



401 Clinton Street, P.O. Box 467
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 www.YourStateBank.com

NASDAQ: SBFQ

Quarterly Shareholder Letter

FIRST QUARTER 2013

To Our Shareholders,



This is our first quarterly shareholder report with a new logo, new name, and a new ticker symbol for State Bank's parent company -- formerly Rurban Financial, now rebranded as SB Financial Group, Inc. (NASDAQ: SBFQ). We introduced our new branding strategy recently at our Annual Meeting, aligning the identity of our bank and our parent company under one symbol, shared by both units; this change should enhance the visibility of our brand among our many stakeholders. It also reflects a more energized organization, as demonstrated by the progress we've achieved to boost our performance.

Our progress toward higher performance continues, as reflected by first quarter results. Earnings rose 36 percent year over year, to \$0.27 per diluted share, driven by loan growth of \$16 million and higher contributions to fee income; together, they raised total revenue by 4.9 percent relative to the first quarter of 2012. Although mortgage production moderated from its fourth quarter 2012 record peak, originations were still five percent ahead of the year-ago first quarter, and mortgage banking revenue rose by ten percent.

We are also pleased with our expense levels, which remained flat compared to the prior year, and have declined 7.5 percent from the linked quarter, primarily from lower commission-related salary expense, reduced expenses at our data services subsidiary, RDSI, and improved asset quality.

STOCK PERFORMANCE

As of 4/30/2013

Price:	\$8.69
52-Week High:	\$9.55
52-Week Low:	\$4.67
Avg. Daily Volume (3 mos.):	4,805
Shares Outstanding:	4,864,129
Market Cap:	\$42.3 MM
Dividend Yield:	1.16%
Price/Tangible Book:	113.7%
Price / LTM Core EPS*:	8.16x
Institutional Ownership:	6.22%
Insider Ownership:	19.04%

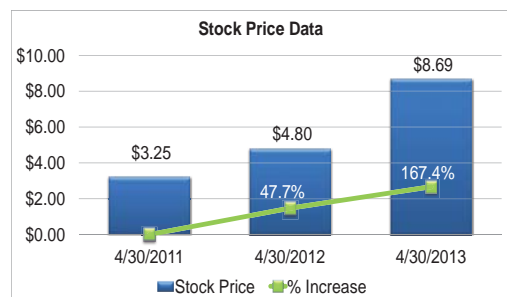
* Excluding extraordinary and nonrecurring items

All of our asset quality measures have shown improvement, contributing to a lower loan loss provision and lower credit administration expense. Nonperforming assets declined by \$1.6 million over the past twelve months, and now stand at 1.3 percent of assets. Despite this improvement, we continue to build our loan loss reserve; over the same twelve-month period, our reserves increased by nearly \$400,000.

Strong earnings have bolstered our capital base, improving our regulatory capital, which remains well in excess of "well-capitalized" levels, as well as tangible equity. The progress we've made toward a stronger balance sheet and the prospect of solid earnings going forward, contributed to our decision last quarter to reinstate a quarterly cash dividend. Our performance this quarter encouraged us to increase that dividend by twenty percent.

Our year has started off well, and conditions appear favorable for continued progress. The strategies we have in place: to diversify revenue, expand our loan portfolio and maintain our stellar asset quality, continue to build shareholder value. This value is fundamentally tied to our success in serving the financial needs of our communities: the small businesses and residents who live and work with us. All of us at State Bank stand ready to provide the products and services that help you succeed, delivered with a passion that has become a hallmark of our bank. As you flourish, so do we.

Mark A. Klein
 President and Chief Executive Officer



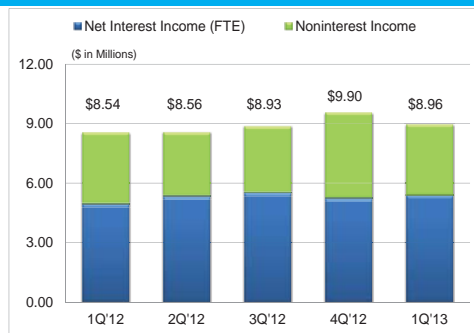
Recent Highlights

- Consolidated earnings up 36 percent year over year
- Nonperforming assets declined to 1.30 percent of total assets
- Portfolio loans increased \$15.7 million, or 3.6 percent, year over year
- Tangible leverage of 5.87 percent, up 20 percent year over year
- Expense levels remained flat to the prior year
- Net interest margin at 3.86 percent, up 26 basis points year over year

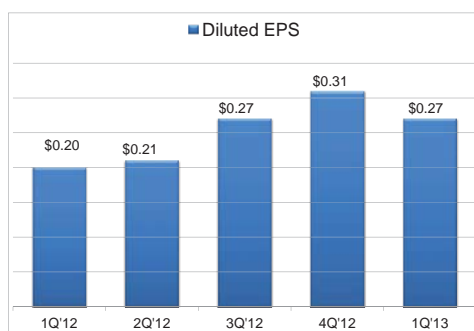
Company Profile

Headquartered in Defiance, Ohio, SB Financial Group, Inc. is a financial services holding company with two wholly-owned operating subsidiaries: State Bank and RDSI Banking Systems (RDSI). State Bank operates through 18 banking centers in seven Northwestern Ohio counties, and one center in Fort Wayne, Indiana, as well as two loan production offices in Columbus, Ohio and one office in Angola, Indiana. State Bank offers a full range of financial services for consumers and small businesses, including wealth management, mortgage banking, and commercial and agricultural lending. RDSI provides item processing services to community banks located in the Midwest.

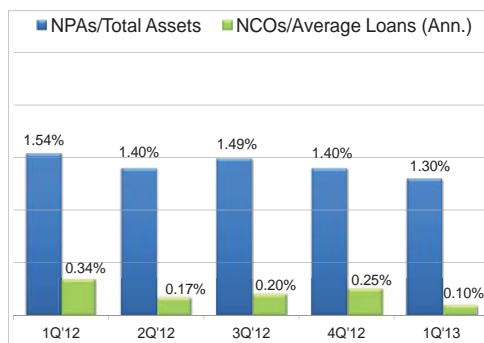
Total Revenue



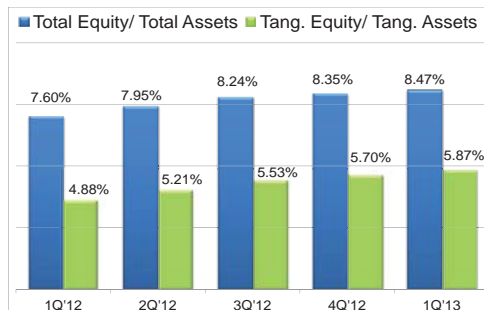
Earnings Per Share



Asset Quality



Equity to Assets



Contact Information:

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SELECTED FINANCIAL DATA

(\$000s except per share data)

Three Months Ended Mar. 31, Fiscal Year Ended Dec. 31,

Financial Condition	2013	2012	2012	2011
Assets	\$641,300	\$644,976	\$638,234	\$628,664
Loans, Net of unearned income	455,443	439,721	463,389	442,554
Deposits	532,259	535,492	527,001	518,765
Equity	54,295	49,026	53,284	47,932
Operating Results				
Net Interest Income*	\$5,392	\$4,963	\$21,091	\$21,252
Prov. For Loan Losses	299	450	1,350	1,994
Non-Interest Income	3,567	3,581	14,845	13,857
Non-Interest Expense	6,670	6,676	27,484	30,253
Net Income	1,318	972	4,814	1,664
Per Share Data				
Diluted Earnings per Share	\$0.27	\$0.20	\$0.99	\$0.34
Dividends per Share	\$0.00	\$0.00	\$0.00	\$0.00
Book Value per Share	\$11.16	\$10.08	\$10.96	\$9.86
Tang. Book Value per Share	\$7.52	\$6.29	\$7.28	\$6.08
Selected Ratios				
ROATCE	9.82%	8.04%	9.57%	3.54%
ROAA	0.83%	0.61%	0.75%	0.26%
NIM*	3.86%	3.60%	3.76%	3.81%
Core Efficiency Ratio*	72.02%	76.98%	73.79%	77.55%
Tang. Equity/Tang. Assets	5.87%	4.88%	5.70%	4.85%
NPAs/Assets	1.30%	1.54%	1.40%	1.60%
NCO/Avg. Loans (Annualized)	0.10%	0.34%	0.24%	0.50%

*Fully Tax-Equivalent ("FTE")

MARKET MAKERS

The following firms currently make a market in the stock of SB Financial Group traded on the Nasdaq under the symbol SBF6.

Firm	Web Site	Phone
Robert W. Baird & Co., Inc.	www.rwbaird.com	(414) 765-3500
Sweney Cartwright & Co.	www.swencart.com	(614) 228-5391

Forward-Looking Statements

Certain statements within this document, which are not statements of historical fact, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties and actual results may differ materially from those predicted by the forward-looking statements. These risks and uncertainties include, but are not limited to, risks and uncertainties inherent in the national and regional banking, insurance and mortgage industries, competitive factors specific to markets in which SB Financial and its subsidiaries operate, future interest rate levels, legislative and regulatory actions, capital market conditions, general economic conditions, geopolitical events, the loss of key personnel and other factors. Additional factors that could cause results to differ from those described above can be found in SB Financial's Annual Report on Form 10-K and documents subsequently filed by SB Financial with the Securities and Exchange Commission. Forward-looking statements speak only as of the date on which they are made, and SB Financial undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made except as required by law. All subsequent written and oral forward-looking statements attributable to SB Financial or any person acting on its behalf are qualified by these cautionary statements.