

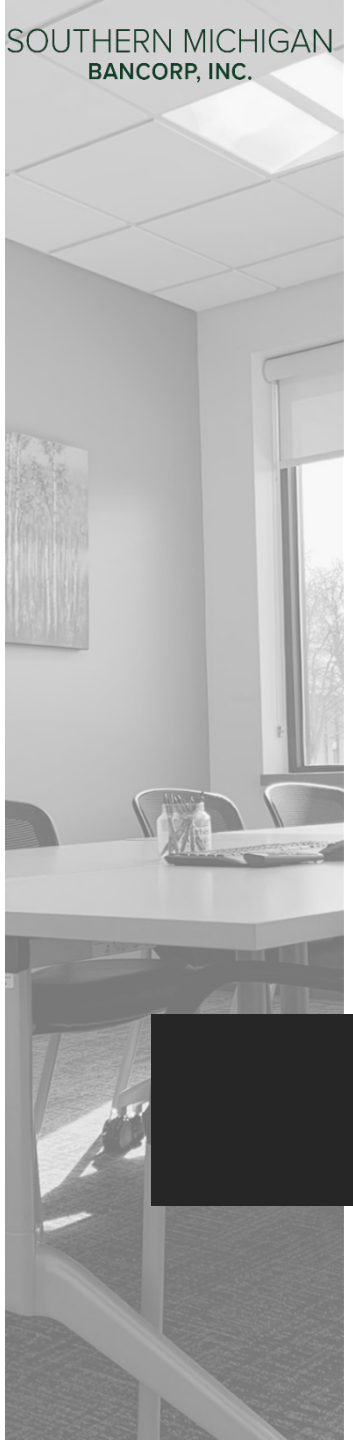
SOUTHERN MICHIGAN BANCORP, INC.

2024 Annual Meeting

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 credit 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 9, 2024.

SOUTHERN MICHIGAN
BANCORP, INC.



I. *Balance Sheet Metrics*

Independent Community Banks Headquartered in Michigan

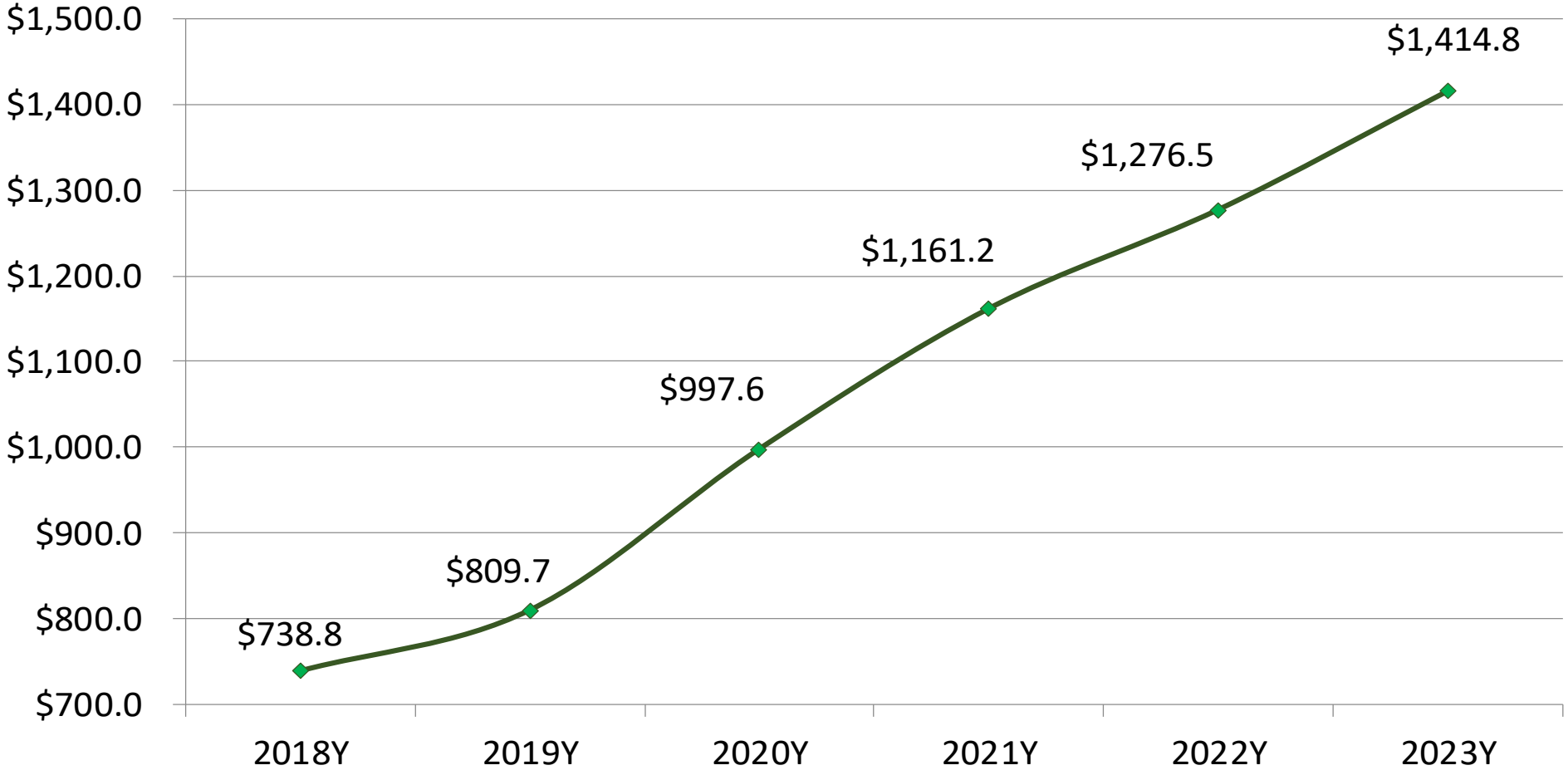
2023 Rank	Institution	City	Total Assets 12/31/23 ($000)
1	MERCANTILE BANK	Grand Rapids	5,313,149
2	INDEPENDENT BANK	Grand Rapids	5,259,523
3	BANK OF ANN ARBOR	Ann Arbor	3,087,990
4	MACATAWA BANK	Holland	2,748,455
5	CHOICEONE BANK	Sparta	2,574,432
6	ISABELLA BANK	Mt. Pleasant	2,009,399
7	THE STATE BANK	Fenton	1,737,536
8	**SOUTHERN MICHIGAN BANK & TRUST**	**Coldwater**	**1,409,265**
9	COUNTY NATIONAL BANK	Hillsdale	1,248,448
10	THE DART BANK	Mason	1,163,471
11	FIRST STATE BANK	Eastpointe	1,150,248
12	SUPERIOR NATIONAL BANK	Hancock	1,020,059
13	FIRST NATIONAL BANK OF MICHIGAN	Kalamazoo	980,659
14	NORTHSTAR BANK	Bad Axe	962,300
15	WEST MICHIGAN COMMUNITY BANK	Hudsonville	953,657

SOUTHERN MICHIGAN BANCORP, INC.

Ranked by Total Assets

Total Assets

Record High

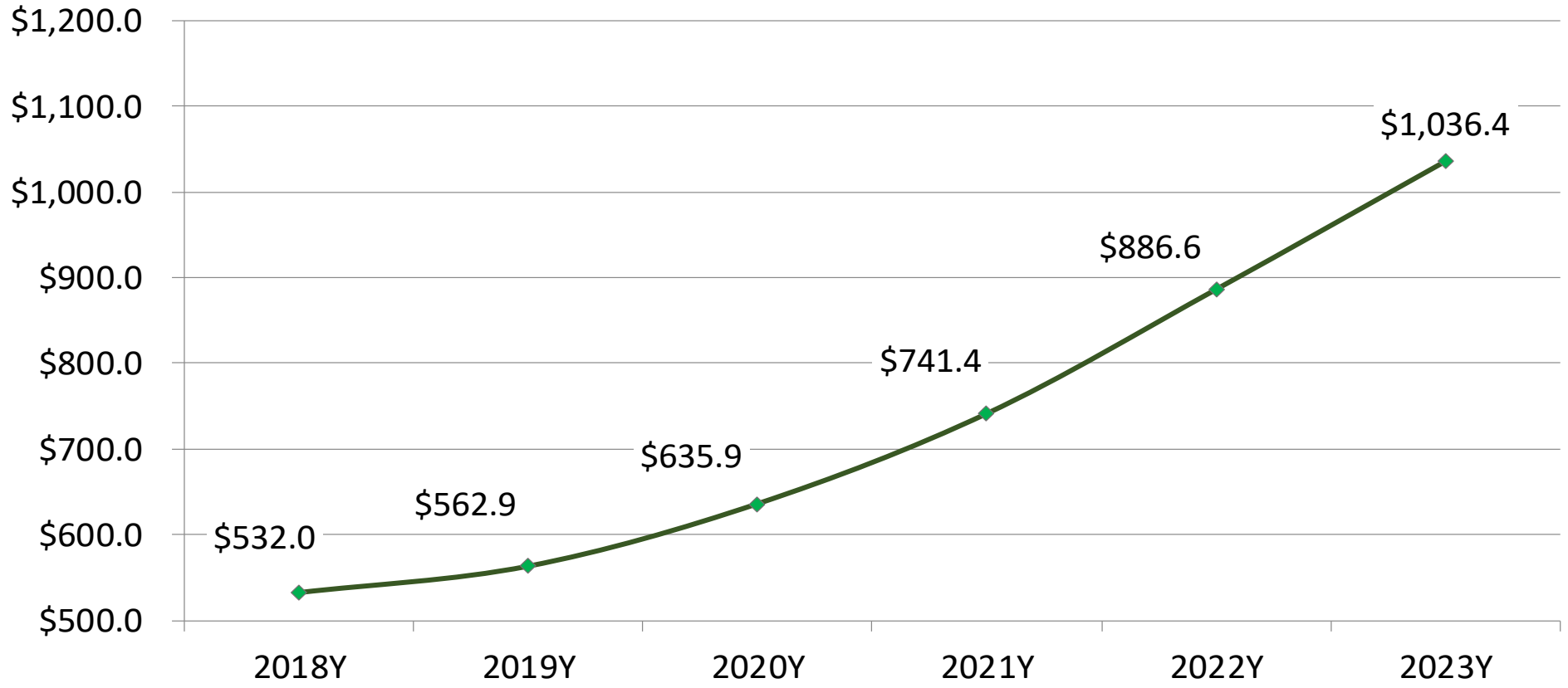


SOUTHERN MICHIGAN BANCORP, INC.

Note: Data in $ millions.

Total Loans

Record High

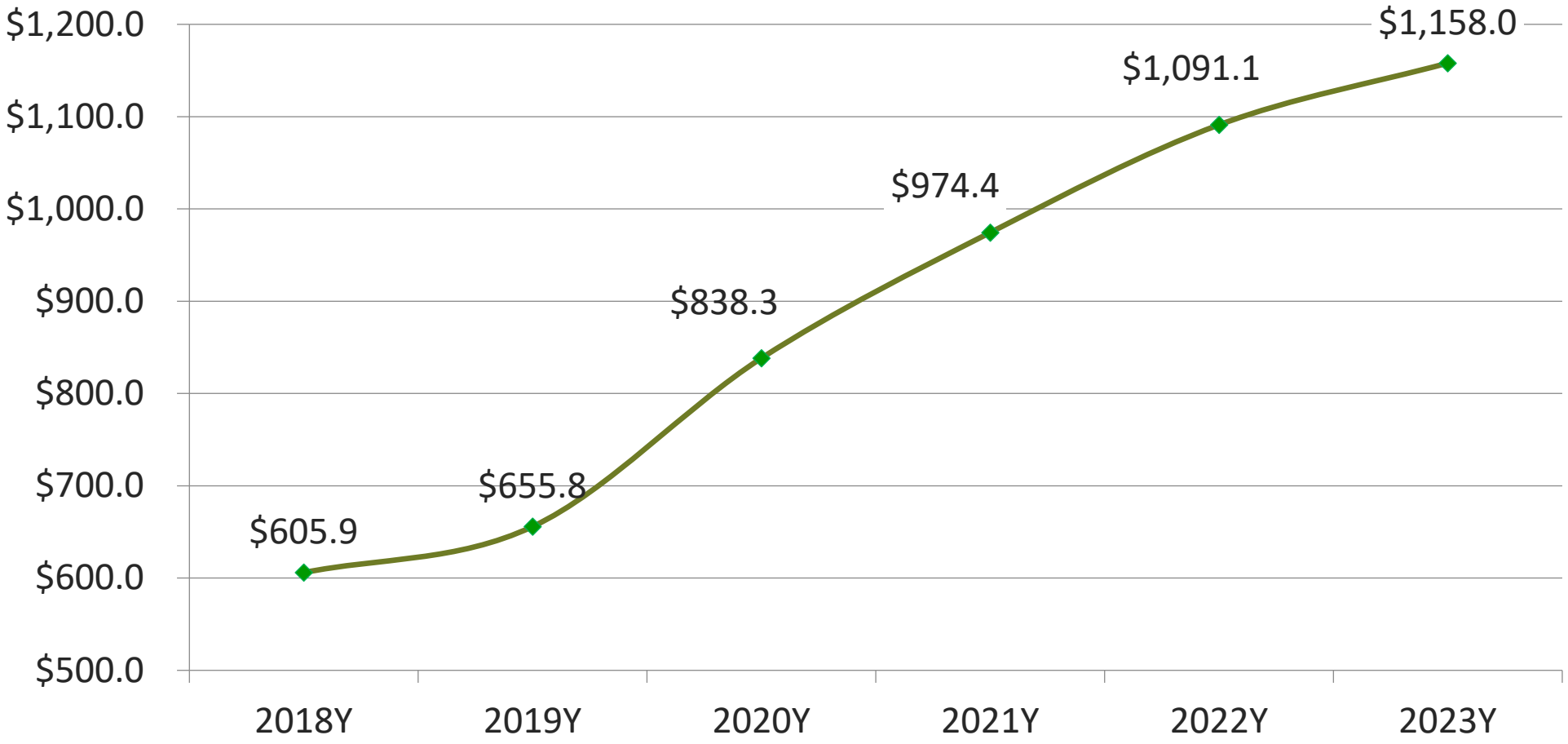


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Note: Data in $ millions. (Excludes loans held for sale)

Total Deposits

Record High



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Note: Data in $ millions.

Deposit Market Share *5-County Market Service Area*

2023 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Fifth Third Bank NA	11	1,519,610	18.39
2	Flagstar Bank NA	15	1,230,747	14.89
3	Huntington National Bank	17	1,213,570	**14.68**
4	PNC Bank NA	10	1,210,567	14.65
5	***Southern Michigan Bank & Trust***	***18***	***1,187,875***	***14.37***
6	County National Bank	10	927,592	11.22
7	Comerica Bank	17	923,375	11.17
8	First National Bank of Michigan	3	594,976	7.20
9	Sturgis Bank & Trust Co.	11	518,387	6.27
10	Century Bank and Trust	10	410,521	4.97
11	Old National Bank	5	398,287	4.82
12	JPMorgan Chase Bank NA	2	303,796	3.68
13	Mercantile Bank	3	246,829	2.99
14	Horizon Bank	2	137,436	1.66
15	G.W. Jones Exchange Bank	4	111,442	1.35
16	Kalamazoo County State Bank	2	85,810	1.04
17	1st Source Bank	3	85,007	1.03
18	Highpoint Community Bank	1	80,187	0.97
19	Homestead Savings Bank	2	62,576	0.76
20	Independent Bank	1	52,716	0.64
21	State Bank	2	49,073	0.59
22	Bank Michigan	1	42,937	0.52
23	Farmers State Bank	1	28,444	0.34
24	KeyBank NA	0	25,604	0.31
		151	**$ 11,447,364**	**100.00%**

Note: Data as of 6/30/23.

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Deposit Market Share *Branch County Market Service Area*

2023 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	***Southern Michigan Bank & Trust***	***6***	***487,070***	***48.98***
2	Century Bank and Trust	5	273,658	27.52
3	PNC Bank NA	1	80,803	8.13
4	Huntington National Bank	2	64,544	6.49
5	Flagstar Bank NA	1	56,420	5.67
6	Sturgis Bank & Trust Co.	1	31,862	3.20
	Market Total	***16***	***$ 994,357***	***100%***

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Note: Data as of 6/30/23.

Deposit Market Share *St. Joseph County Market Service Area*

2023 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Sturgis Bank & Trust Co.	6	446,337	42.54
2	***Southern Michigan Bank & Trust***	***5***	***205,815***	***19.61***
3	Century Bank and Trust	4	108,306	10.32
4	Huntington National Bank	1	75,678	7.21
5	Fifth Third Bank NA	1	62,964	6.00
6	Horizon Bank	1	49,077	4.68
7	Flagstar Bank NA	2	47,088	4.49
8	Farmers State Bank	1	28,444	2.71
9	KeyBank NA	0	25,604	2.44
	Market Total	***21***	***$ 1,049,313***	**100%**

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Note: Data as of 6/30/23.

Deposit Market Share *Calhoun County Market Service Area*

2023 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Huntington National Bank	4	326,638	23.09
2	Fifth Third Bank NA	1	237,054	16.76
3	***Southern Michigan Bank & Trust***	***3***	***229,032***	***16.19***
4	Comerica Bank	2	213,082	15.06
5	PNC Bank NA	1	110,458	7.81
6	Highpoint Community Bank	1	80,187	5.67
7	Old National Bank	1	76,262	5.39
8	County National Bank	1	55,359	3.91
9	Homestead Savings Bank	1	51,740	3.66
10	Flagstar Bank NA	1	28,060	1.98
11	Sturgis Bank & Trust Co.	2	6,622	0.47
	Market Total	***$ 18***	***$ 1,414,494***	**100%**

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Note: Data as of 6/30/23.

Deposit Market Share *Hillsdale County Market Service Area*

2023 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	County National Bank	4	447,279	56.45
2	***Southern Michigan Bank & Trust***	***1***	***166,866***	***21.06***
3	Fifth Third Bank NA	1	85,053	10.74
4	Flagstar Bank NA	1	64,532	8.15
5	Century Bank and Trust	1	28,557	3.60
	Market Total	***8***	***$ 792,287***	**100%**

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Note: Data as of 6/30/23.

Deposit Market Share *Kalamazoo County Market Service Area*

2023 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	PNC Bank NA	7	972,014	23.27
2	Fifth Third Bank NA	6	856,917	20.51
3	First National Bank of Michigan	3	594,976	14.24
4	JPMorgan Chase Bank NA	2	303,796	7.27
5	Old National Bank	3	272,208	6.52
6	Huntington National Bank	4	272,179	6.52
7	Mercantile Bank	3	246,829	5.91
8	Comerica Bank	6	231,232	5.54
9	***Southern Michigan Bank & Trust***	***2***	***99,092***	***2.37***
10	Horizon Bank	1	88,359	2.12
11	Kalamazoo County State Bank	2	85,810	2.05
12	Flagstar Bank NA	2	61,011	1.46
13	1st Source Bank	2	59,210	1.42
14	Sturgis Bank & Trust Co.	2	33,566	0.80
	Market Total	***45***	***$ 4,177,199***	**100%**

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Note: Data as of 6/30/23.

Deposit Market Share *Jackson County Market Service Area*

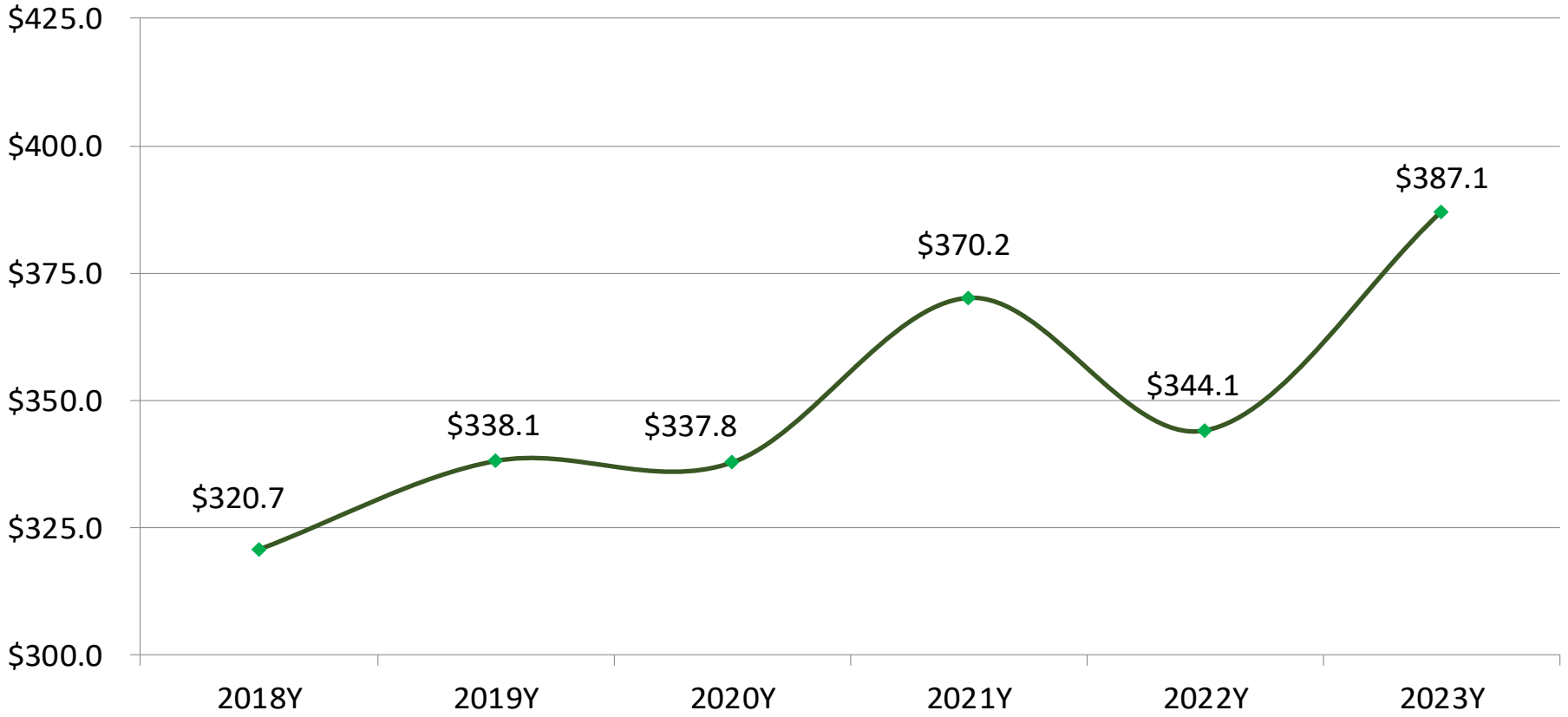
2023 Rank	Institution	Branches	Deposits in Market ($000)	Market Share (%)
1	Flagstar Bank NA	8	973,636	37.45
2	Comerica Bank	7	479,061	18.43
3	County National Bank	7	424,954	16.34
4	Huntington National Bank	4	380,019	14.62
5	Fifth Third Bank NA	1	89,593	3.45
6	Independent Bank	1	52,716	2.03
7	Old National Bank	1	49,817	1.92
8	State Bank	2	49,073	1.89
9	PNC Bank NA	1	47,292	1.82
10	Bank Michigan	1	42,937	1.65
11	Homestead Savings Bank	1	10,836	0.42
12	***Southern Michigan Bank & Trust***	***2***	***0***	***0.00***
	Market Total	***36***	***$ 2,599,934***	**100%**

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Note: Data as of 6/30/23.

Wealth Management

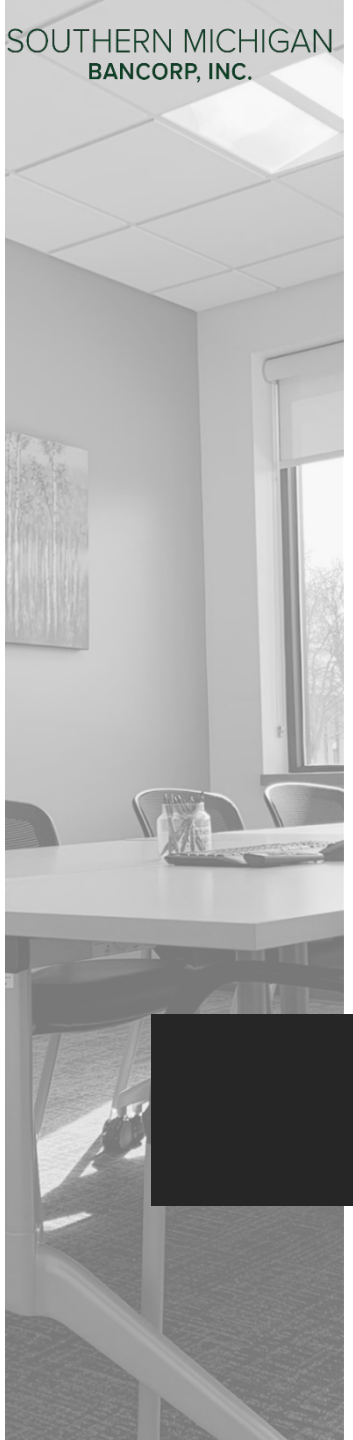
Record High



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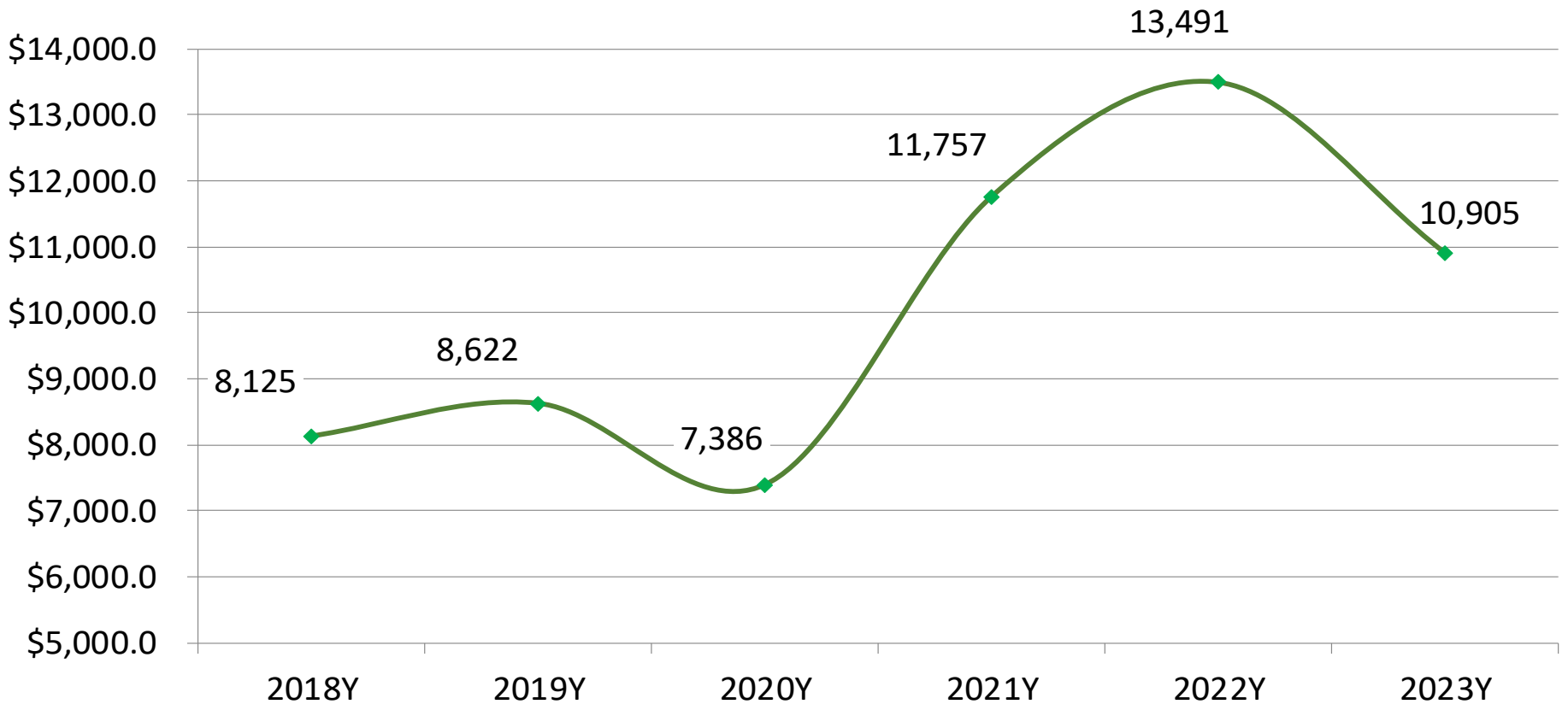
Note: Data in $ millions.

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II. *Profitability Trend*

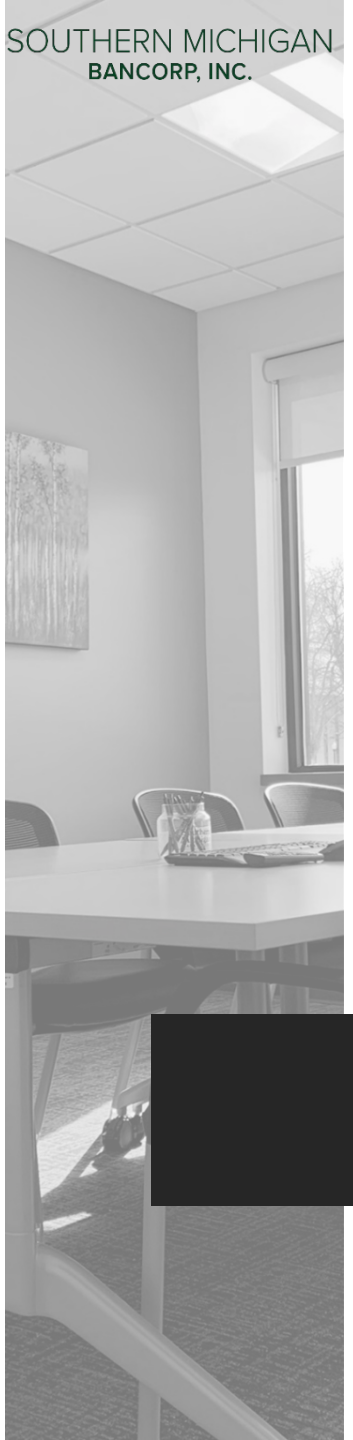
Net Income



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Note: Data in $ thousands.

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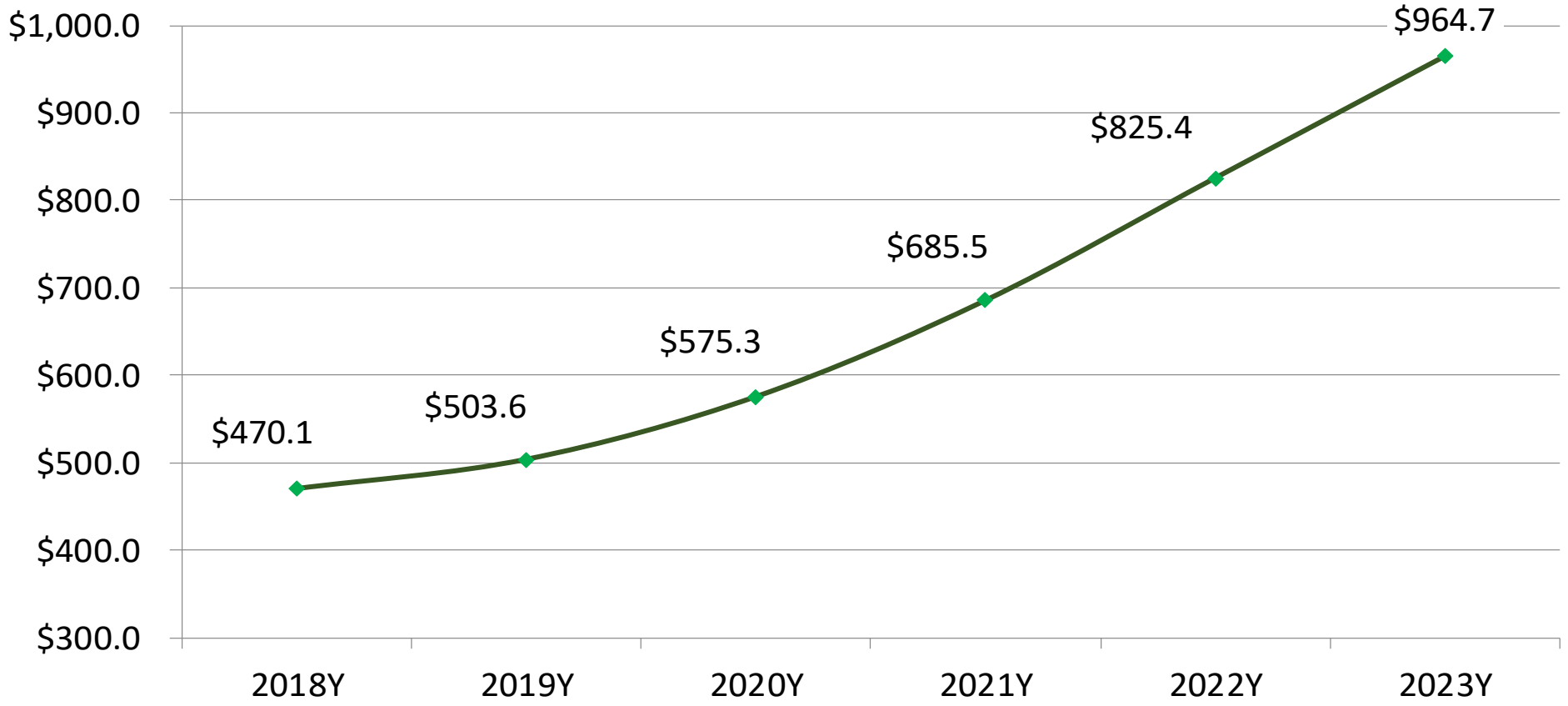


III. *Asset Quality Metrics*

Indicators of Financial Strength

Commercial Loan Growth

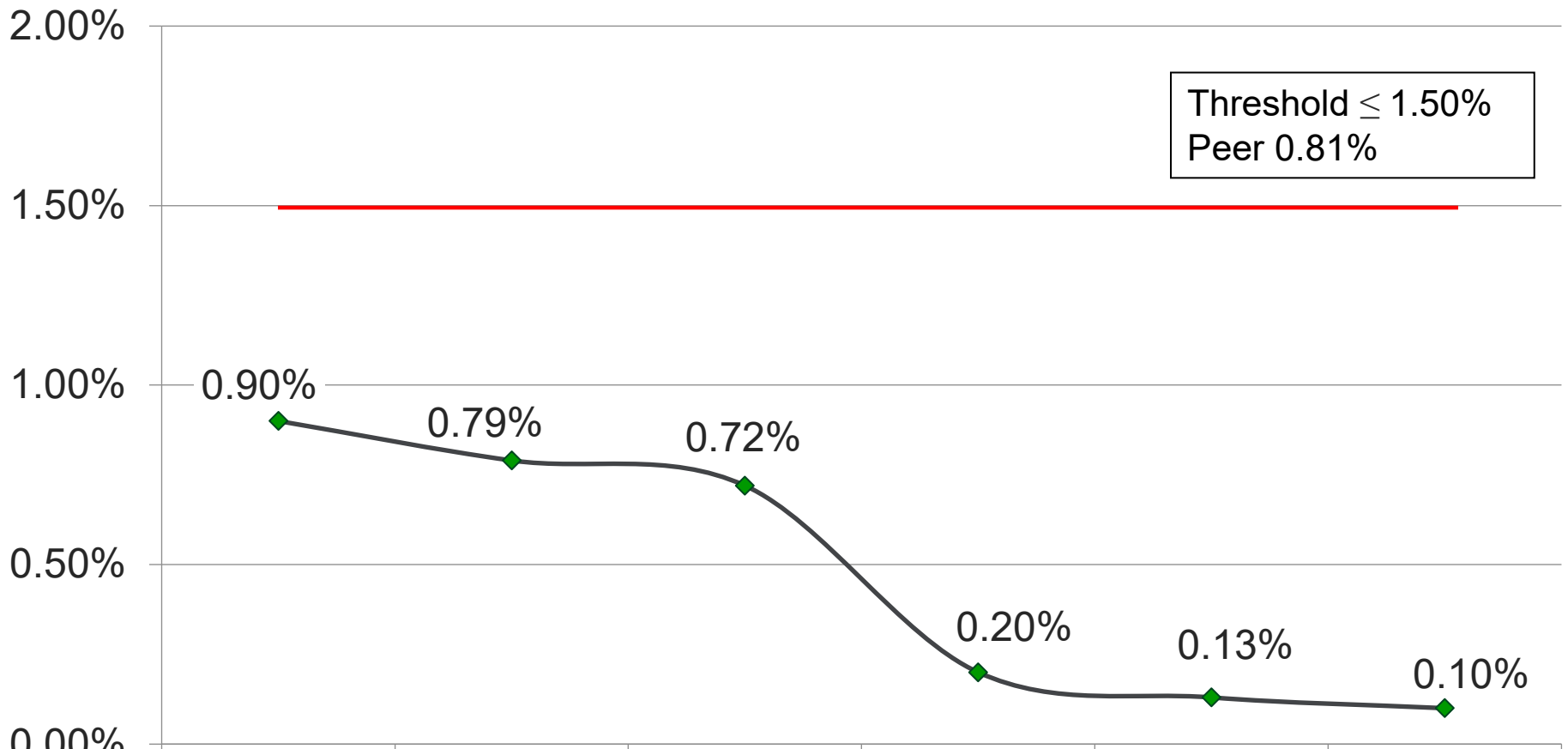
Record High



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Note: Data in $ millions.

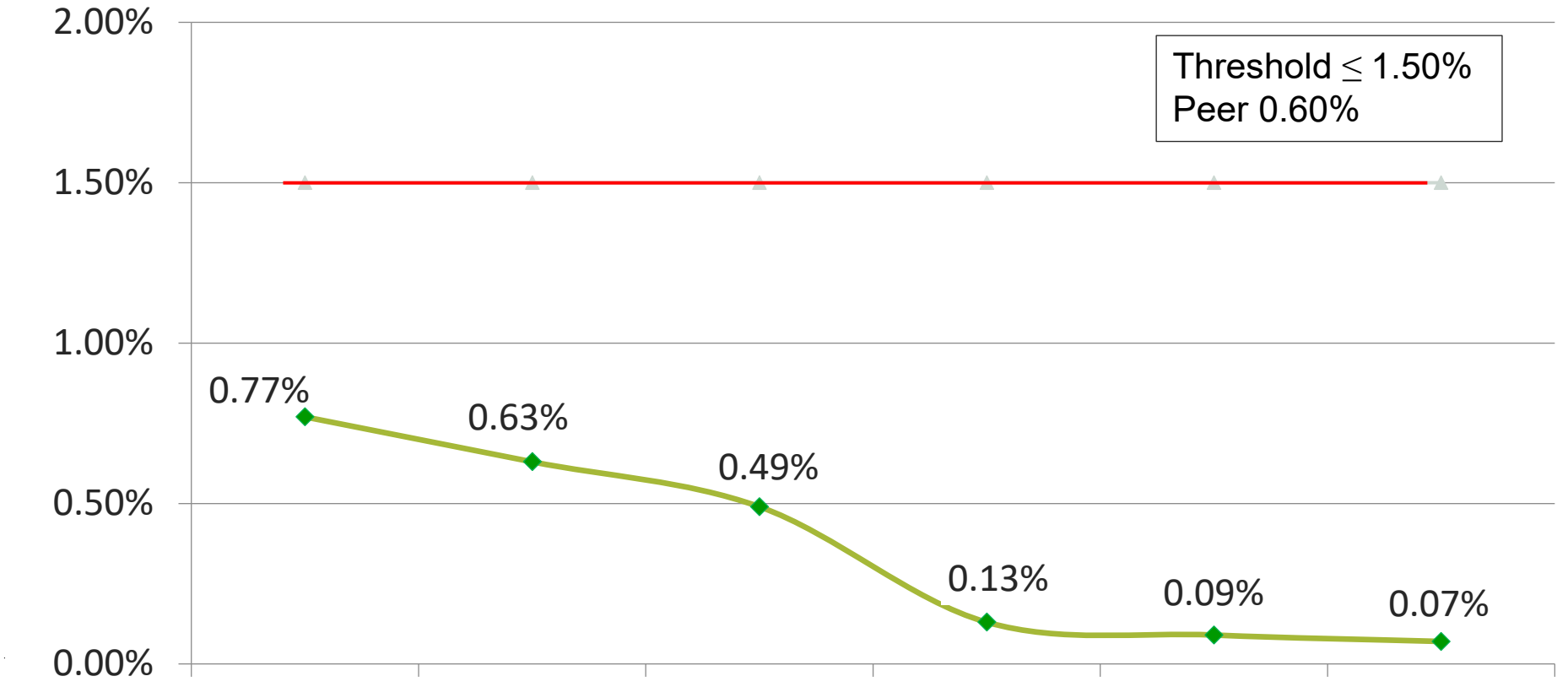
Delinquent Loans



	2018Y	2019Y	2020Y	2021Y	2022Y	2023Y
%	0.90%	0.79%	0.72%	0.20%	0.13%	0.10%
$	$4,787	$4,445	$4,588	$1,485	$1,191	$1,055

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

Total Non-Performing Assets

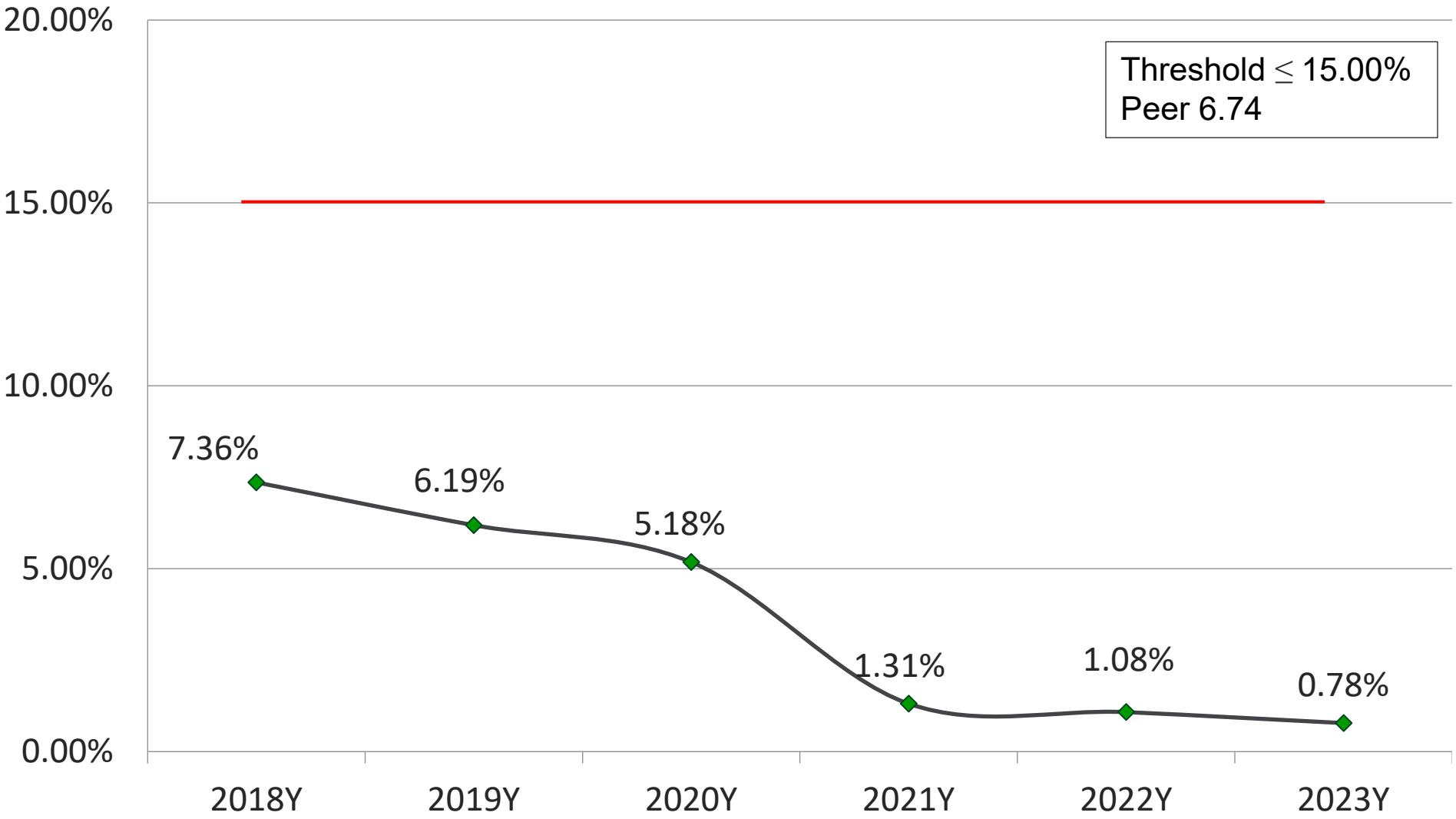


$000s	$5,642	$5,095	$4,891	$1,521	$1,130	$945

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

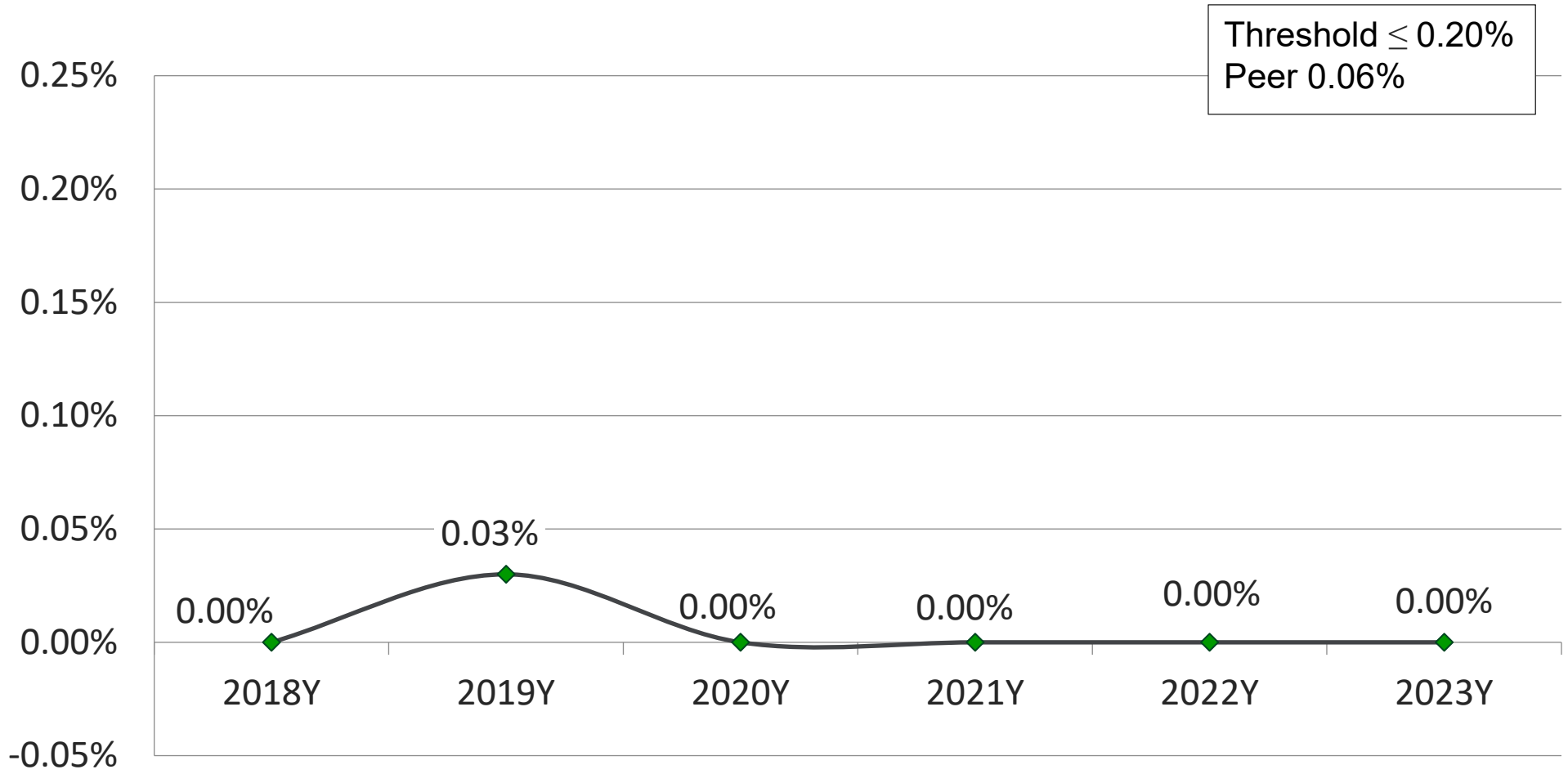
Texas Ratio



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

Annual Net Charge-Offs (Recoveries)

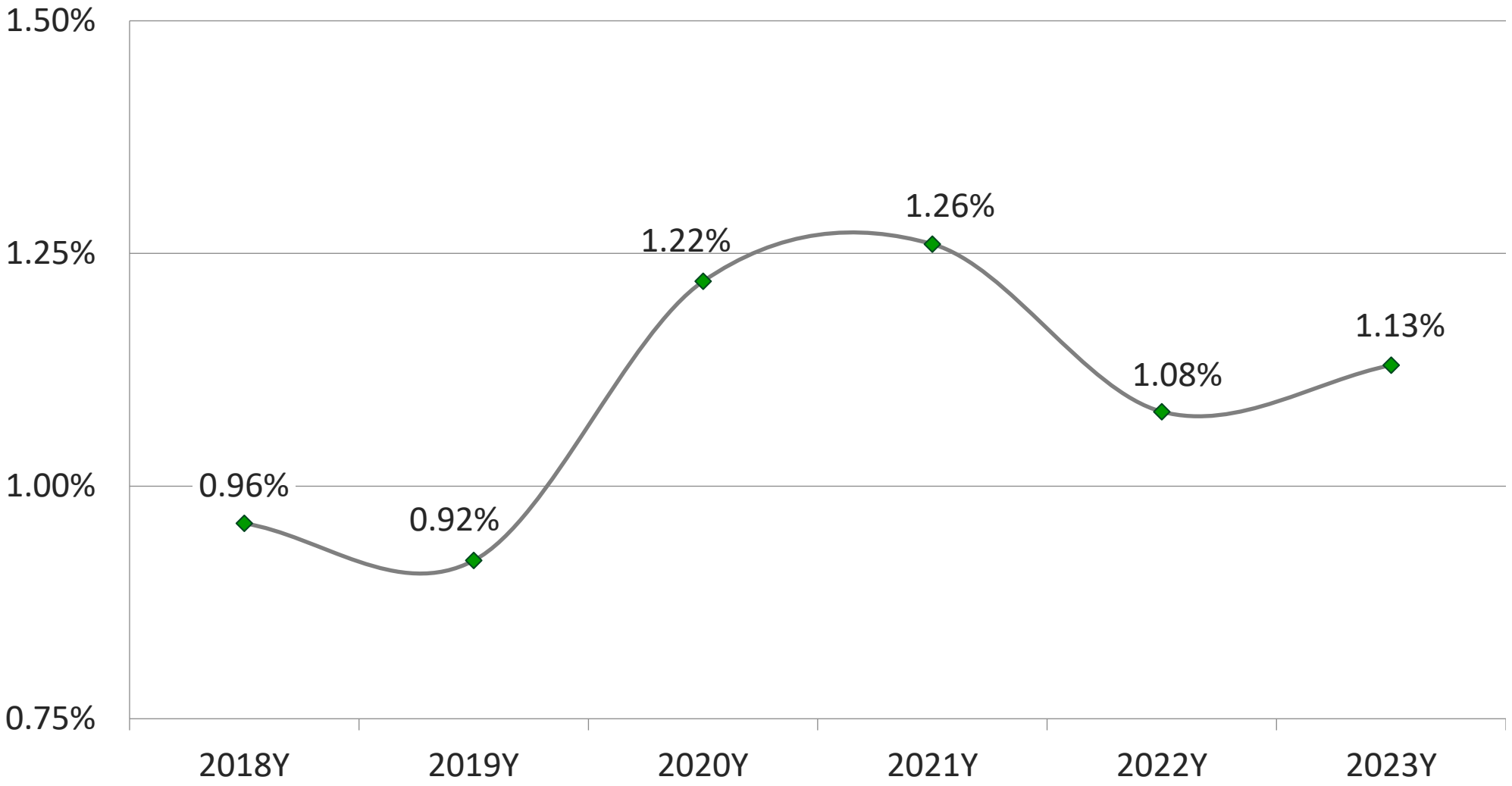


	2018Y	2019Y	2020Y	2021Y	2022Y	2023Y
% of Average Loans	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%
$ Net Charge-Offs	$142	$157	($5)	($31)	$7	$15

SOUTHERN MICHIGAN BANCORP, INC.

Note: Data in $000s.

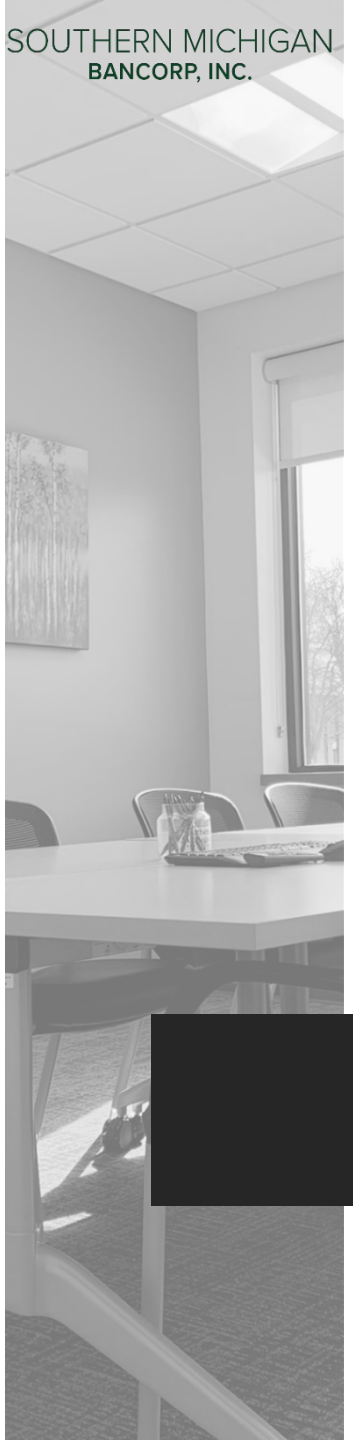
Loan Loss Reserve



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As a Percentage of Gross Loans.

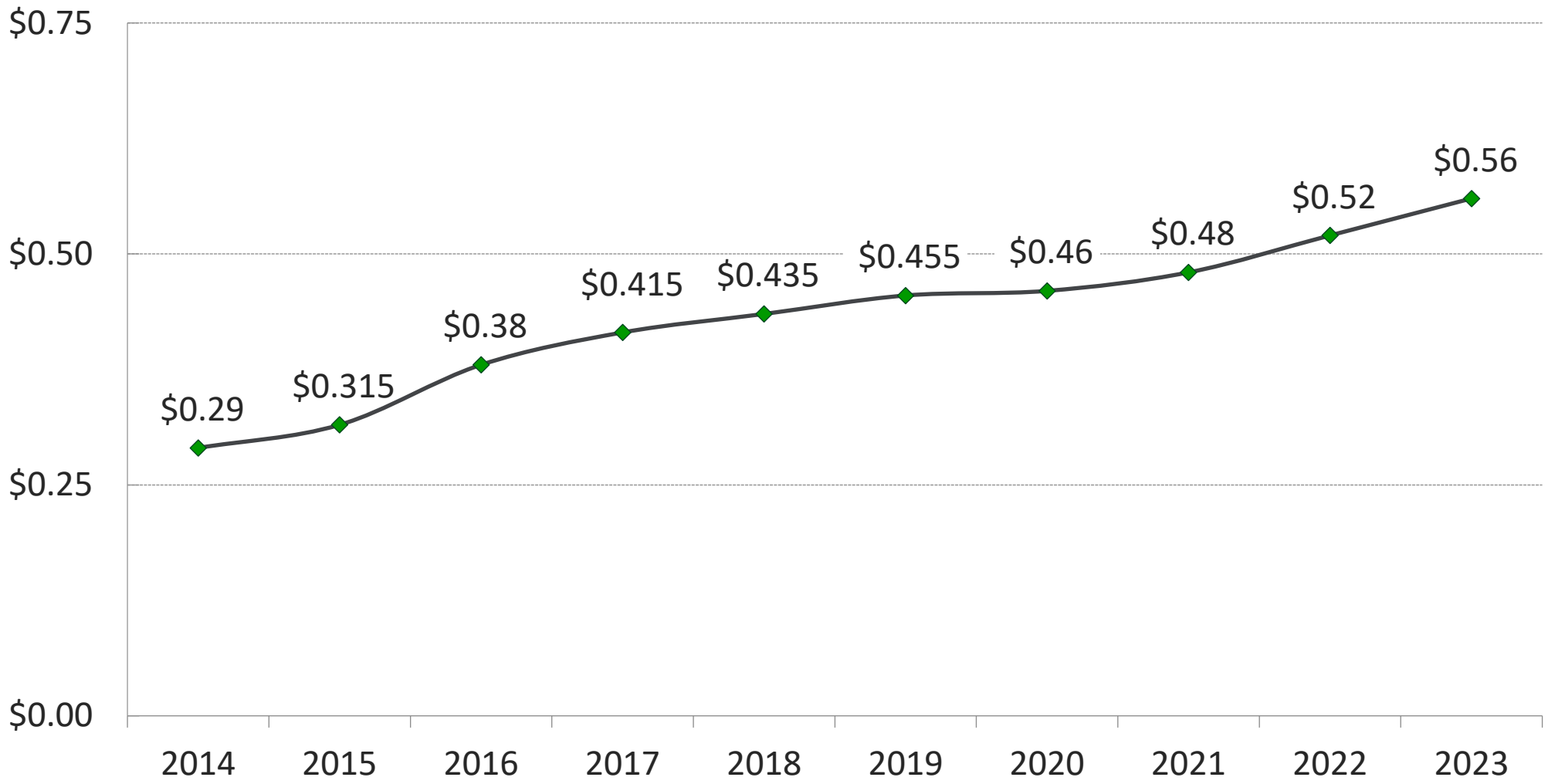
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IV. *SOMC Dividend*

Stock Performance

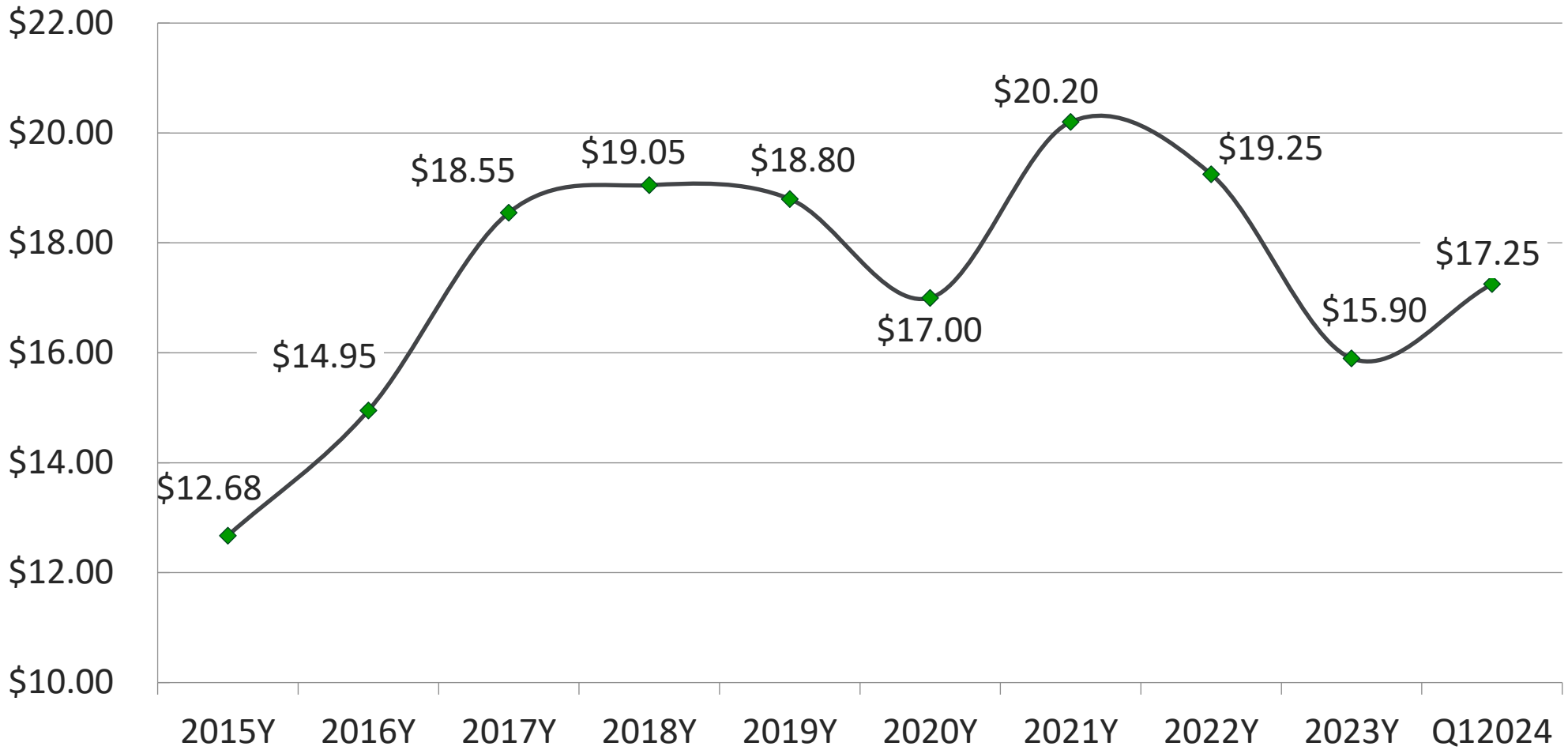
SOMC Cash Dividends Declared



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

SOMC Stock Price



SOUTHERN MICHIGAN
BANCORP, INC.

Price adjusted for 100% stock dividend declared April 2021.

SOMC Insider and Employee Holdings

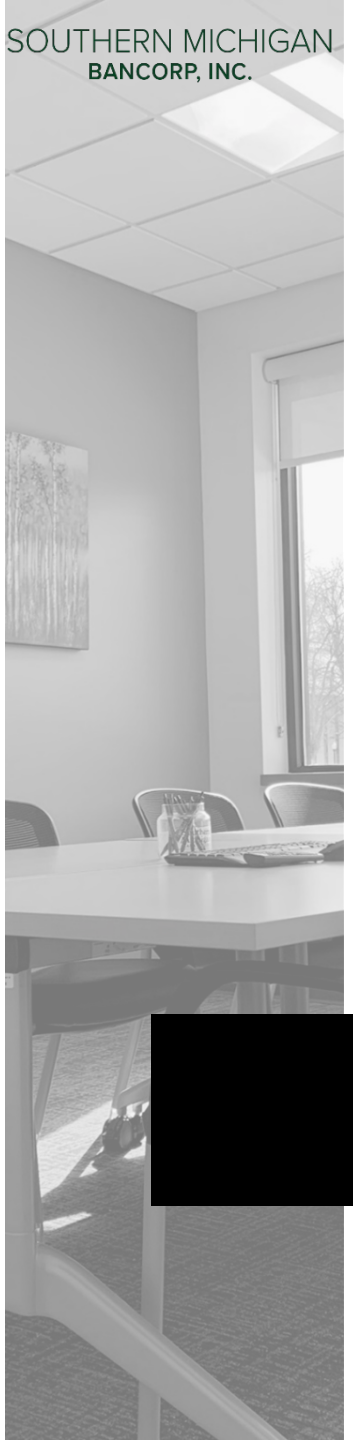
as of December 31, 2023

	Shares	% of Total
Directors & Executive Officers	415,777	8.91%
Employee Stock Ownership Plan*	161,634	3.46%
Total Shares	577,411	12.37%

*Excludes shares held by executive officers.

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V.

Southern's Quarterly Results

March 31, 2024

1st Quarter 2024 Results

	1Q 2024	1Q 2023	Change
Total Assets *RECORD HIGH*	$1,478,856	$1,326,965	11.45%
Total Loans *RECORD HIGH*	$1,058,474	$933,499	13.39%
Total Deposits *RECORD HIGH*	$1,210,516	$1,127,117	7.40%
Total Equity	$99,902	$90,783	10.04%
Net Income	$2,678	$3,005	-10.88%
Earnings Per Share	$0.59	$0.66	-10.61%

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

1st Quarter 2024 Asset Quality Results

	1Q 2024	1Q 2023
Total Delinquency	0.11%	0.13%
Texas Ratio	0.72%	0.96%
Non-Performing Assets	0.06%	0.08%
Net Charge-Offs (Recoveries)	$10	$0

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Note: Data in $000s.

Cash Dividend Increase - 1st Quarter 2024

The Board voted at the March 2024 Board Meeting to increase the quarterly dividend to $0.15 per share from the previous rate of $0.14 per share.

This new annualized rate of $0.60 per share results in a dividend yield of 3.42%.(1)

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(1) Based on the March 26, 2024 market price of $17.55 per share.

Southern's 2023 Highlights

Record Total Assets	$ 1,414,795,000
Record Total Deposits	$ 1,157,971,000
Record Loan Totals	$ 1,036,417,000
Record Wealth AUM	$ 387,066,780
Dividends Per Share/Yield*	$ 0.56 / 3.52%

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*Yield based on stock price of $15.90 as of December 31, 2023.

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2024 Annual Meeting