

**MINUTES OF  
THE THIRTY-FIFTH ANNUAL MEETING  
OF SHAREHOLDERS**

**SB FINANCIAL GROUP, INC.**

**WEDNESDAY, APRIL 18, 2018**

The Thirty-Fifth Annual Meeting of Shareholders of SB Financial Group, Inc. convened at 10:30 A.M. The annual meeting was streaming live video, audio, and slide presentation to a total audience of 54 with approximately 21 attending virtually through the internet at [www.virtualshareholdermeeting.com/SBFG2018](http://www.virtualshareholdermeeting.com/SBFG2018) and approximately 33 were present at 401 Clinton Street, Defiance, Ohio.

Mr. Mark Klein, Chairman, President & CEO, served as Chairman of the Annual Meeting per board resolution and Keeta J. Diller, Secretary of the Company served as Secretary of the annual meeting and Carol Robbins and Kristen Nusbaum served as the Inspectors of Election.

Mr. Klein explained that questions were welcomed and encouraged and that a special time near the end of the business meeting would be provided.

The reading of the minutes of last year's Annual Meeting was dispensed and copies of those minutes were made available on the website ([www.YourSBFinancial.com](http://www.YourSBFinancial.com)) under "Investor Relations."

Mr. Klein certified that on March 9, 2018, the Notice of Annual Meeting and proxy material were mailed to all shareholders. The Certificate of Mailing and a copy of the Proxy Statement and Proxy Card are made part of these minutes.

Mr. Klein stated that the presentation of the Annual Meeting would be available on the Company's website following the meeting.

Ms. Carol Robbins, Inspector of Election, reported a quorum of proxies had been received to conduct the meeting and 4,809,406 common shares of the Corporation were represented by proxy.

Mr. Klein stated that, as a quorum was present, the meeting was duly convened. He stated that as disclosed in the proxy materials provided to shareholders in connection with this Annual Meeting, there are three matters to be considered and voted upon at this meeting:

*Proposal 1* – To elect three (3) directors to serve for terms of three (3) years each – Mr. George W. Carter, Mr. Tom R. Helberg and Mr. Timothy J. Stolly.

*Proposal 2* – To ratify the appointment of BKD, LLP as the independent registered public accounting firm of SB Financial Group, Inc. for the fiscal year ending December 31, 2018.

*Proposal 3* – To approve a non-binding advisory resolution to approve the compensation of the Company’s named executive officers.

Mr. Klein requested a motion. Mr. Steve Walz made a motion to adopt and approve each of the proposals as presented. Mr. Logan Wolfrum seconded the motion.

Mr. Klein then opened the floor for questions and comments regarding the three proposals.

Mr. Klein acknowledged the board leadership from 2017 and stated who chaired the various board committees.

There being no questions or comments, Mr. Klein asked the Inspectors of Election to report the voting results.

The Inspectors of Election reported the following:

*Proposal 1* – To elect three (3) directors to serve for terms of three (3) years each – George W. Carter, Tom R. Helberg and Timothy J. Stolly was adopted.

*Proposal 2* – To ratify the appointment of BKD, LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2018 was adopted.

*Proposal 3* – To consider and vote upon a non-binding advisory resolution to approve the compensation of the Company’s named executive officers was adopted.

A copy of the presentation and slides are made part of these minutes.

Mr. Klein started the presentation and through a series of slides, gave an overview of SB Financial and its operating results for 2017. He stated that in 2017, SB Financial achieved a 1.29% return on average assets, or a 1.1% return, before a one-time “deferred tax liability” adjustment of \$1.7 million, as a result of the tax reform enacted late last year. He reported that SB Financial began a transformation in 2011, ranking at just the 20<sup>th</sup> percentile among a 65-bank peer group with aspirations of top-quartile performance. In 2017, SB Financial delivered its highest ranking ever by becoming one of the top-five performers in the peer group, or the 94<sup>th</sup> percentile. It was SB Financial’s strongest performance in 14 years.

The five key strategic initiatives were then discussed:

1. Increase profitability through ongoing diversification of revenue streams;
2. Strengthen penetration in all markets served;
3. Expand product service utilization by new and existing customers;
4. Deliver gains in operational excellence;
5. Sustain asset quality

Mr. Klein gave a corporate overview explaining what makes up the SBFG family and its leadership, State Bank's Business Line leaders, SBFG's unique qualities and explained how each of the five key strategic initiatives ties to SBFG's commitment of consistent, high performance.

Mr. Klein then discussed SBFG's stock performance stating the market has recognized the Company's performance and has rewarded all the stakeholders with strong share demand. Total Shareholder Return was 311%, or a 51% compound annual growth rate, since 2012.

Mr. Klein closed stating that "the back drop of a stronger economy, better margins, and the prospect of greater scale should provide a meaningful tailwind for the high-performance that SB Financial seeks in 2018 and beyond."

Mr. Klein then asked if there was any other business which could properly be brought before the meeting.

There being no further business, Mr. Klein declared the 2018 Annual Meeting of Shareholders of SB Financial Group adjourned at 10:59 A.M.

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Keeta J. Diller, Secretary