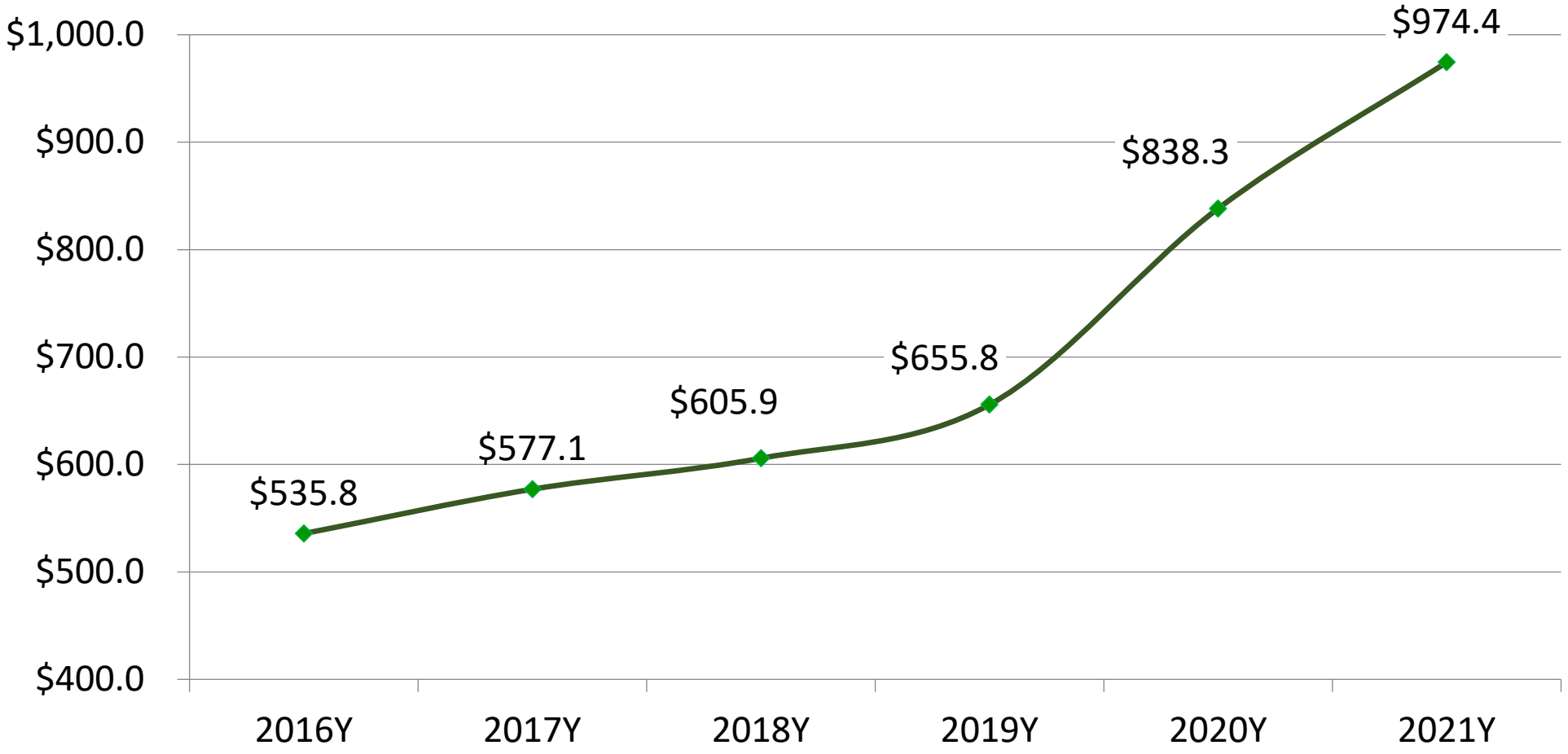
Total Loans



Note: Data in $ millions. (Excludes loans held for sale)

Record High

Total Deposits



Note: Data in $ millions.

Deposit Market Share

5-County Market Service Area

2021 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	PNC Bank NA	12	1,283,730	15.53
2	Fifth Third Bank NA	11	1,242,374	15.03
3	Southern Michigan Bank & Trust	16	953,489	11.54
4	Huntington National Bank	22	752,510	9.11
5	Comerica Bank	10	533,153	6.45
6	First National Bank of Michigan	3	522,914	6.33
7	Sturgis Bank & Trust Co.	9	439,956	5.32
8	County National Bank	6	436,965	5.29
9	Century Bank and Trust	10	387,076	4.68
10	Old National Bank	4	380,059	4.60
11	JPMorgan Chase Bank NA	2	318,655	3.86
12	Mercantile Bank	3	298,988	3.62
13	Flagstar Bank FSB	7	276,940	3.35
14	Horizon Bank	2	156,597	1.89
16	Kalamazoo County State Bank	2	84,655	1.02
17	1st Source Bank	2	68,474	0.83
18	Homestead Savings Bank	2	54,553	0.66
19	KeyBank NA	1	39,492	0.48
20	Farmers State Bank	1	23,297	0.28
21	Highpoint Community Bank	1	10,468	0.13
		126	**$ 8,264,345**	**100.00%**

Note: Data as of 6/30/21.

Deposit Market Share

Branch County

Market Service Area

2021 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	***Southern Michigan Bank & Trust***	***6***	***376,743***	***44.03***
2	Century Bank and Trust	5	245,263	28.66
3	PNC Bank NA	1	87,687	10.25
4	Huntington National Bank	3	62,462	7.30
5	Flagstar Bank FSB	1	57,753	6.75
6	Sturgis Bank & Trust Co.	1	25,788	3.01
	Market Total	***17***	***$ 855,696***	**100%**

Note: Data as of 6/30/21.

Deposit Market Share

St. Joseph County

Market Service Area

2021 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Sturgis Bank & Trust Co.	6	387,377	39.11
2	***Southern Michigan Bank & Trust***	***4***	***177,639***	***17.93***
3	Century Bank and Trust	4	114,229	11.53
4	Huntington National Bank	2	80,123	8.09
5	Horizon Bank	1	63,218	6.38
6	Fifth Third Bank NA	1	54,457	5.50
7	Flagstar Bank FSB	2	50,666	5.12
8	KeyBank NA	1	39,492	3.99
9	Farmers State Bank	1	23,297	2.35
	Market Total	***22***	***$ 990,498***	***100%***

Note: Data as of 6/30/21.

Deposit Market Share

Calhoun County

Market Service Area

2021 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Huntington National Bank	8	336,598	24.99
2	Fifth Third Bank NA	1	248,333	18.44
3	Comerica Bank	4	227,944	16.93
4	***Southern Michigan Bank & Trust***	***3***	***184,382***	***13.69***
5	PNC Bank NA	2	128,627	9.55
6	Old National Bank	1	76,892	5.71
7	Homestead Savings Bank	2	54,553	4.05
8	County National Bank	1	47,459	3.52
9	Flagstar Bank FSB	1	31,439	2.33
10	Highpoint Community Bank	1	10,468	0.78
	Market Total	***$ 24***	***$ 1,346,695***	**100%**

Note: Data as of 6/30/21.

Deposit Market Share

Hillsdale County

Market Service Area

2021 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	County National Bank	5	389,506	55.32
2	***Southern Michigan Bank & Trust***	***1***	***125,533***	***17.83***
3	Fifth Third Bank NA	1	79,997	11.36
4	Flagstar Bank FSB	1	65,453	9.30
5	Century Bank and Trust	1	27,584	3.92
6	Huntington National Bank	1	16,037	2.28
	Market Total	***10***	***$ 704,110***	**100%**

Note: Data as of 6/30/21.

Deposit Market Share

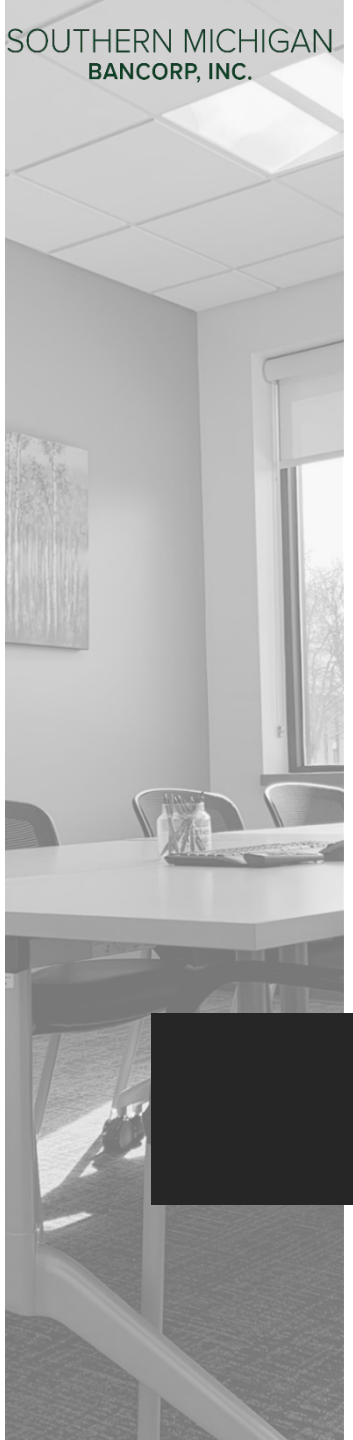
Kalamazoo County

Market Service Area

2021 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	PNC Bank NA	9	1,067,416	24.44
2	Fifth Third Bank NA	8	859,587	19.68
3	First National Bank of Michigan	3	522,914	11.97
4	JPMorgan Chase Bank NA	2	318,655	7.30
5	Comerica Bank	6	305,209	6.99
6	Old National Bank	3	303,167	6.94
7	Mercantile Bank	3	298,988	6.85
8	Huntington National Bank	8	257,290	5.89
9	Horizon Bank	1	93,379	2.14
10	***Southern Michigan Bank & Trust***	***2***	***89,192***	***2.04***
11	Kalamazoo County State Bank	2	84,655	1.94
12	Flagstar Bank FSB	2	71,629	1.64
13	1st Source Bank	2	68,474	1.57
14	Sturgis Bank & Trust Co.	2	26,791	0.61
	Market Total	***53***	***$ 4,367,346***	**100%**

Note: Data as of 6/30/21.

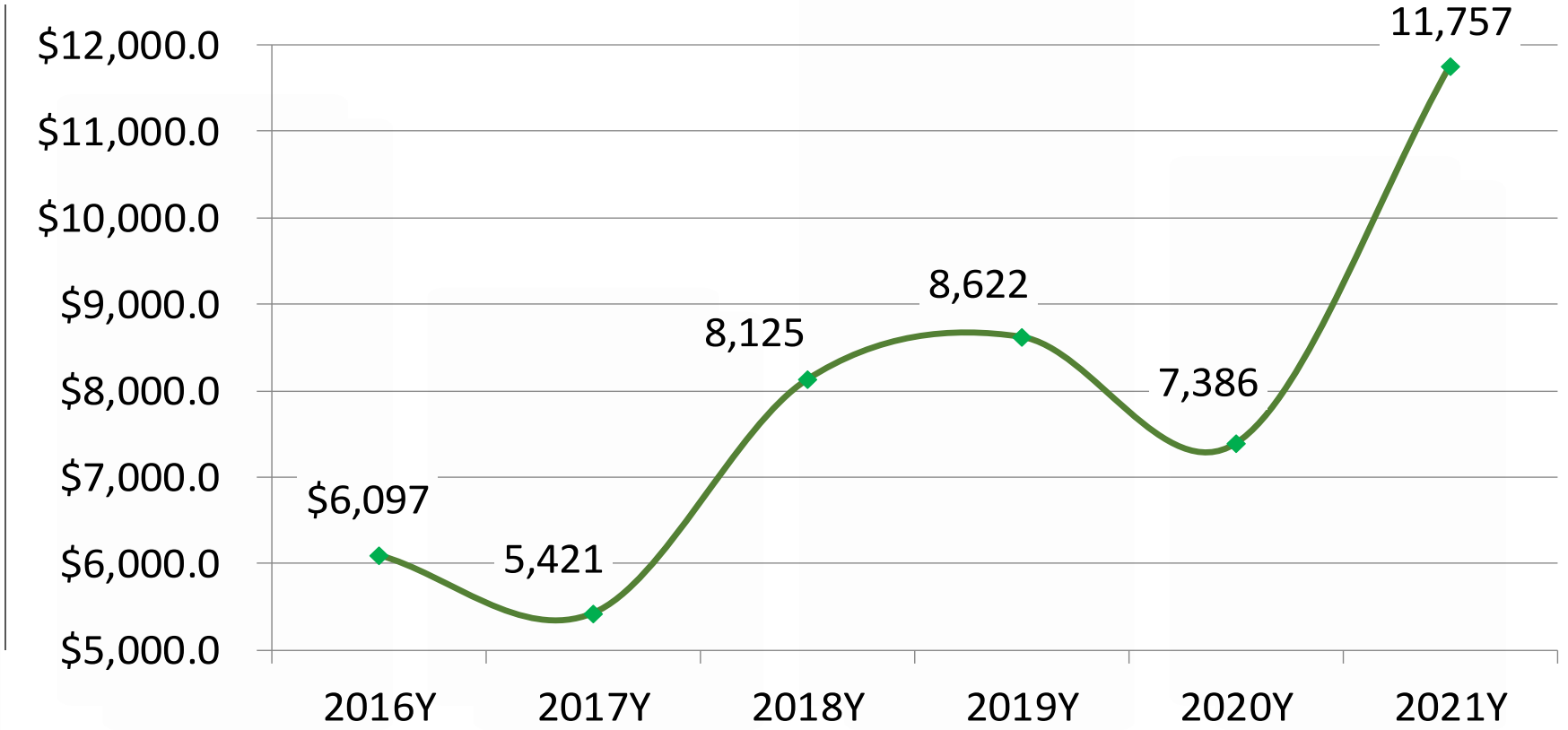
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II. *Profitability Trend*

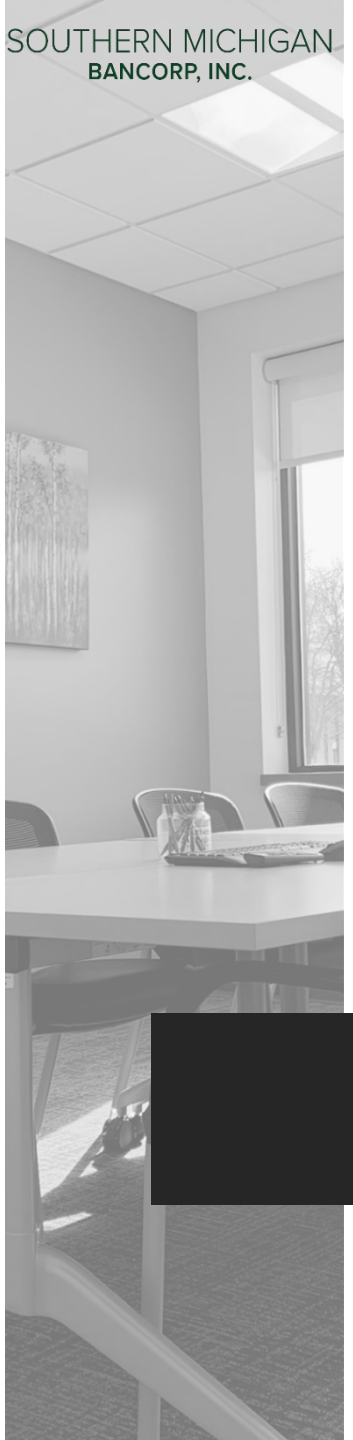
Record High

Net Income $11,757



Note: Data in $ thousands.

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BANCORP, INC.



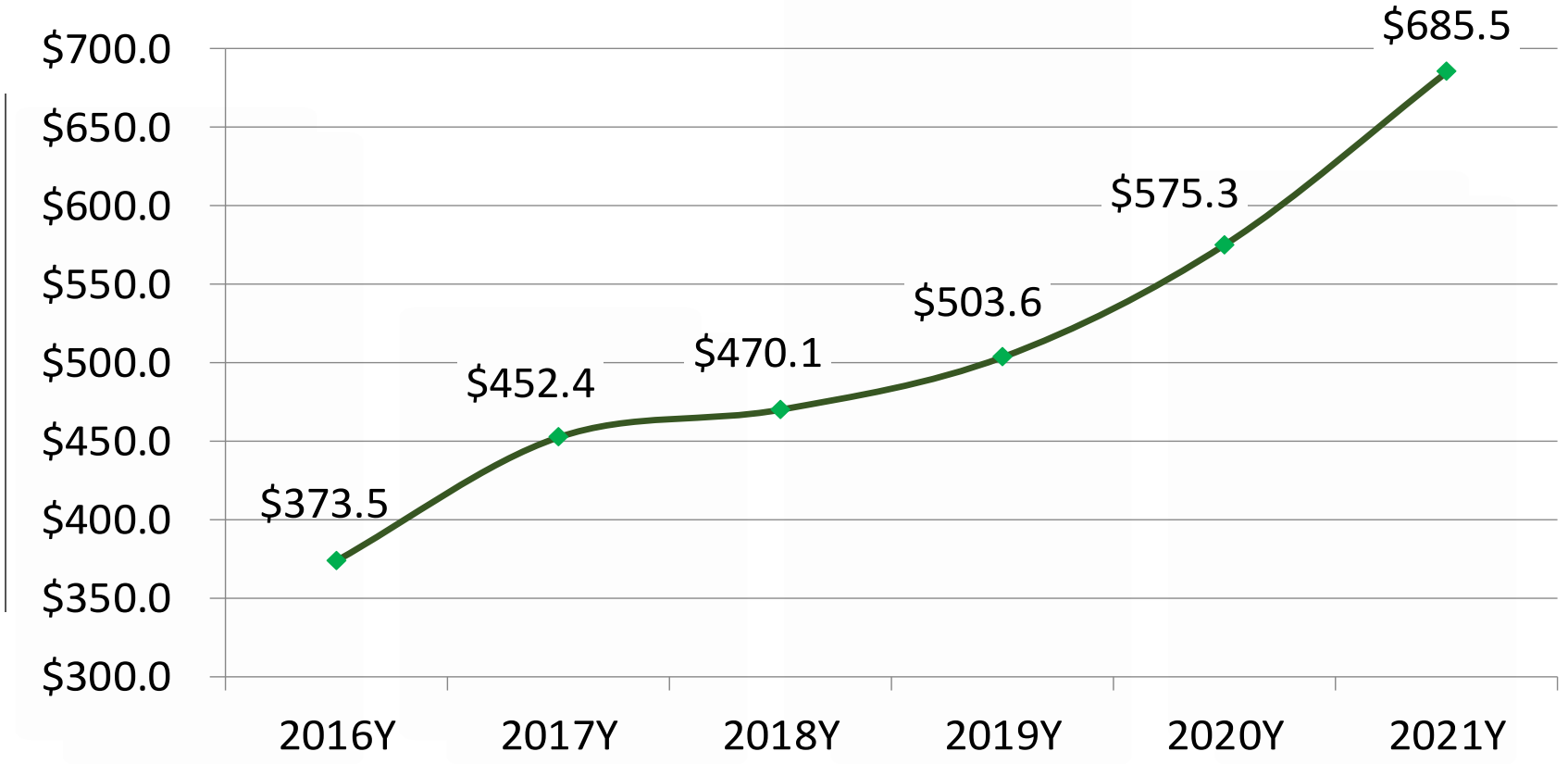
III.

Asset Quality Metrics

Indicators of Financial Strength

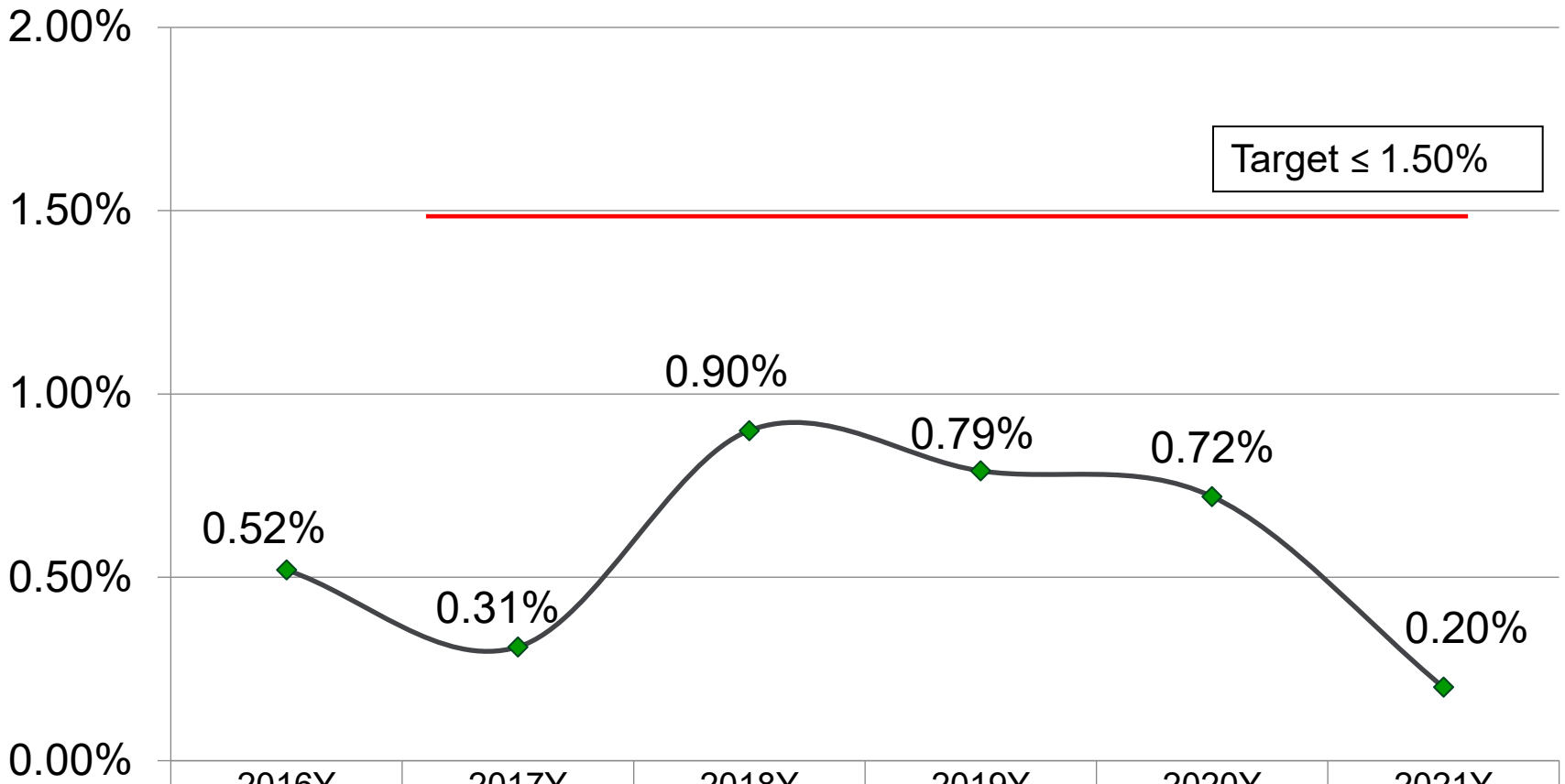
Record High

Commercial Loan Growth



Note: Data in $ millions.

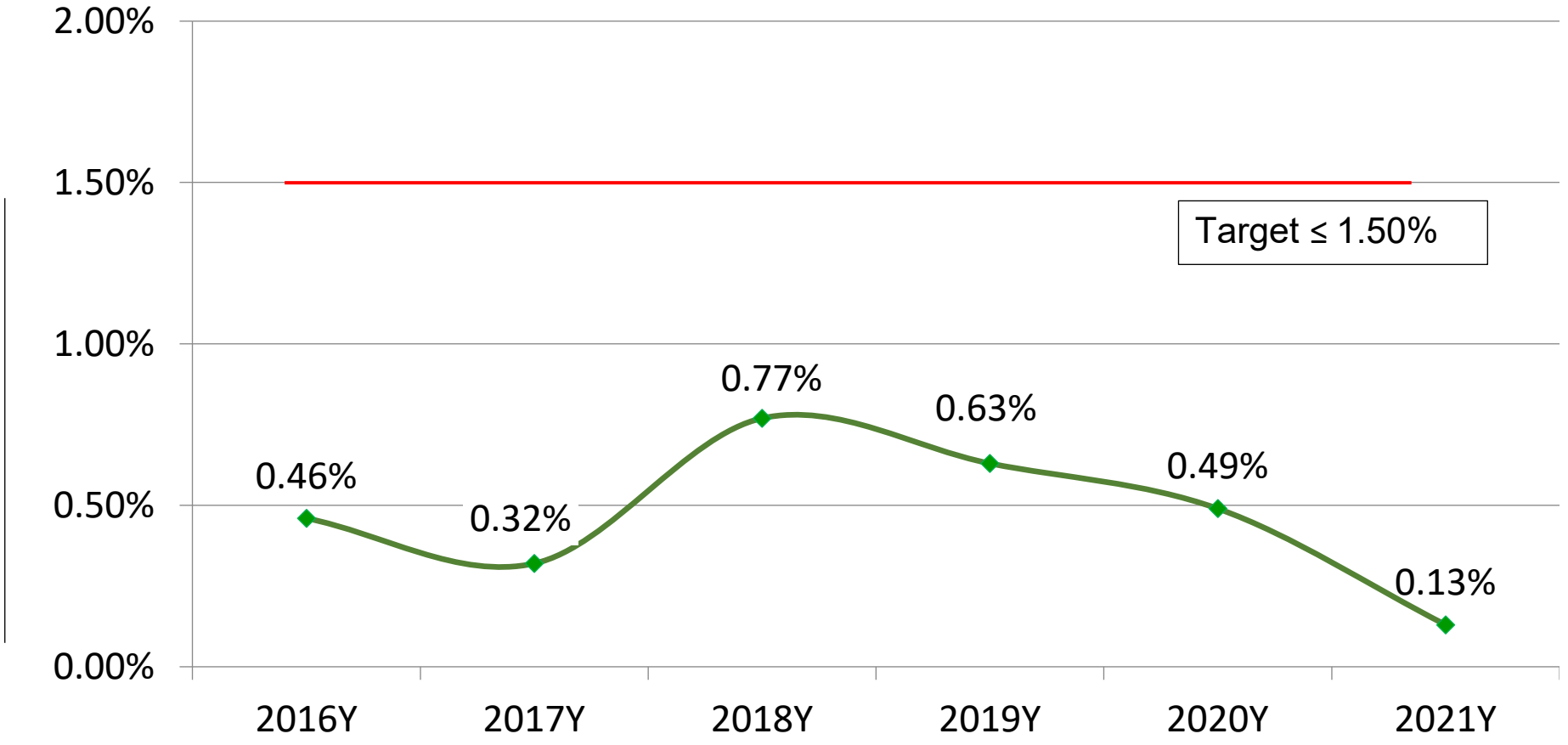
Delinquent Loans



	2016Y	2017Y	2018Y	2019Y	2020Y	2021Y
Series1	0.52%	0.31%	0.90%	0.79%	0.72%	0.20%
Series2	$2,358	$1,614	$4,787	$4,445	$4,588	$1,485

Delinquent Loans = Loans 30 Days Past Due + Nonaccrual Loans.

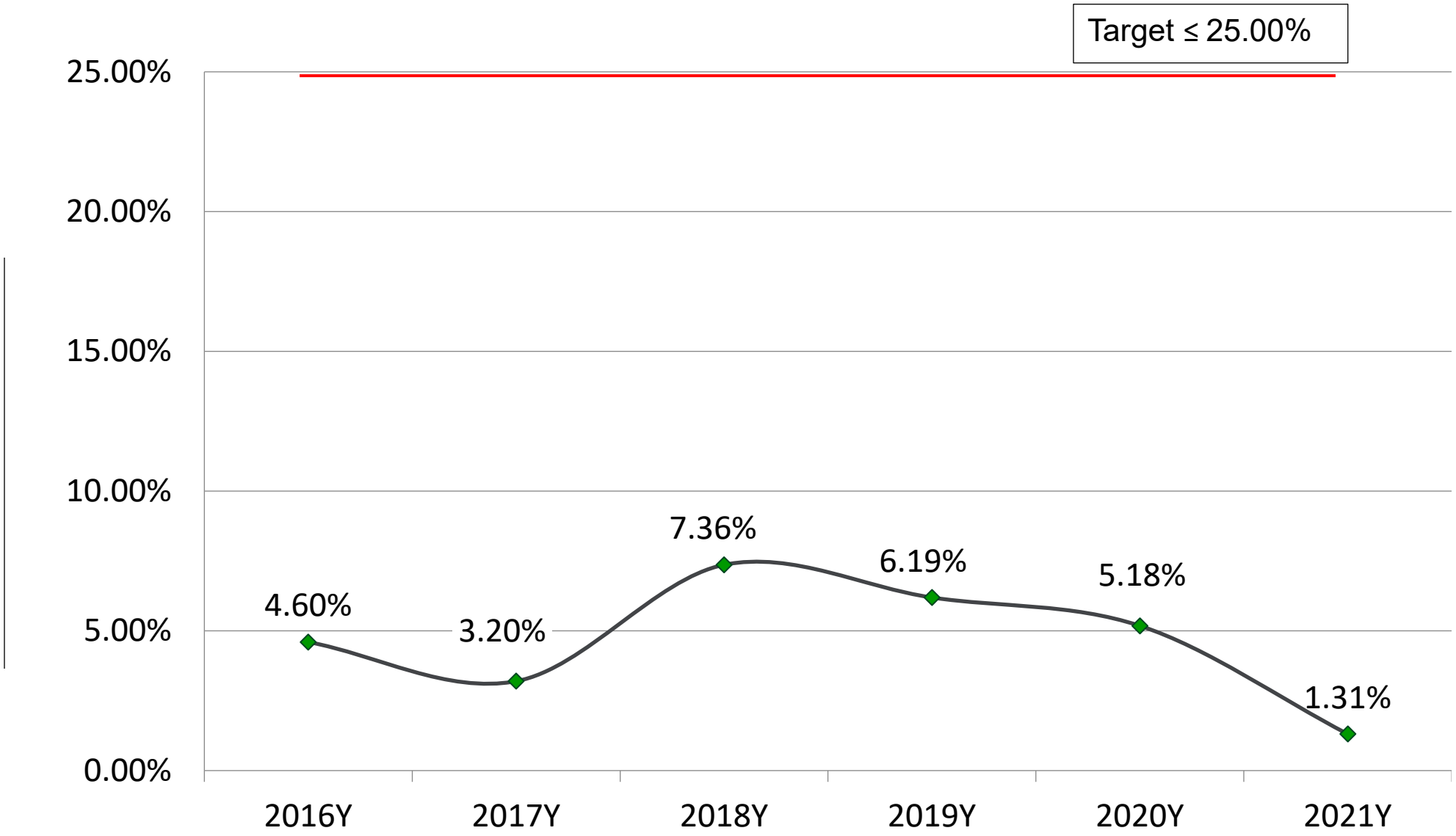
Total Non-Performing Assets



$000s	$2,928	$2,305	$5,642	$5,095	$4,891	$1,521

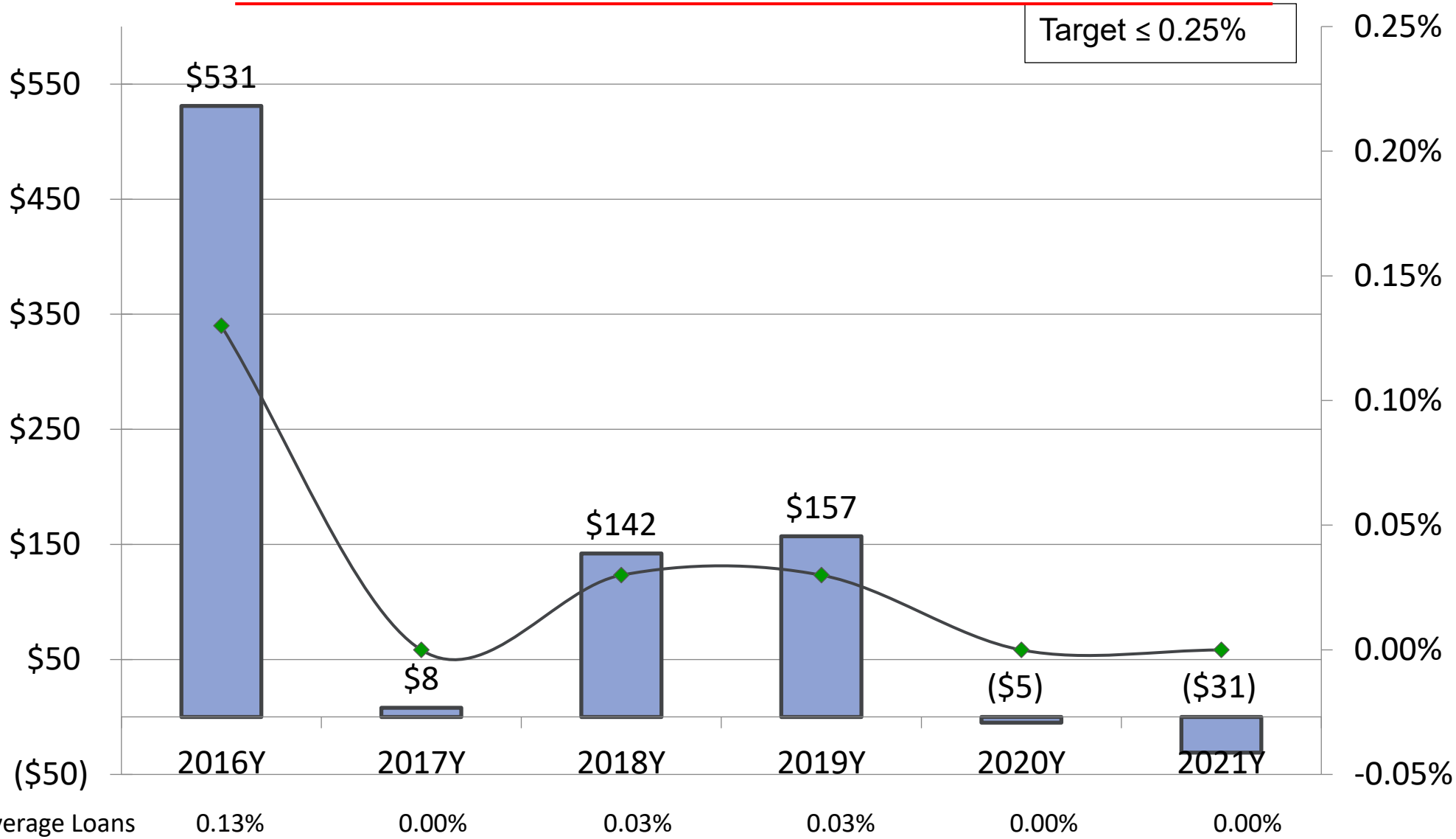
Non-Performing Assets = Nonaccrual Loans + Loans ≥ 90 Days Past Due + Restructured Loans + Other Real Estate Owned.

Texas Ratio



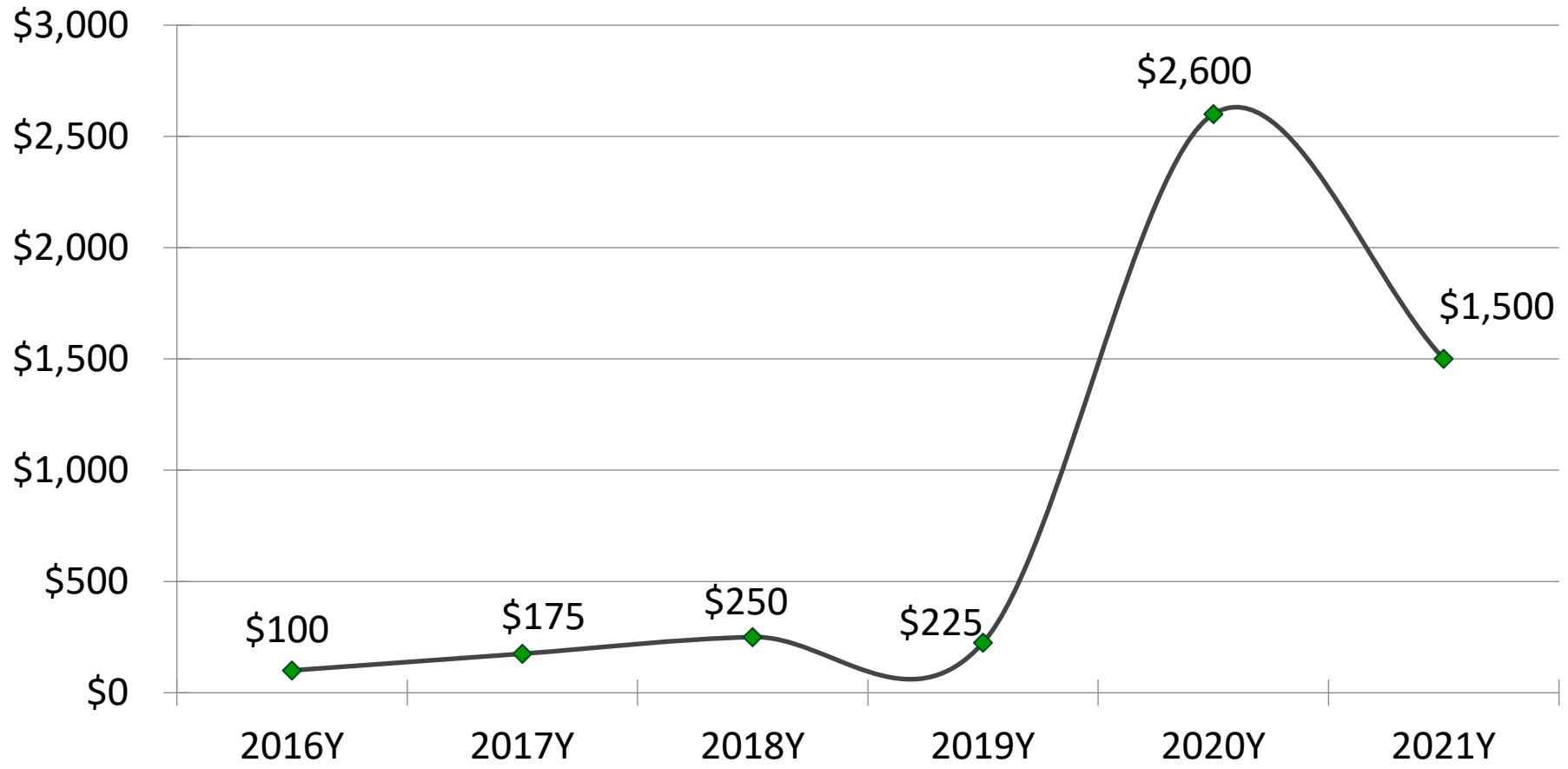
Texas Ratio = Non-Performing Assets /Tangible Equity + Loan Loss Reserves

Annual Net Charge-Offs (Recoveries)



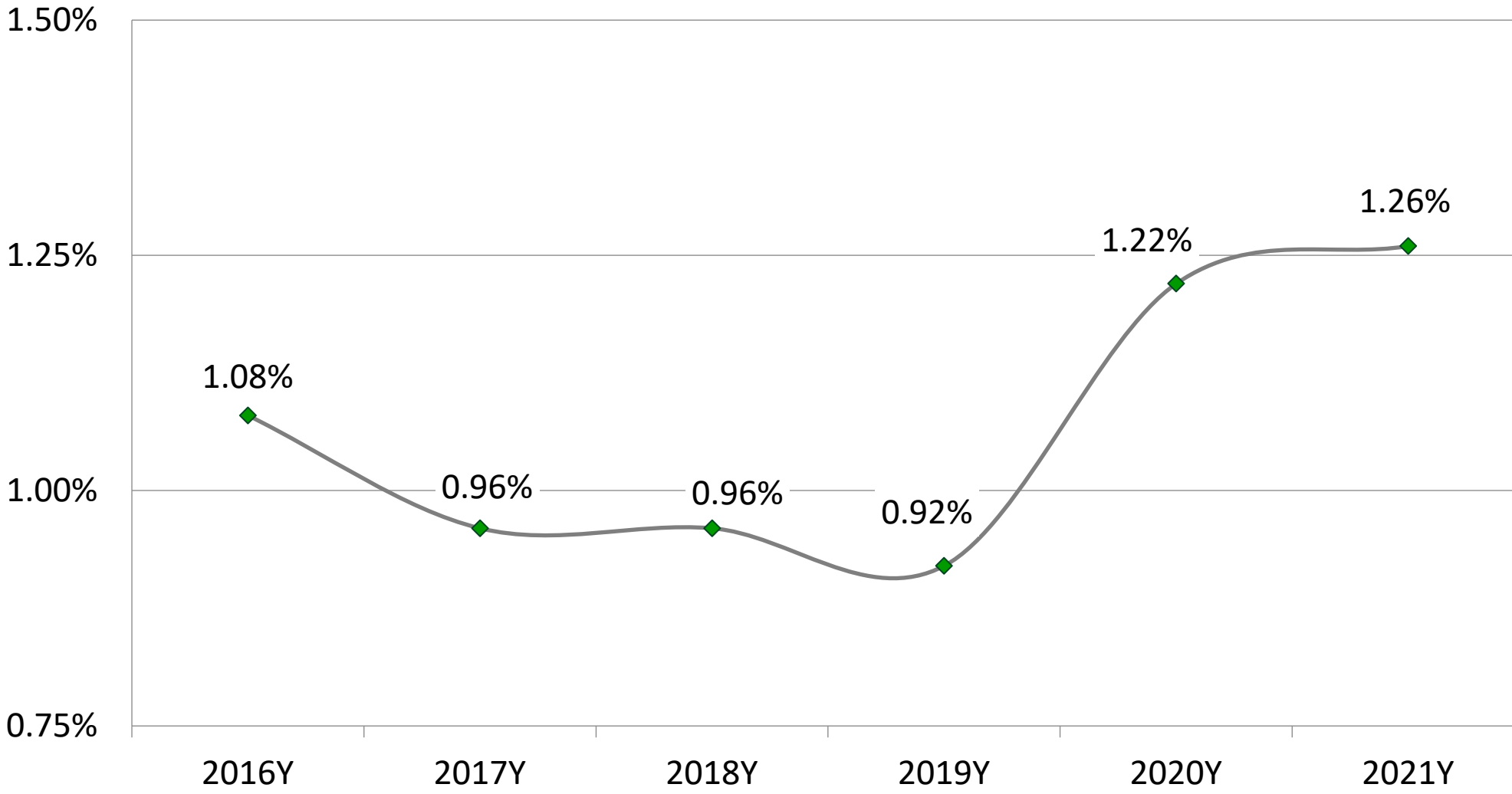
Note: Data in $000s.

Annual Provision Expense



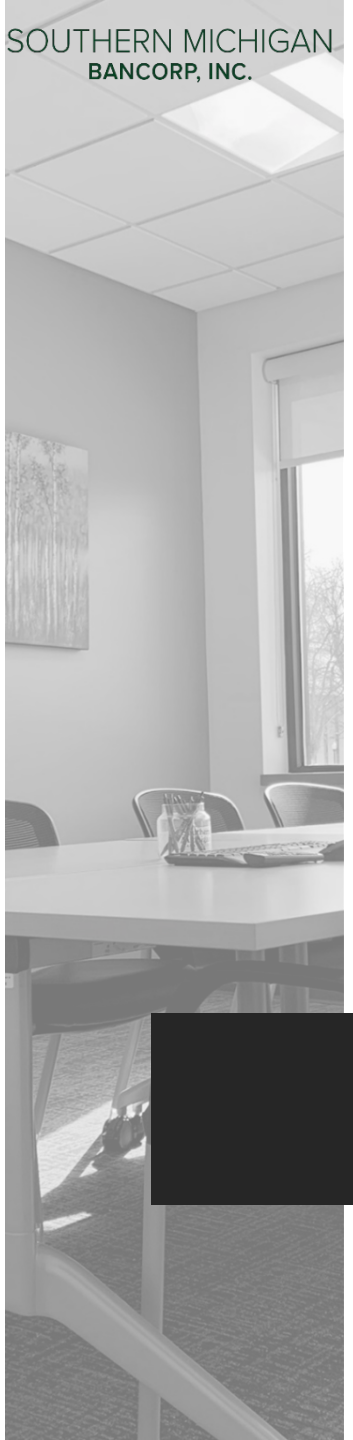
Note: Data in $000s.

Loan Loss Reserve



As a Percentage of Gross Loans.

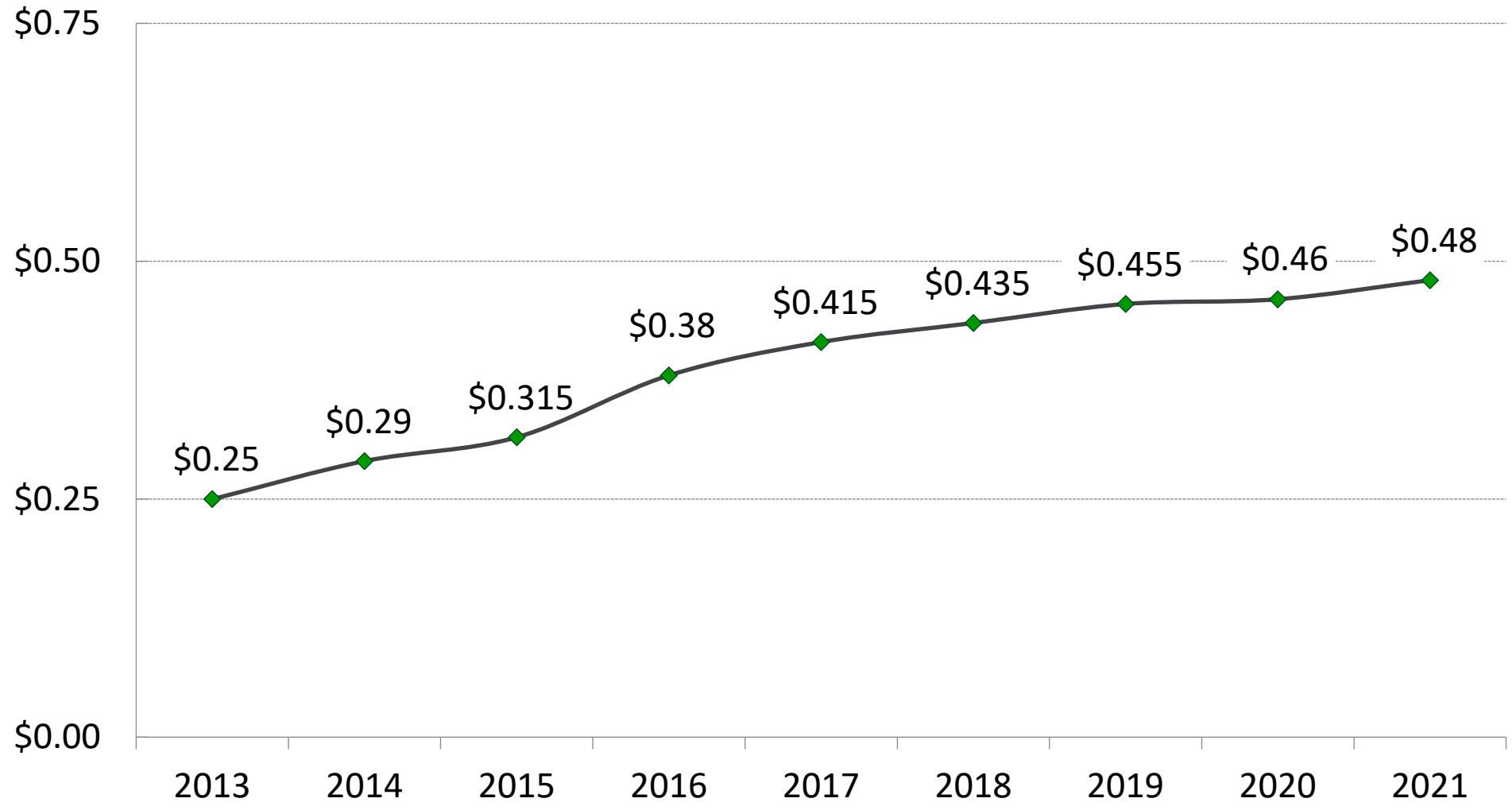
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IV. SOMC Dividend

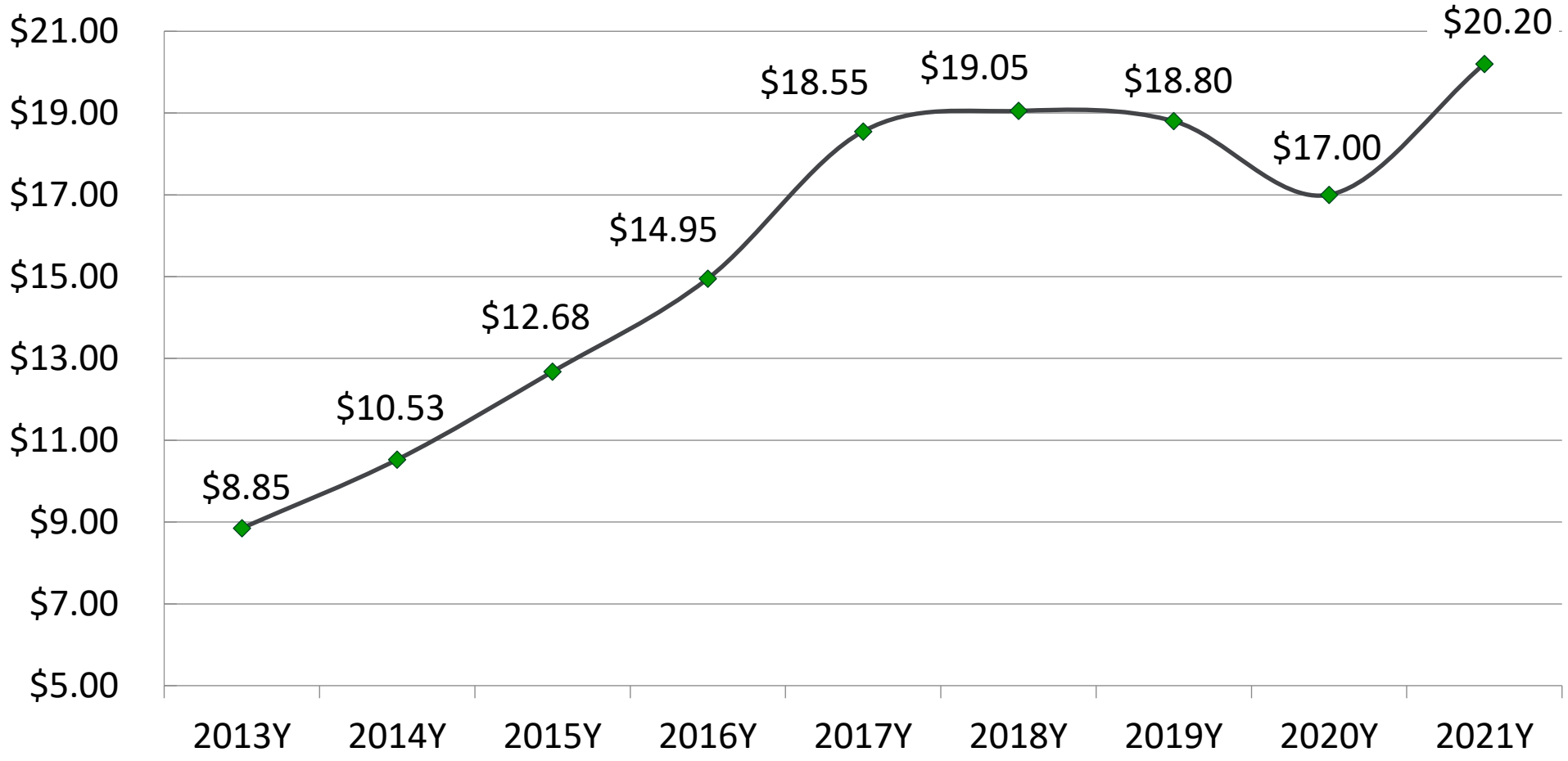
Stock Performance

SOMC Cash Dividends Declared



Dividend rate adjusted for 100% stock dividend declared April 2021.

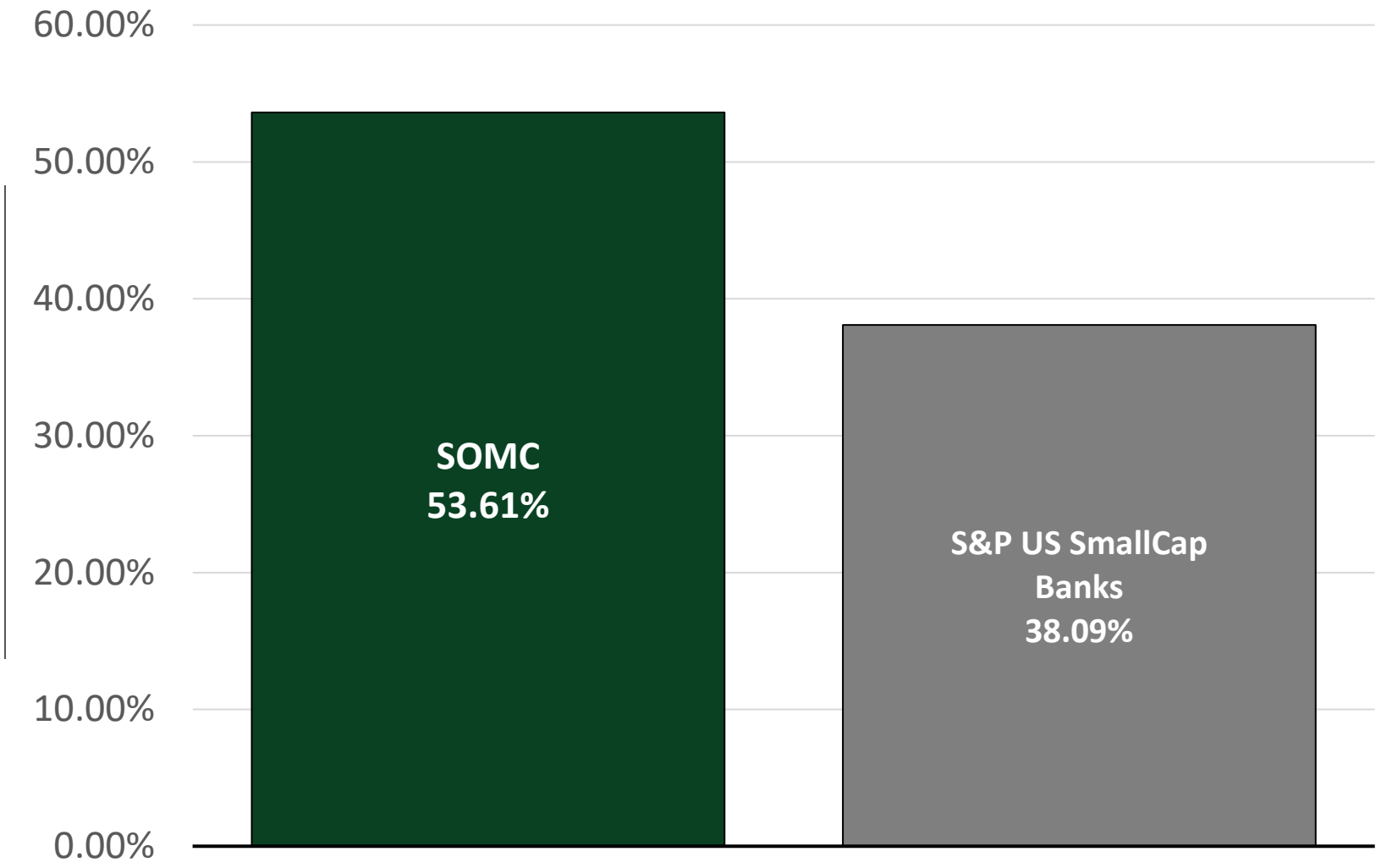
SOMC Stock Price



Price adjusted for 100% stock dividend declared April 2021.

5-Year Total Return Comparison

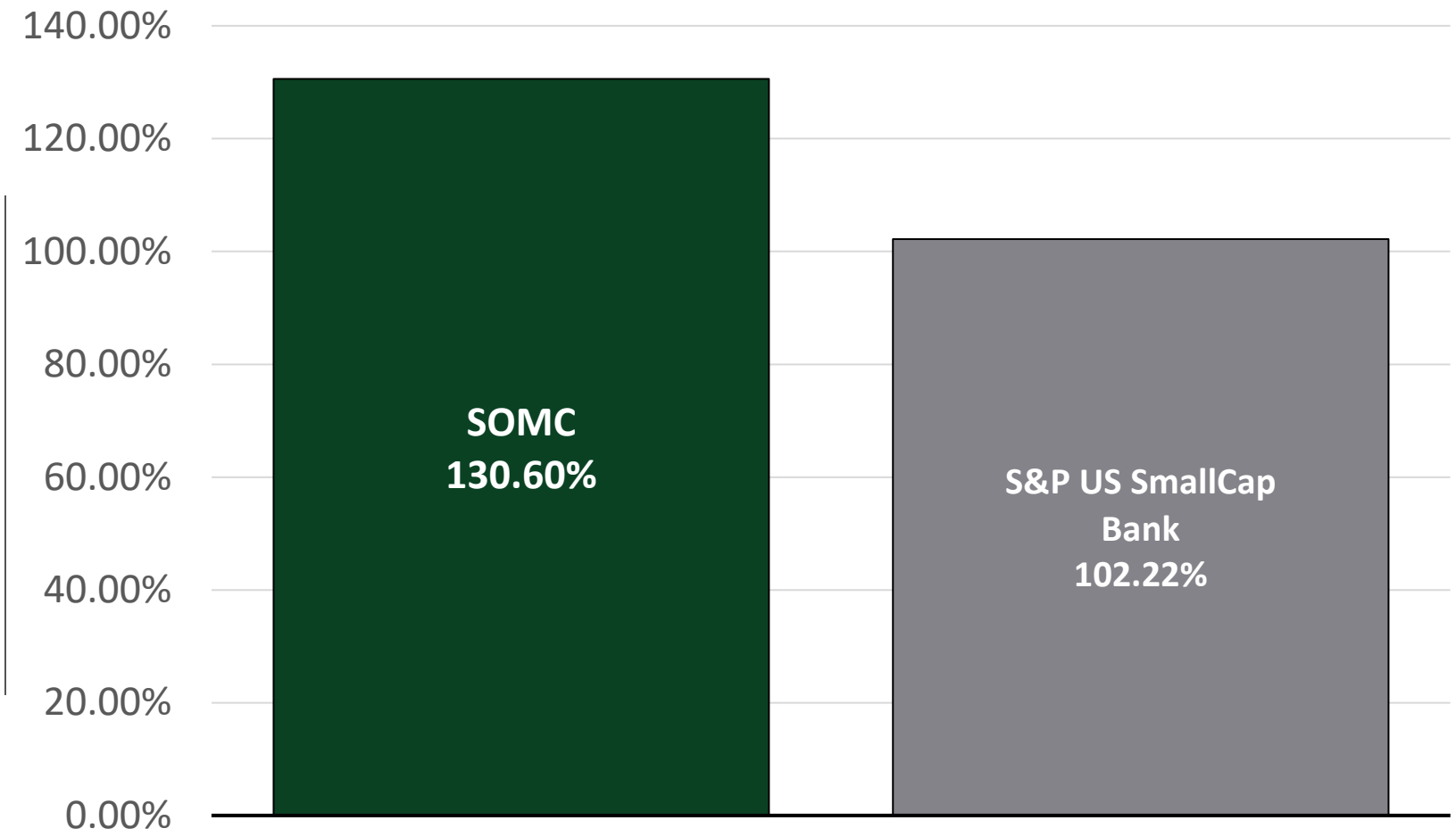
as of December 31, 2021



Total Return = Change in Price + Cash Dividend.

7-Year Total Return Comparison

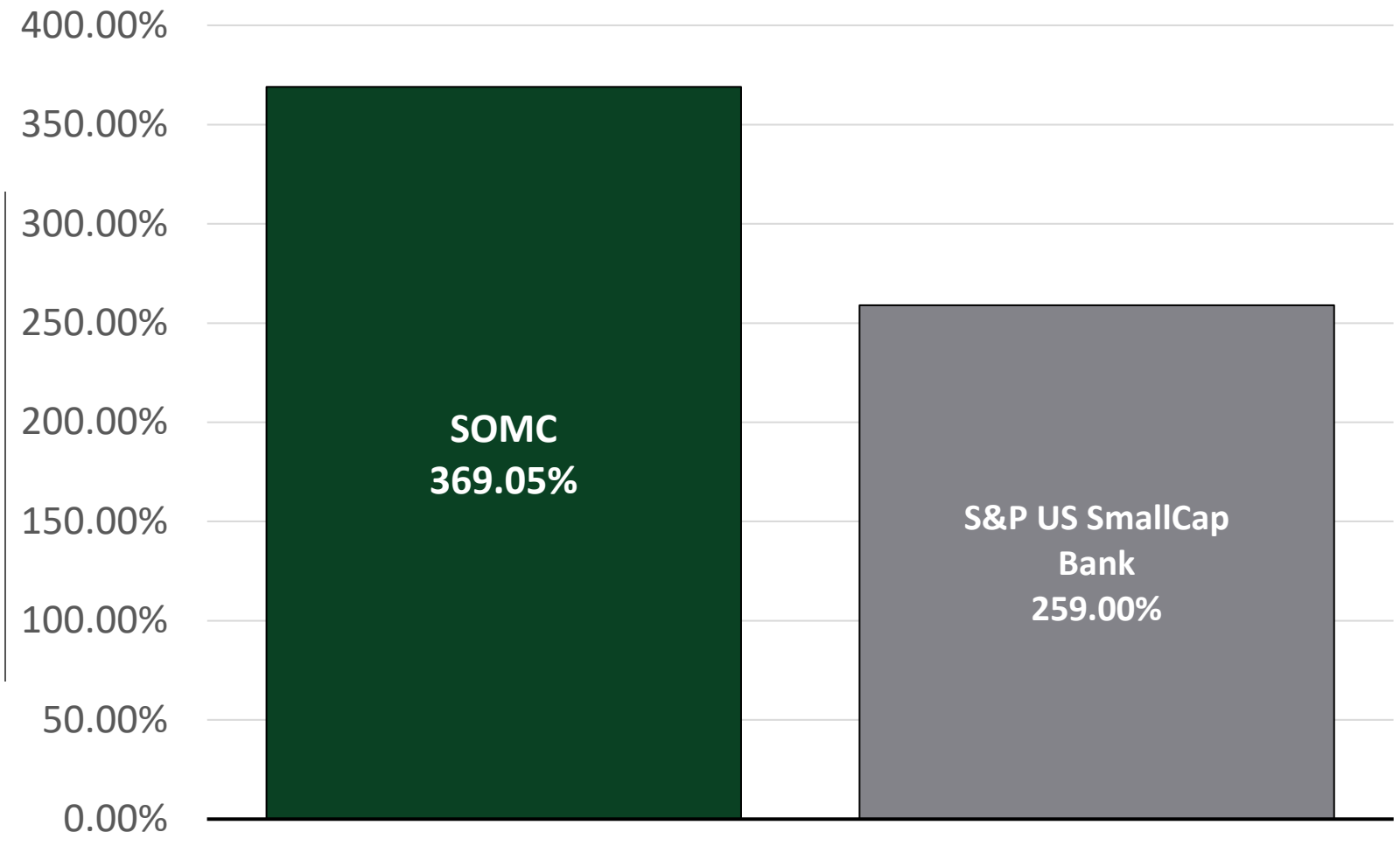
as of December 31, 2021



Total Return = Change in Price + Cash Dividend.

10-Year Total Return Comparison

as of December 31, 2021



Total Return = Change in Price + Cash Dividend.

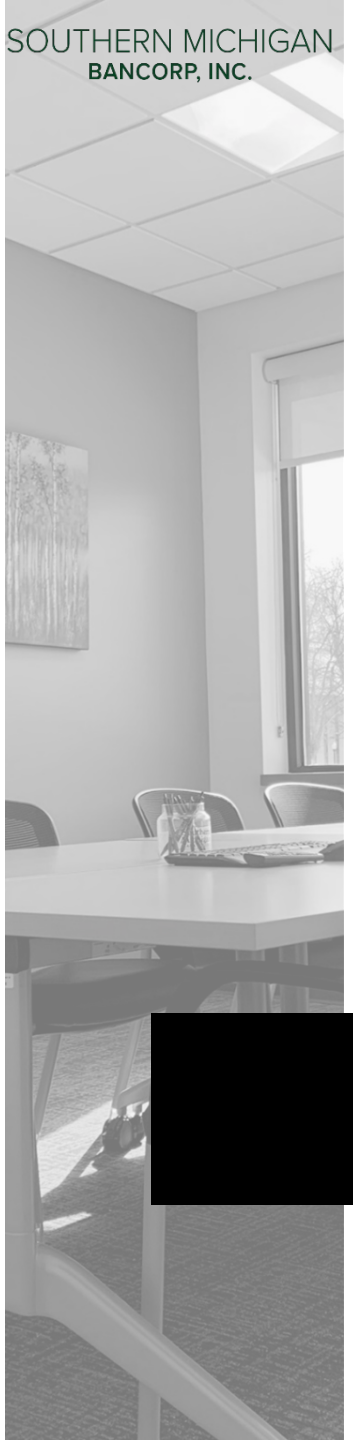
SOMC Insider and Employee Holdings

as of December 31, 2021

	Shares	% of Total
Directors & Executive Officers	411,656	8.93%
Employee Stock Ownership Plan*	215,765	4.78%
Total Shares	627,421	13.71%

*Excludes shares held by executive officers.

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V.

Southern's Quarterly Results

March 31, 2022

1st Quarter 2022 Results

	1Q 2022	1Q 2021	Change
Total Assets	$1,225,047	$1,075,677	13.89%
Total Loans (Includes Held-for-Sale)	$765,484	$646,627	18.38%
Total Deposits	$1,059,859	$924,542	14.64%
Net Income	$2,933	$3,088	(5.02%)
Earnings Per Share	$0.65	$0.68	(4.41%)

Note: Data in $000s except per share data.

1st Quarter 2022 Asset Quality Results

	1Q 2022	1Q 2021
Total Delinquency	0.20%	0.26%
Texas Ratio	1.30%	1.94%
Non-Performing Assets	0.11%	0.17%
Net Charge-Offs (Recoveries)	$13	($28)

Note: Data in $000s.

Cash Dividend Increase

2nd Quarter 2022

The Board voted at the March 2022 Board Meeting to increase the quarterly dividend to $0.13 per share from the previous rate of $0.12 per share.

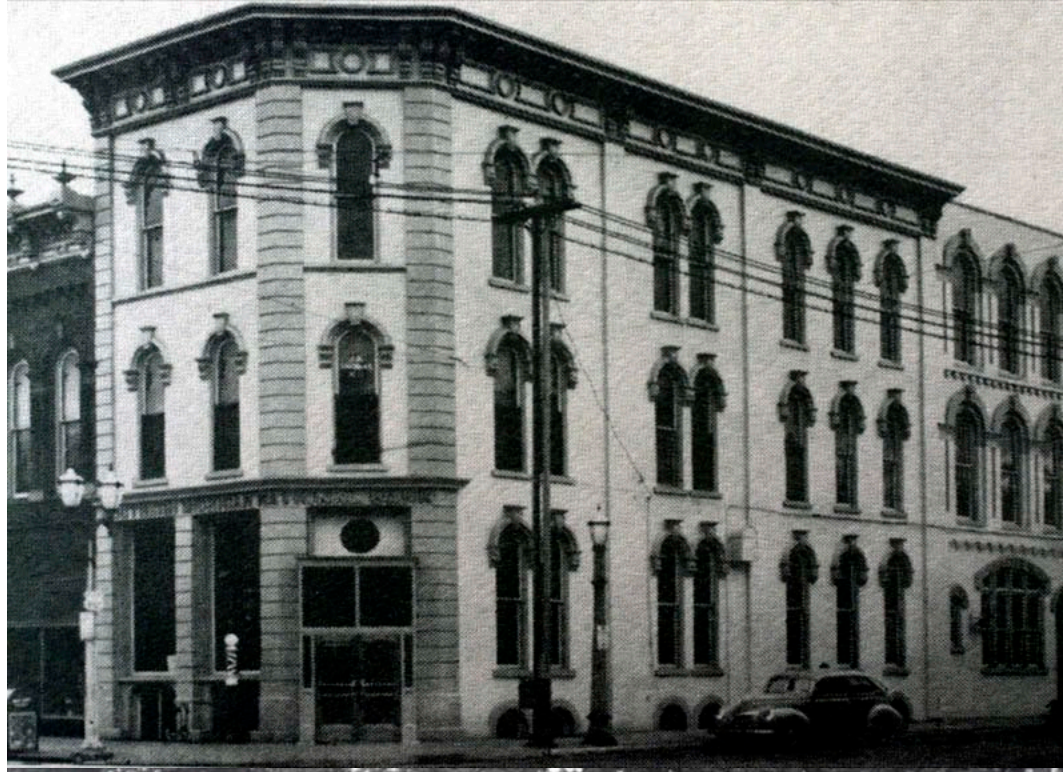
This new annualized rate of $0.52 per share results in a dividend yield of 2.48%.(1)

(1) Based on the March 22, 2022 market price of $21.00 per share.

150TH ANNIVERSARY

Continuous Banking
1872-2022

- **February 19th, 1872**: SMBT's doors opened for business.
- Southern did not close during the Great Depression, Great Recession, or Covid-19 Pandemic. We can proudly say that we are celebrating 150 years of ***continuous*** banking.





Southern's 2021 Highlights

Record Total Assets	$	1,161,200,000
Record Total Deposits	$	974,400,000
Record Loan Totals	$	741,400,000
Record Net Income	$	11,757,000
Dividends Per Share/Yield*	$	0.48 / 2.4%
SOMC 5-Year Total Return		53.61%

*Yield based on stock price of $20.20 as of December 31, 2021.

SOUTHERN MICHIGAN BANCORP, INC.

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