

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

**SB FINANCIAL GROUP, INC.**

**WEDNESDAY, APRIL 19, 2017**

The Thirty-Fourth 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 47 with approximately 17 attending virtually through the internet at [www.virtualshareholdermeeting.com/SBFG2017](http://www.virtualshareholdermeeting.com/SBFG2017) and approximately 30 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 Cindy Batt and Carol Robbins 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 theme for the annual meeting was "Building a High-Performance Company". He stated that in addition to the live "virtual" meeting, there will be seven "regional" investor meetings held to further explain 2016's performance in Defiance, Findlay, Dublin, Fort Wayne, Lima, Archbold and Toledo.

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 10, 2017, 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 3,056,547 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. Robert A. Fawcett, Jr., Mr. Gayln J. Finn and Ms. Rita A. Kissner.

*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, 2017.

*Proposal 3* – To and vote upon a proposal to approve the 2017 SB Financial Group Stock Incentive Plan.

*Proposal 4* - To approve a non-binding advisory resolution to approve the compensation of the Company's named executive officers.

Mr. Klein requested a motion. Ms. Lyndsey Engel made a motion to adopt and approve each of the proposals as presented. Mr. Humair Chowdhry seconded the motion.

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

Mr. Klein acknowledged the board leadership from 2016 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 – Robert A. Fawcett, Jr., Gaylyn J. Finn and Rita A. Kissner 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, 2017 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 2016. He stated that at SB Financial, we are "Building a High Performance Company". He continued by stating that high performance was achieved by resulting a 1.11% return on average assets in 2016. Expectations in earlier years were to just pierce the top quartile of performers since

SBFG's recovery in 2011 at the 20<sup>th</sup> percentile. He continued by stating that once the top-quartile performance was achieved in 2015 at the 88<sup>th</sup> percentile, sights were then set on "top-decile" performance. In 2016 SBFG's vision of high performance at the 92<sup>nd</sup> percentile, ranking 6<sup>th</sup> out of 65-publically traded bank peer group was achieved.

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 stated that SBFG management diligently plans and continuously reassesses its progress and constantly modifies its initiatives in the quest to achieve that top-tier performance. Mr. Klein stated that "it has been said that Strategy with Execution is worthless and Execution without Strategy is unsustainable and SBFG's goal has been and will continue to b deliver both.

Mr. Klein then discussed SBFG's stock performance stating he was proud to report that it realized a 35% Compound Annual Growth Rate over the past five years

Mr. Klein closed stating that SB Financial Group was committed to each stakeholder – For the stockholder – competitive total returns; For the client – unmatched experiences; For the staff – meaningful careers and for the communities served – the engine for growth.

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 2017 Annual Meeting of Shareholders of SB Financial Group adjourned at 10:52 A.M.