

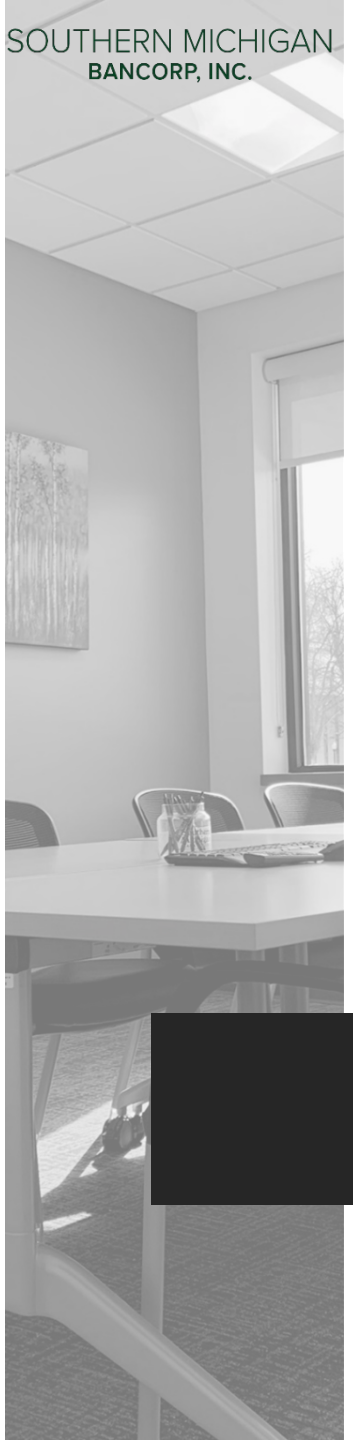
SOUTHERN MICHIGAN BANCORP, INC.

2023 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 11, 2023.

SOUTHERN MICHIGAN
BANCORP, INC.



I. *Balance Sheet Metrics*

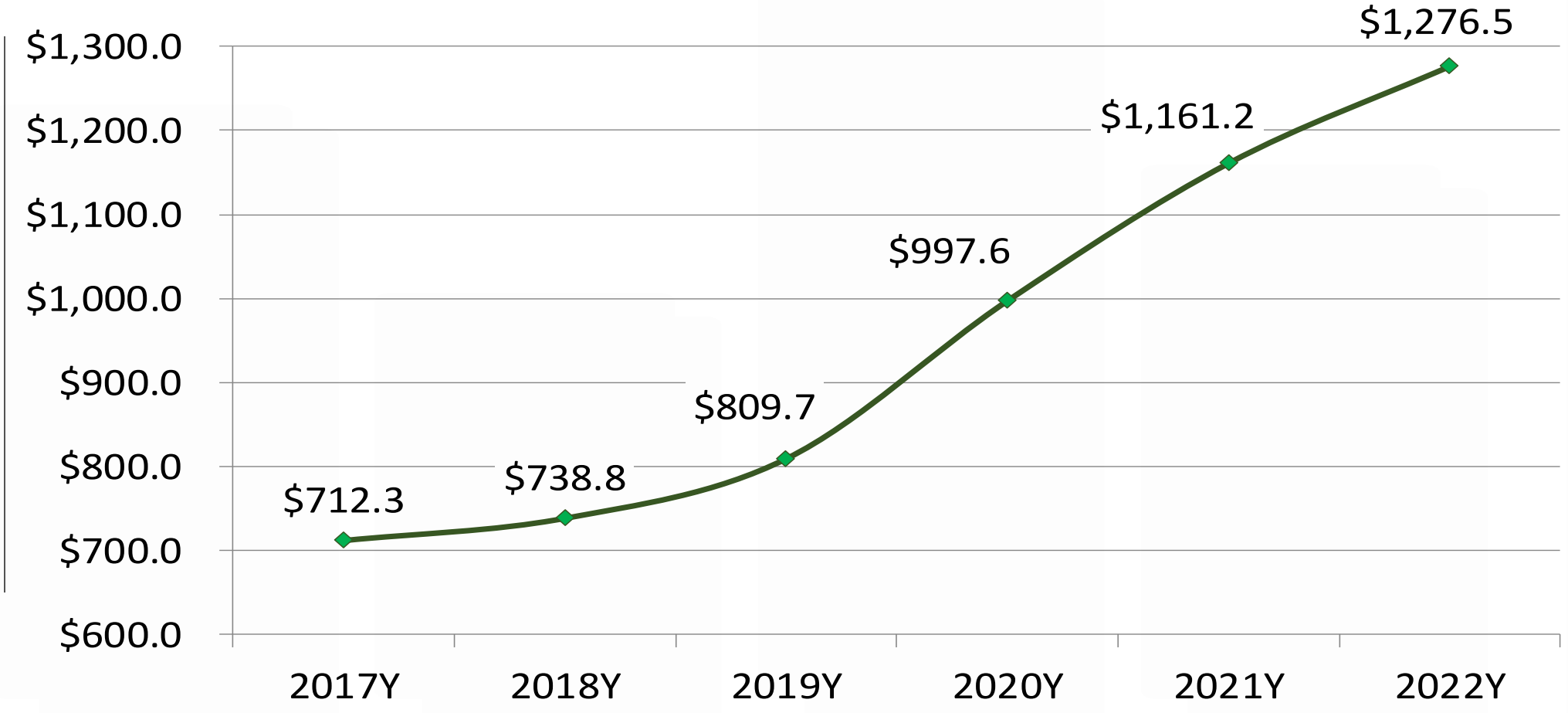
Commercial Banks Headquartered in Michigan

2022 Rank	Institution	City	Total Assets 12/31/22 ($000)
1	INDEPENDENT BANK	Grand Rapids	$ 4,995,759
2	MERCANTILE BANK	Grand Rapids	4,853,001
3	FIRST NATIONAL BANK OF AMERICA	East Lansing	4,554,611
4	NORTHPOINTE BANK	Grand Rapids	4,401,730
5	BANK OF ANN ARBOR	Ann Arbor	3,016,741
6	MACATAWA BANK	Holland	2,906,669
7	CHOICEONE BANK	Sparta	2,382,585
8	ISABELLA BANK	Mt. Pleasant	1,981,367
9	THE STATE BANK	Fenton	1,687,848
10	**SOUTHERN MICHIGAN BANK & TRUST**	**Coldwater**	**1,272,193**
11	COUNTY NATIONAL BANK	Hillsdale	1,165,269
12	SUPERIOR NATIONAL BANK	Hancock	1,043,951
13	FIRST STATE BANK	Eastpointe	957,924
14	FIRST NATIONAL BANK OF MICHIGAN	Kalamazoo	936,062
15	THE DART BANK	Mason	931,934

Ranked by Total Assets

Record High

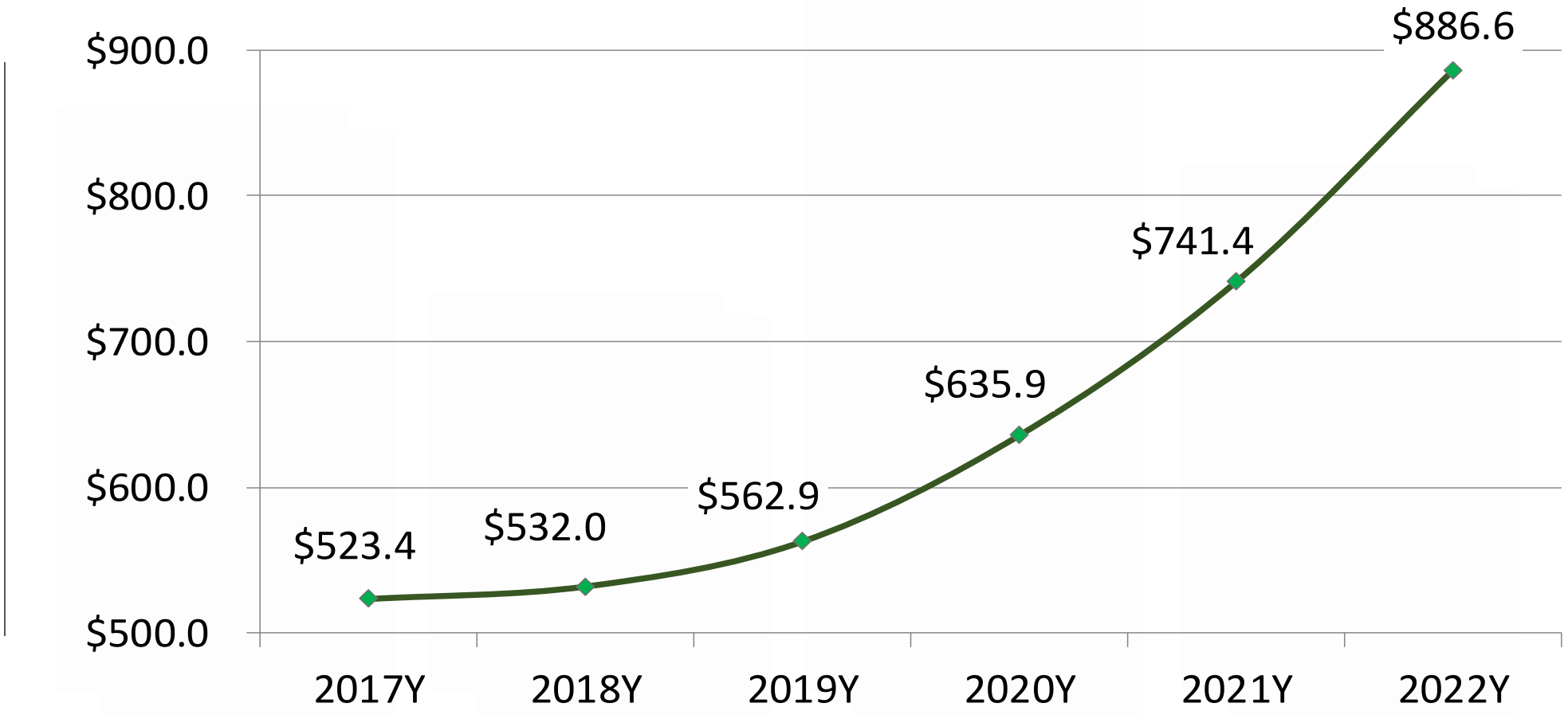
Total Assets



Note: Data in $ millions.

Record High

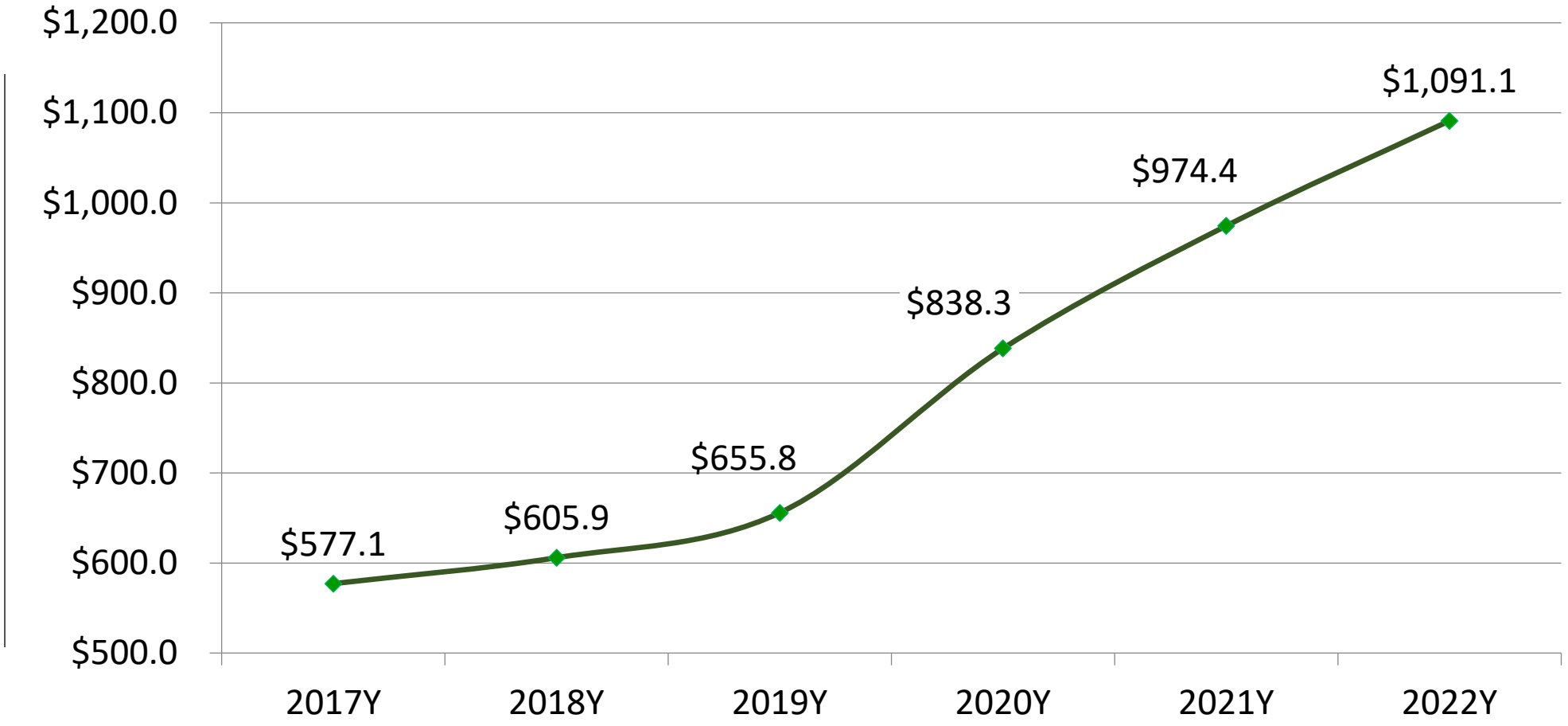
Total Loans



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

2022 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Fifth Third Bank NA	12	1,571,884	19.02
2	PNC Bank NA	11	1,358,597	16.44
3	**Southern Michigan Bank & Trust**	**17**	**1,039,413**	**12.58**
4	Huntington National Bank	14	831,488	10.06
5	First National Bank of Michigan	3	652,849	7.90
6	Comerica Bank	10	583,711	7.06
7	Sturgis Bank & Trust Co.	10	469,094	5.68
8	County National Bank	6	451,221	5.46
9	Century Bank and Trust	10	422,769	5.12
10	Old National Bank	4	389,370	4.71
11	Mercantile Bank	3	325,975	3.94
12	JPMorgan Chase Bank NA	2	309,435	3.74
13	Flagstar Bank NA	7	279,707	3.38
14	Horizon Bank	2	156,495	1.89
15	1st Source Bank	3	99,932	1.21
16	G.W. Jones Exchange Bank	4	97,325	1.18
17	Kalamazoo County State Bank	2	92,456	1.12
18	Homestead Savings Bank	1	58,271	0.71
19	KeyBank NA	1	33,048	0.40
20	Farmers State Bank	1	28,245	0.34
21	Highpoint Community Bank	1	14,592	0.18
		124	**$ 9,265,877**	**100.00%**

Note: Data as of 6/30/22.

Deposit Market Share

Branch County

Market Service Area

2022 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	***Southern Michigan Bank & Trust***	***6***	***385,140***	***42.62***
2	Century Bank and Trust	5	263,019	29.11
3	PNC Bank NA	1	89,619	9.92
4	Huntington National Bank	2	74,468	8.24
5	Flagstar Bank NA	1	60,273	6.67
6	Sturgis Bank & Trust Co.	1	31,108	3.44
	Market Total	***16***	***$ 903,627***	***100%***

Note: Data as of 6/30/22.

Deposit Market Share

St. Joseph County

Market Service Area

2022 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Sturgis Bank & Trust Co.	6	410,258	39.26
2	***Southern Michigan Bank & Trust***	***5***	***194,827***	***18.64***
3	Century Bank and Trust	4	127,914	12.24
4	Huntington National Bank	1	78,907	7.55
5	Horizon Bank	1	61,983	5.93
6	Fifth Third Bank NA	1	57,966	5.55
7	Flagstar Bank NA	2	51,924	4.97
8	KeyBank NA	1	33,048	3.16
9	Farmers State Bank	1	28,245	2.70
	Market Total	***22***	***$ 1,045,072***	**100%**

Note: Data as of 6/30/22.

Deposit Market Share

Calhoun County

Market Service Area

2022 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Huntington National Bank	5	340,883	23.31
2	Fifth Third Bank NA	1	264,394	18.08
3	Comerica Bank	4	259,341	17.73
4	***Southern Michigan Bank & Trust***	***3***	***234,976***	***16.07***
5	PNC Bank NA	2	129,550	8.86
6	Old National Bank	1	76,989	5.26
7	Homestead Savings Bank	1	58,271	3.98
8	County National Bank	1	52,396	3.58
9	Flagstar Bank NA	1	31,177	2.13
10	Highpoint Community Bank	1	14,592	1.00
	Market Total	***$ 20***	***$ 1,462,569***	***100%***

Note: Data as of 6/30/22.

Deposit Market Share

Hillsdale County

Market Service Area

2022 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	County National Bank	5	398,825	55.04
2	***Southern Michigan Bank & Trust***	***1***	***142,238***	***19.63***
3	Fifth Third Bank NA	1	82,098	11.33
4	Flagstar Bank NA	1	69,550	9.60
5	Century Bank and Trust	1	31,836	4.39
	Market Total	***9***	***$ 724,547***	**100%**

Note: Data as of 6/30/22.

Deposit Market Share

Kalamazoo County

Market Service Area

2022 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	PNC Bank NA	8	1,139,428	24.05
2	Fifth Third Bank NA	8	964,645	20.36
3	First National Bank of Michigan	3	652,849	13.78
4	Mercantile Bank	3	325,975	6.88
5	Comerica Bank	6	324,370	6.85
6	Old National Bank	3	312,381	6.59
7	JPMorgan Chase Bank NA	2	309,435	6.53
8	Huntington National Bank	4	272,053	5.74
9	Horizon Bank	1	94,512	1.99
10	Kalamazoo County State Bank	2	92,456	1.95
11	***Southern Michigan Bank & Trust***	***2***	***82,232***	***1.74***
12	1st Source Bank	2	72,777	1.54
13	Flagstar Bank NA	2	66,783	1.41
14	Sturgis Bank & Trust Co.	3	27,728	0.59
	Market Total	***49***	***$ 4,737,624***	**100%**

Note: Data as of 6/30/22.

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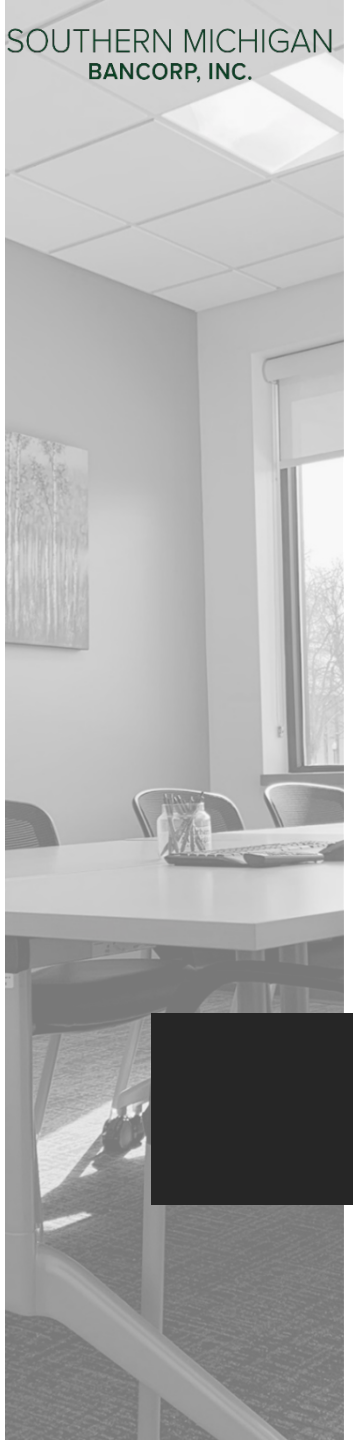
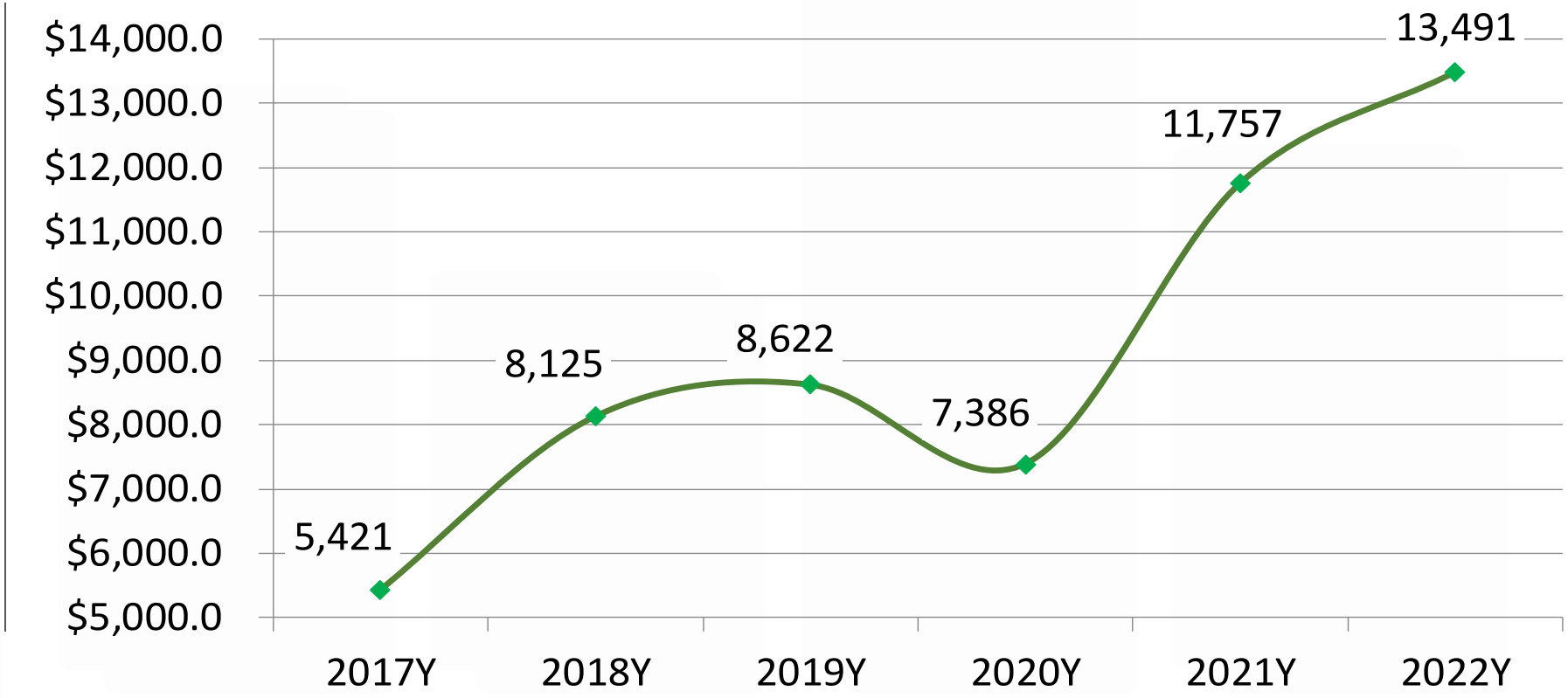


II. *Profitability Trend*

Record High

Net Income $13,491



Note: Data in $ thousands.

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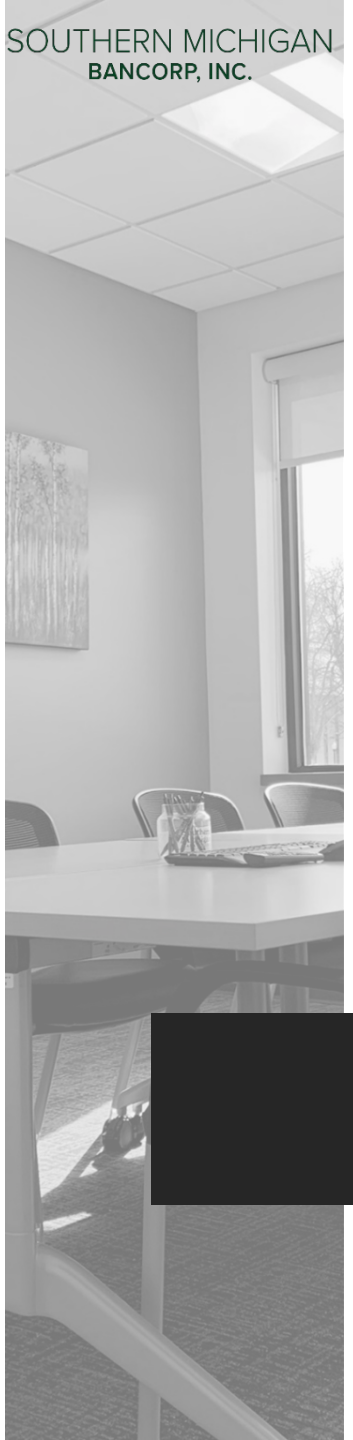
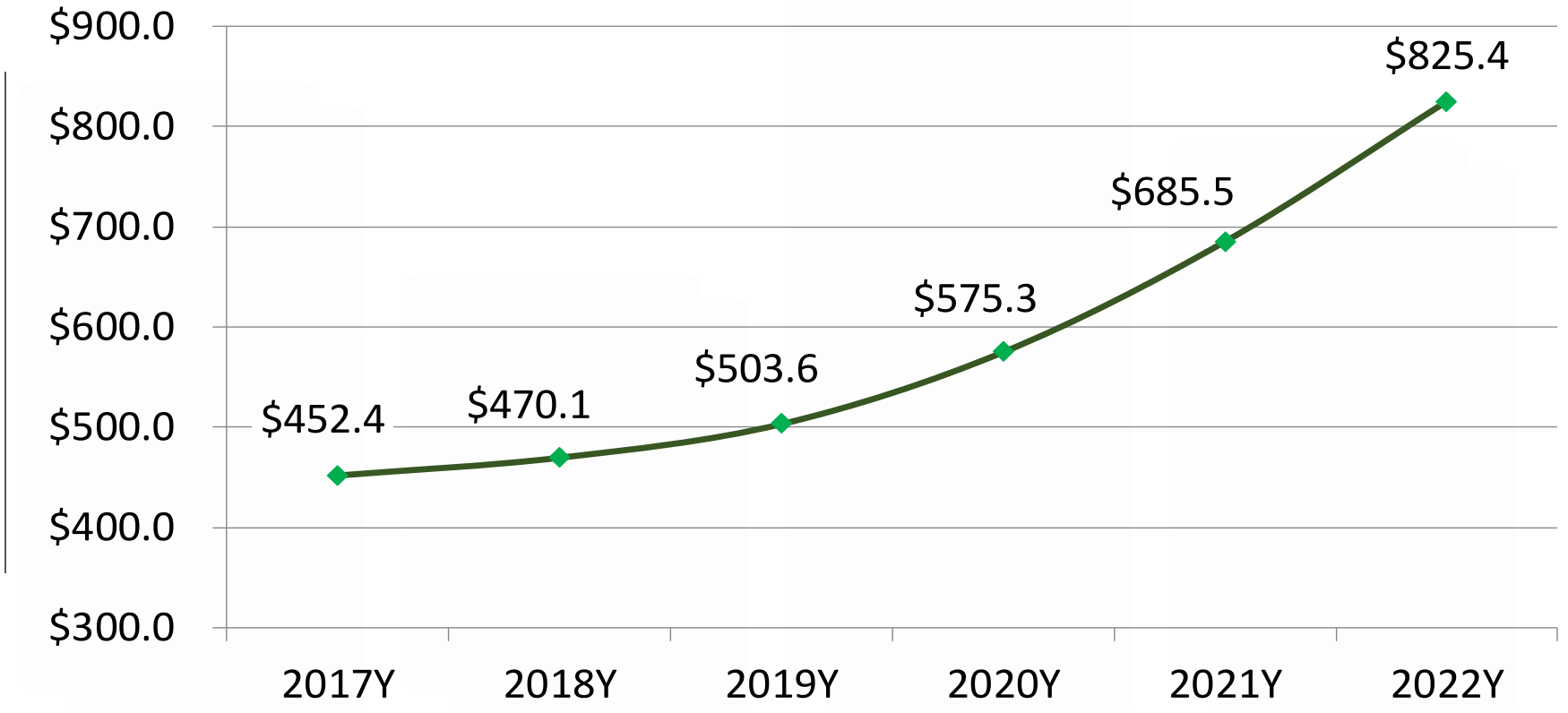


III. Asset Quality Metrics

Indicators of Financial Strength

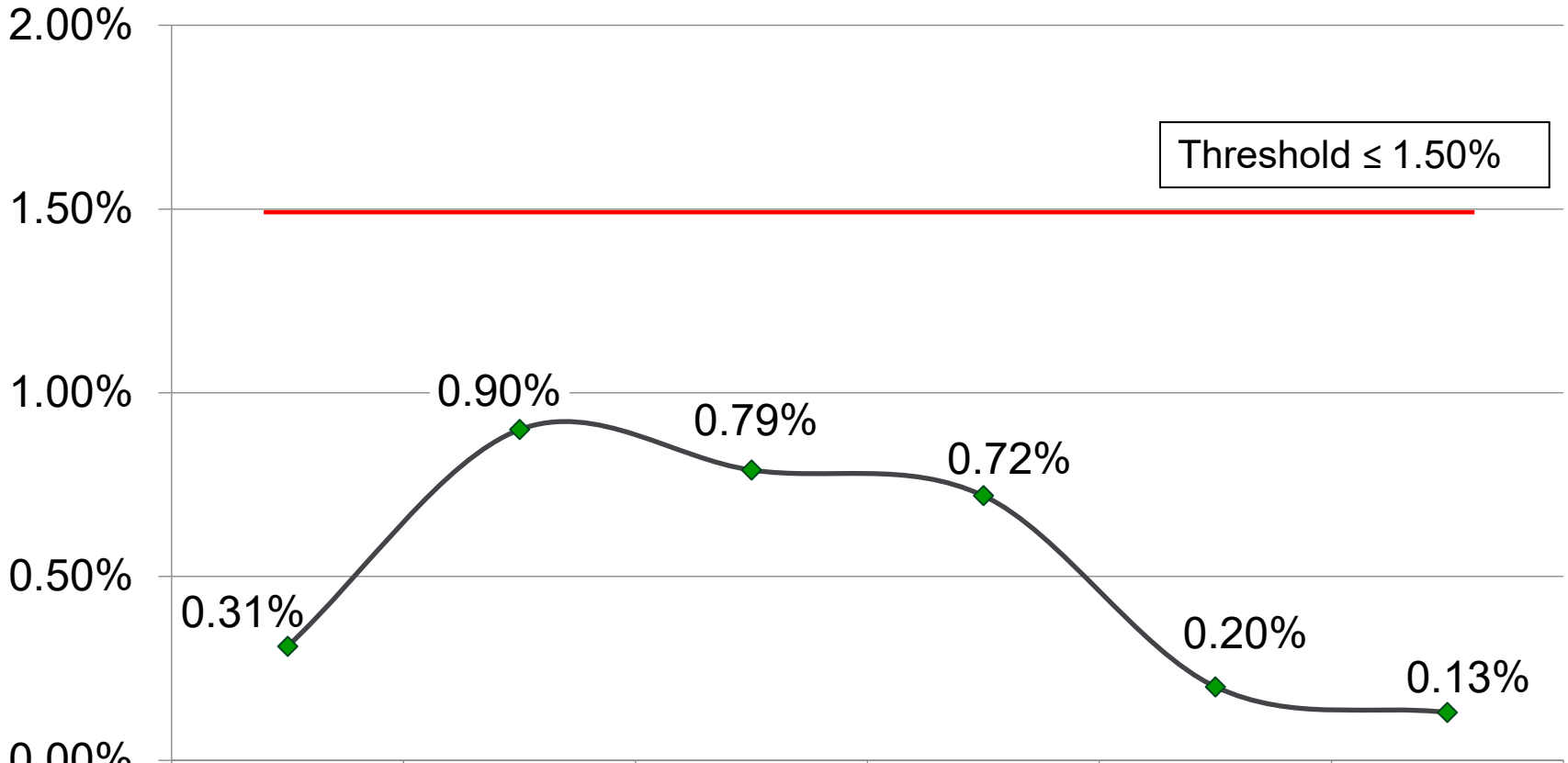
Record High

Commercial Loan Growth



Note: Data in $ millions.

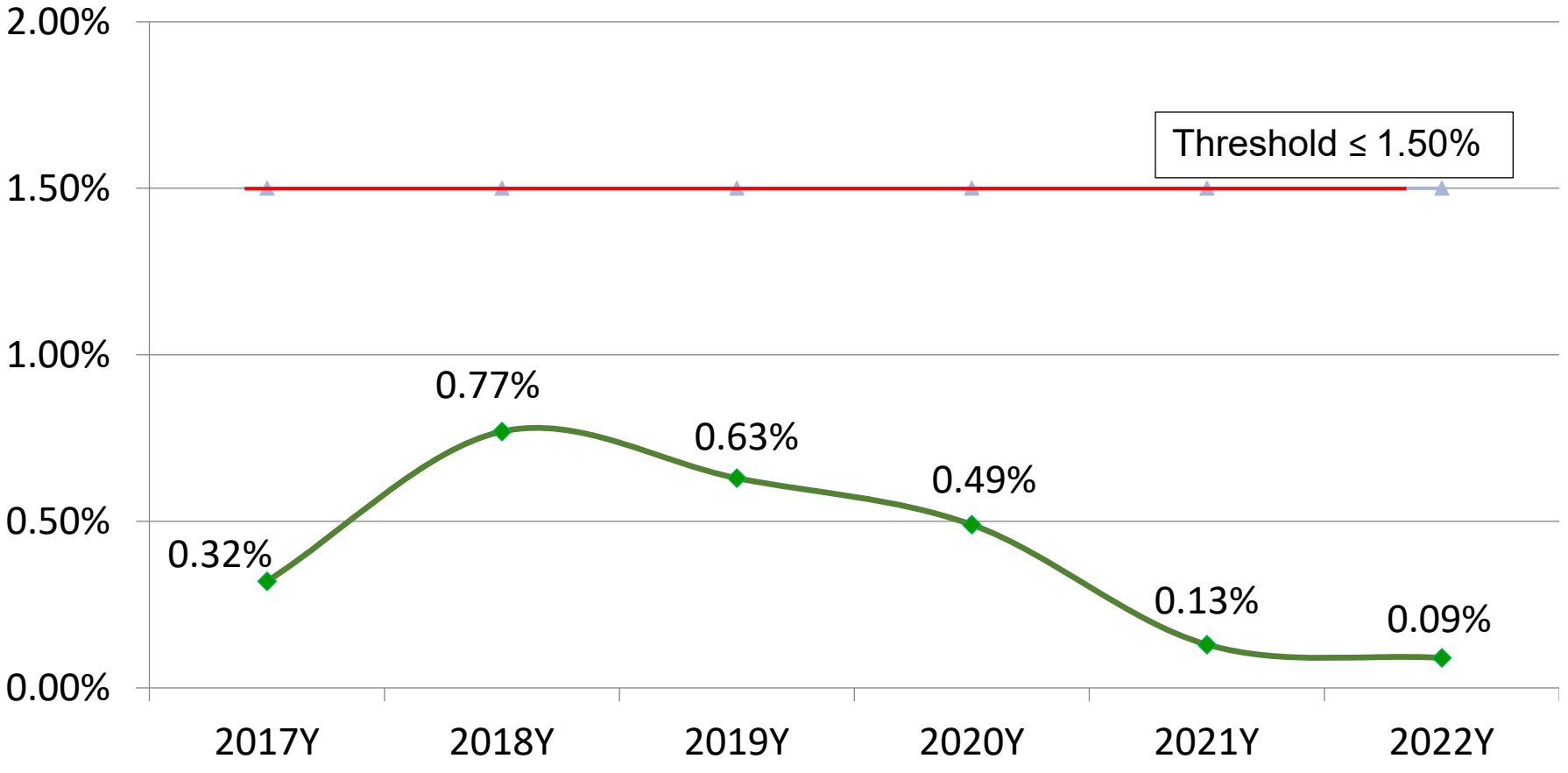
Delinquent Loans



	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y
%	0.31%	0.90%	0.79%	0.72%	0.20%	0.13%
$	$1,614	$4,787	$4,445	$4,588	$1,485	$1,191

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

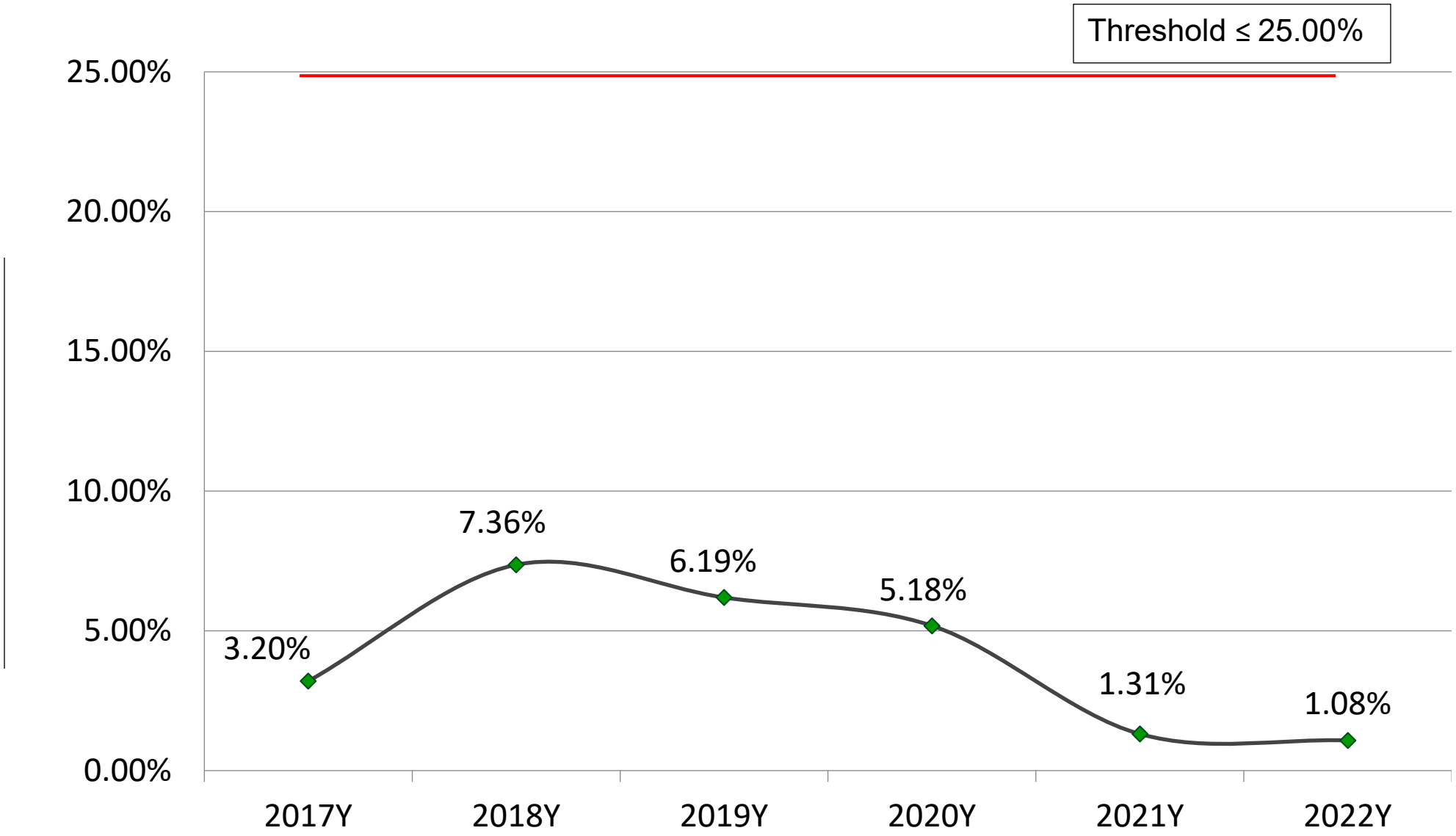
Total Non-Performing Assets



$000s	$2,305	$5,642	$5,095	$4,891	$1,521	$1,130

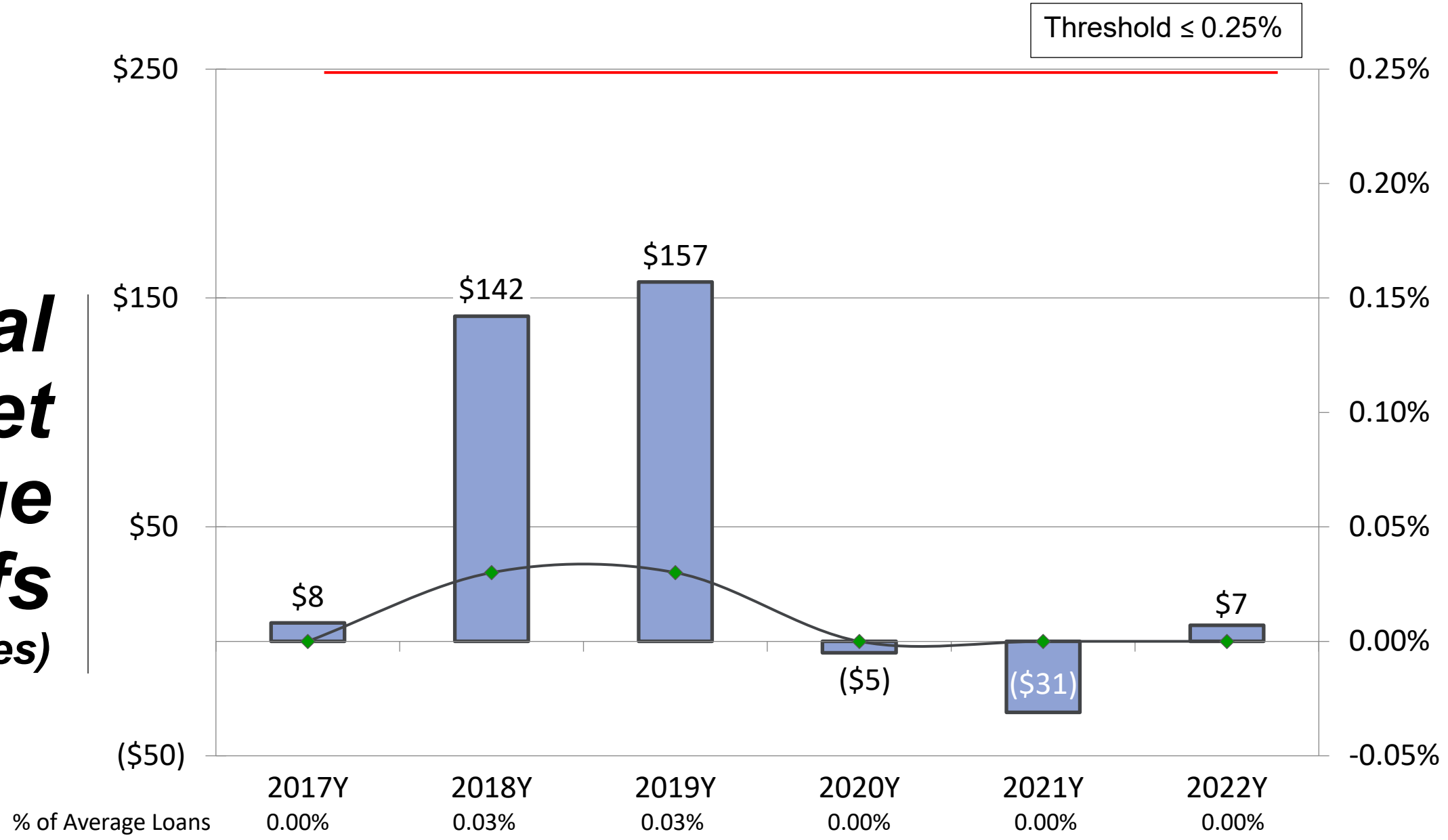
Non-Performing Assets = Nonaccrual Loans + Loans ≥ 90 Days Past Due + Restructured Loans + Other Real Estate Owned.

Texas Ratio



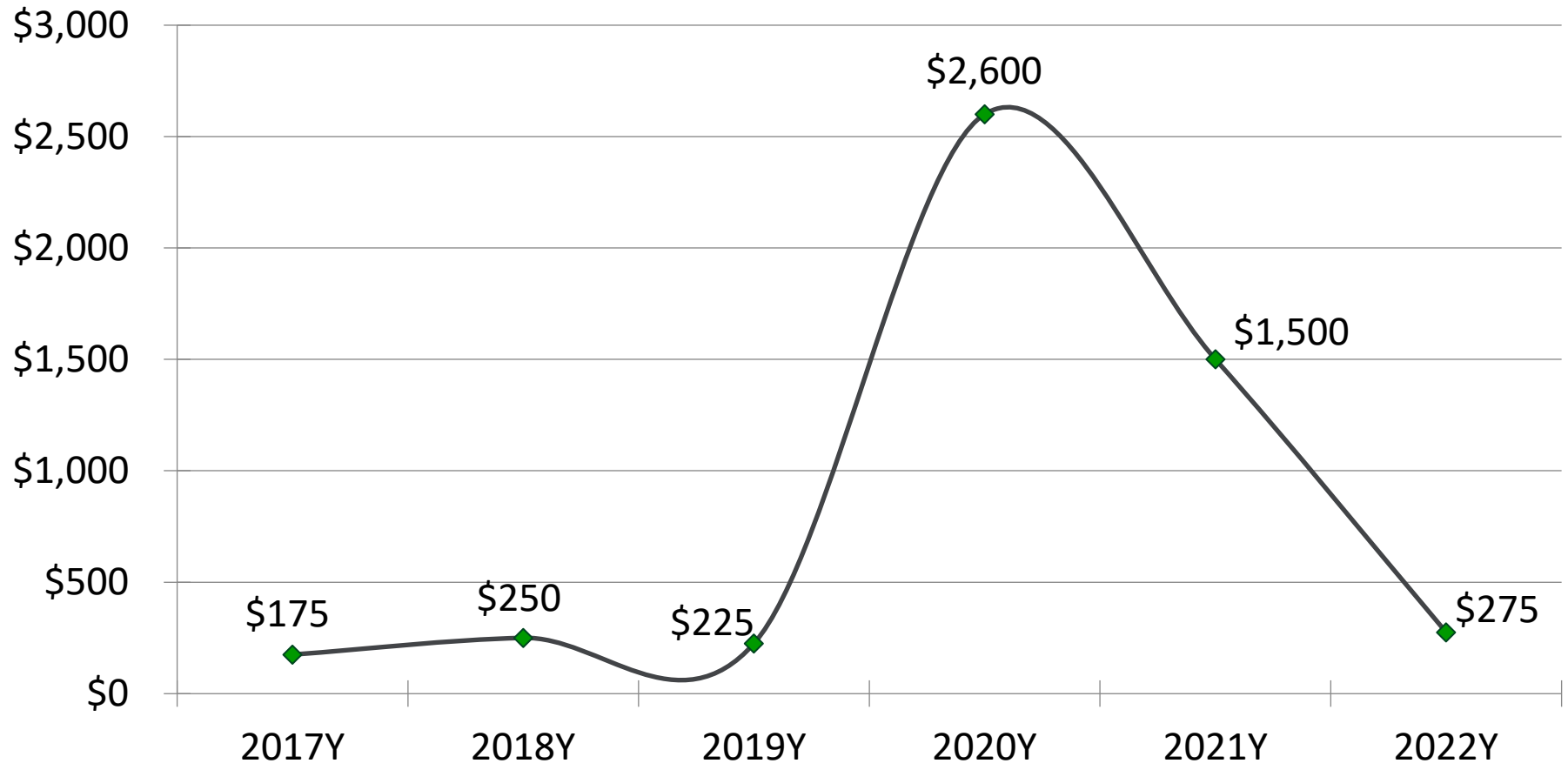
Texas Ratio = Non-Performing Assets /Tangible Equity + Loan Loss Reserves

Annual Net Charge-Offs (Recoveries)



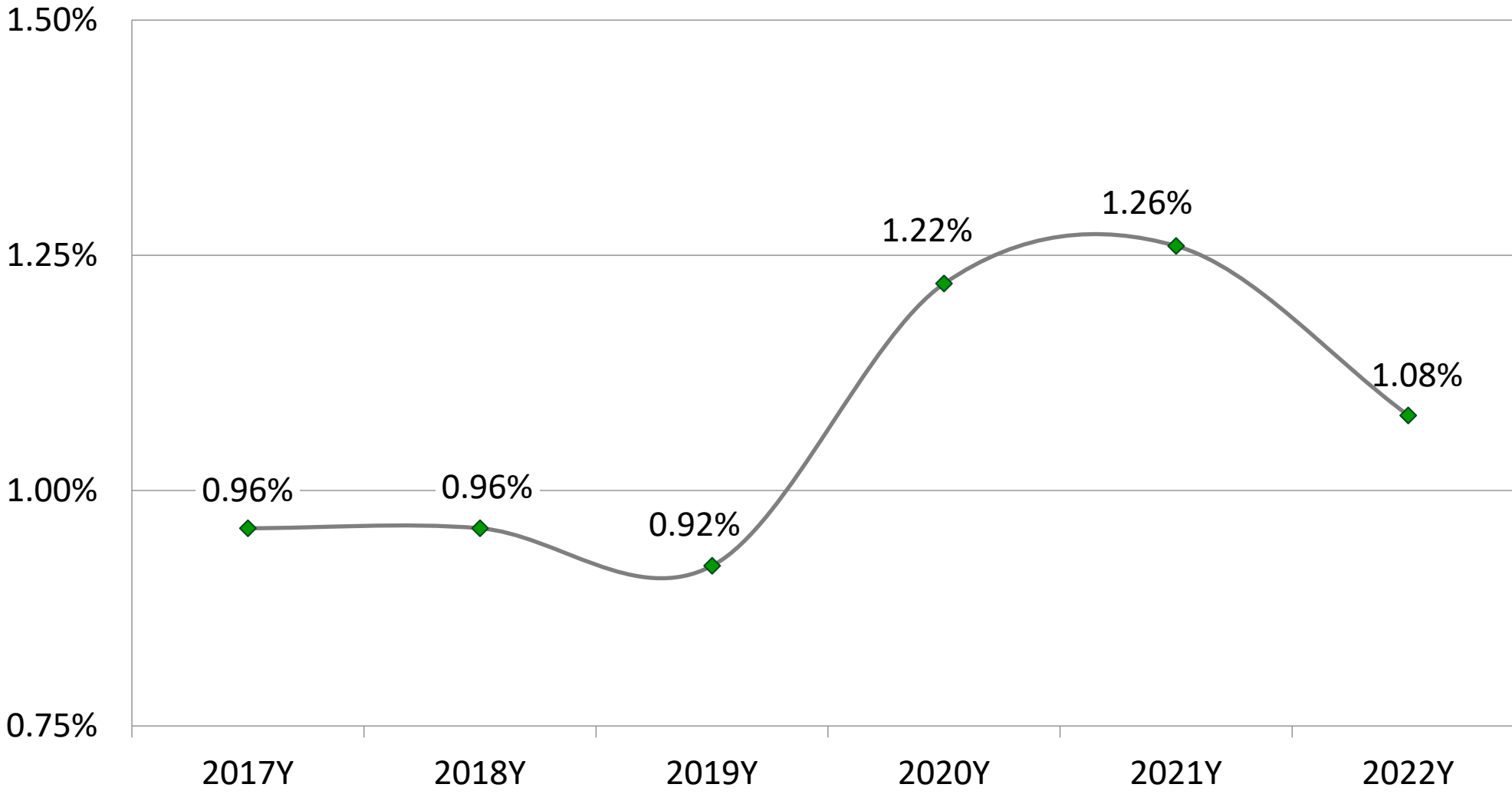
Note: Data in $000s.

Annual Provision Expense



Note: Data in $000s.

Loan Loss Reserve



As a Percentage of Gross Loans.

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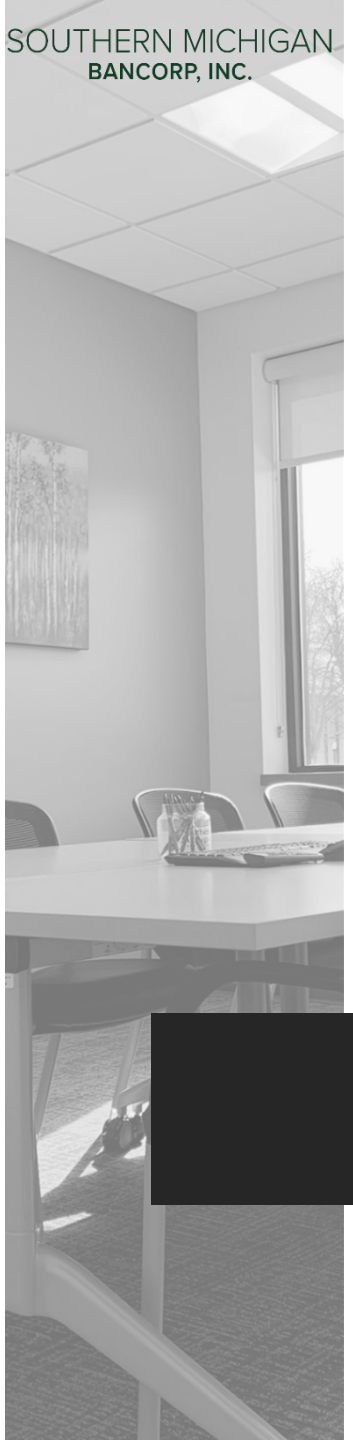
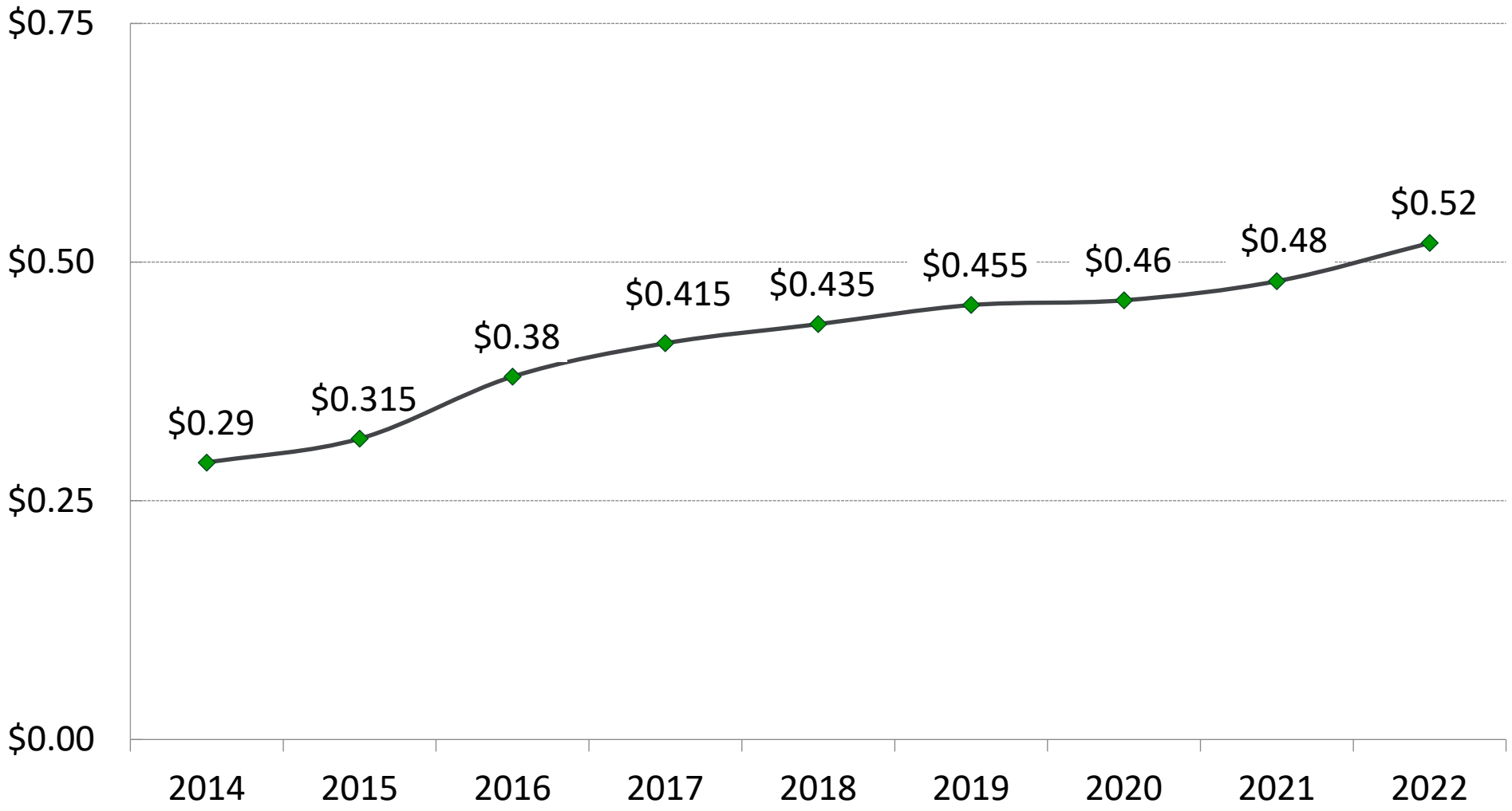


IV. *SOMC Dividend*

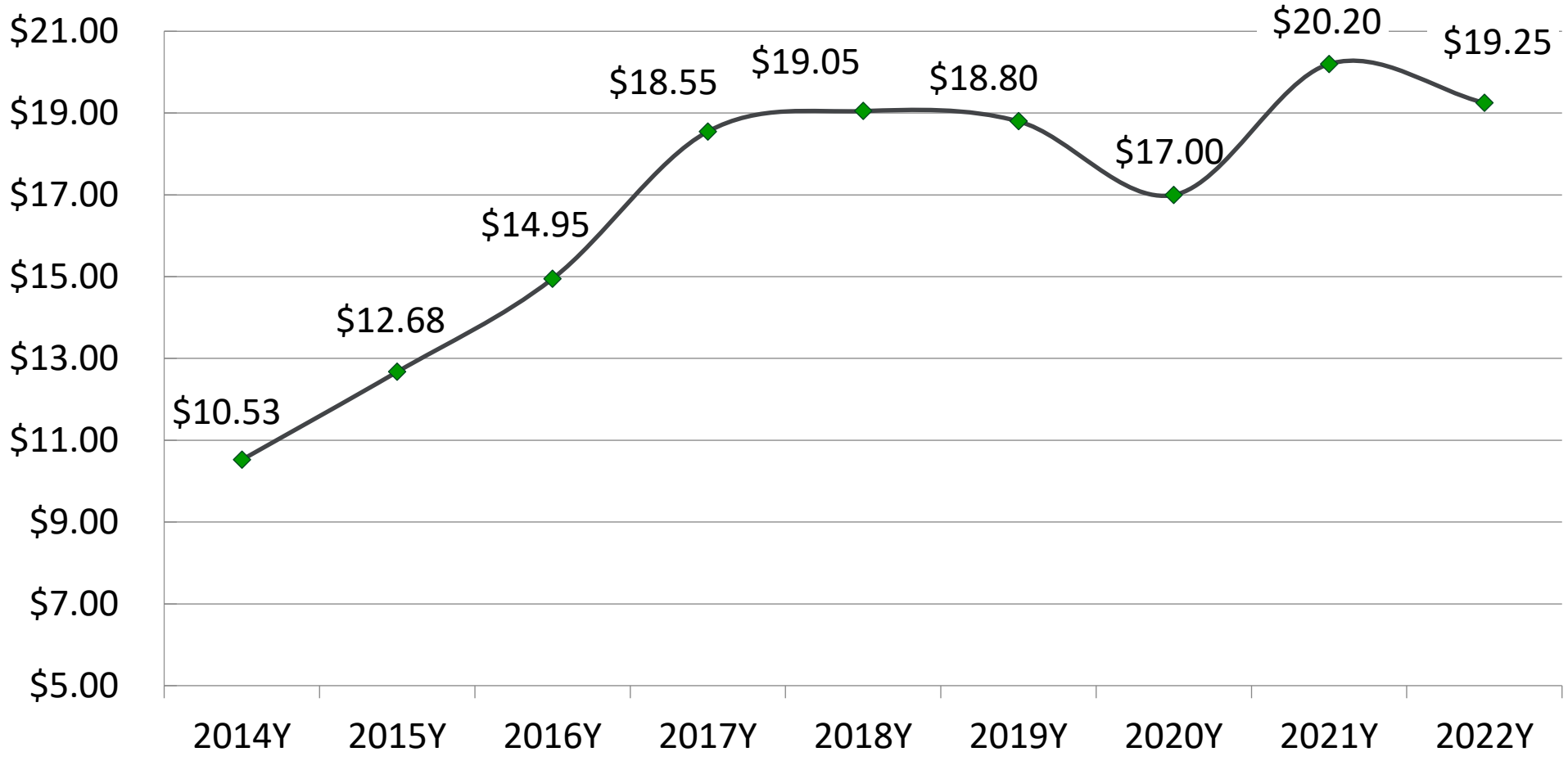
Stock Performance

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.

SOMC Insider and Employee Holdings

as of December 31, 2022

	Shares	% of Total
Directors & Executive Officers	454,370	9.80%
Employee Stock Ownership Plan*	185,495	4.10%
Total Shares	639,865	13.90%

*Excludes shares held by executive officers.

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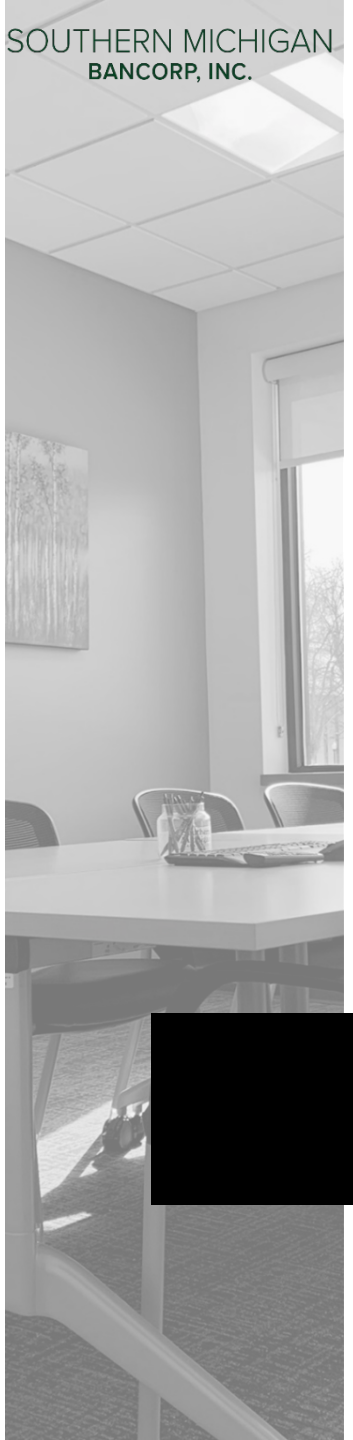

V.

Southern's Quarterly Results

March 31, 2023

1st Quarter 2023 Results

	1Q 2023	1Q 2022	Change
Total Assets	$1,326,965	$1,225,047	8.32%
Total Loans (Includes Held-for-Sale)	$933,499	$765,484	21.95%
Total Deposits	$1,127,117	$1,059,859	6.35%
Total Equity	$90,783	$86,941	4.42%
Net Income	$3,005	$2,933	2.45%
Earnings Per Share	$0.66	$0.65	1.54%

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

1st Quarter 2023 Asset Quality Results

	1Q 2023	1Q 2022
Total Delinquency	0.13%	0.20%
Texas Ratio	0.96%	1.30%
Non-Performing Assets	0.08%	0.11%
Net Charge-Offs (Recoveries)	$0	$13

Note: Data in $000s.

Cash Dividend Increase

1st Quarter 2023

The Board voted at the March 2023 Board Meeting to increase the quarterly dividend to $0.14 per share from the previous rate of $0.13 per share.

This new annualized rate of $0.56 per share results in a dividend yield of 3.01%.(1)

(1) Based on the March 28, 2023 market price of $18.61 per share.

Southern's 2022 Highlights

Record Total Assets	$	1,276,523,000
Record Total Deposits	$	1,091,051,000
Record Loan Totals	$	886,626,000
Record Net Income	$	13,491,000
Dividends Per Share/Yield*	$	0.52 / 2.70%

*Yield based on stock price of $19.25 as of December 31, 2022.

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