

sb financialgroup

January 29, 2020 Janney

SB FINANCIAL GROUP, INC.
SAFE HARBOR STATEMENT

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 Group 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 the Company's Annual Report on Form 10-K and documents subsequently filed by SB Financial Group with the Securities and Exchange Commission.

Forward-looking statements speak only as of the date on which they are made, and SB Financial Group 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 Group or any person acting on its behalf are qualified by these cautionary statements.

SB FINANCIAL GROUP, INC.

2019 HIGHLIGHTS

- Net income of $12.8** million or $1.62**/share
- Achieved our Vision of a $1 Billion Balance Sheet
- $508 Million in Wealth Assets Under Care
- ROAA 1.25%**-- 77th percentile (15th)*
- Rank 94 out of 200 Banks According to ABA
- Assets Grew By $52 million or 5.2%
- Became 4th Largest Mortgage Producer in the Greater Columbus Market (2018 Volume)
- Ranked 360th out of 1,708 banks in the U.S., that have done an SBA loan, or 79th percentile
- Launched a Corporate-Wide Philanthropy Program – State Bank GIVES

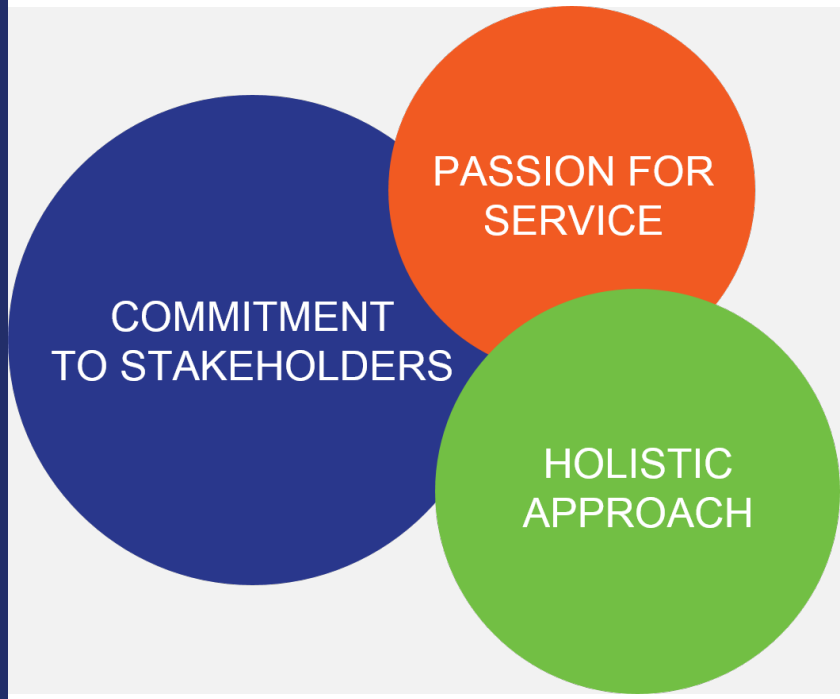


*Compared to 65 bank SNL peer group
**2019 SBFG results exclude OMSR impairment

SB FINANCIAL GROUP, INC.

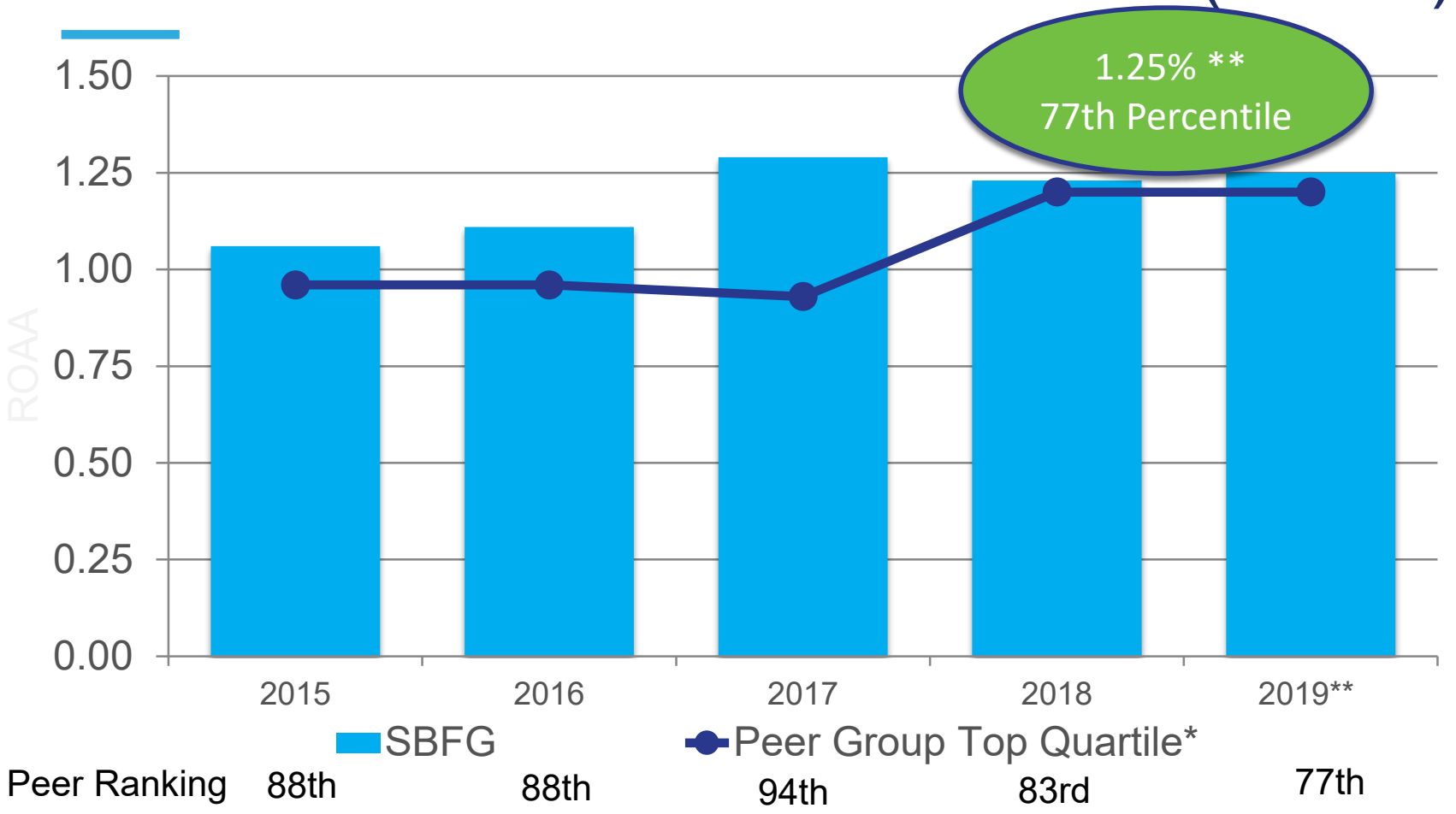
OUR VISION

Our Vision over the next five years is to become a Russell 2000, integrated, diversified financial services conglomerate with high-performing affiliates, as we balance the needs of our shareholders, clients, staff and communities.



SB FINANCIAL GROUP, INC.

RETURN ON AVERAGE ASSETS (ROAA)



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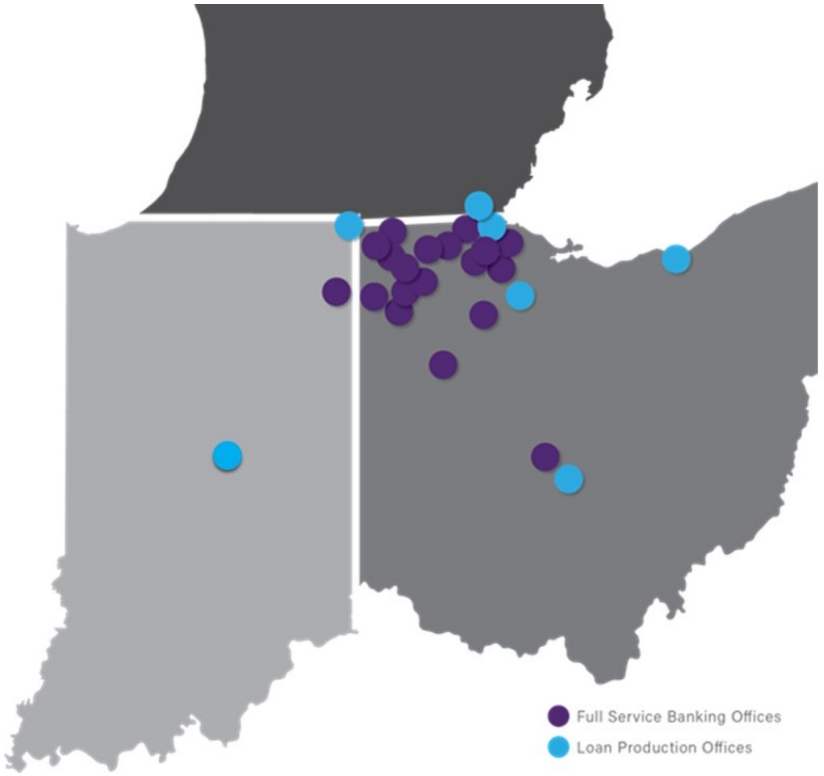
**2019 SBFG results exclude OMSR impairment

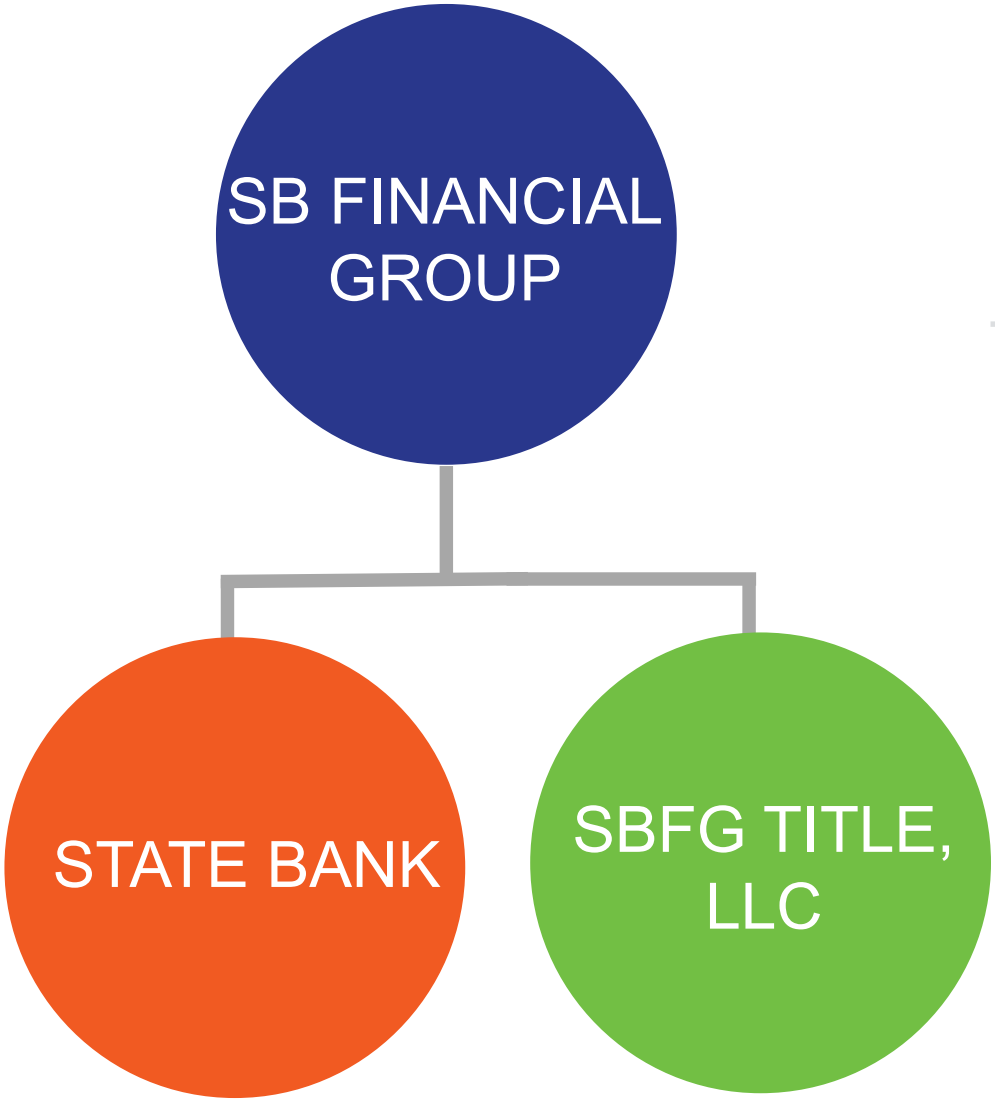
SB FINANCIAL GROUP, INC.
CORPORATE OVERVIEW

- NASDAQ: SBFG
- Defiance, Ohio - Headquarters Since 1902
- Corporate Staff Members - 252
- Average Daily Share Volume for 2019-7,900; 7.8 Million Common shares
- Institutional Ownership: 49.6%
- Market Cap: $153 million *($19.69 share 12/31/2019)*



SB FINANCIAL GROUP, INC.

OUR ORGANIZATION & LEADERSHIP



CORPORATE LEADERSHIP

- Mark Klein – Chairman, President/CEO
- Tony Cosentino – EVP/CFO
- Ernesto Gaytan – EVP/Chief Technology Innovation and Operations Officer
- Keeta Diller – EVP/Chief Risk Management Officer

REGIONAL/COMMERCIAL LEADERSHIP

- Jon Gathman – EVP/Senior Leadership
- David Homoelle – Regional President, Columbus
- John Kendzel – Regional President, Toledo
- Mark Cassin – SVP Regional Executive, Bowling Green
- Andy Farley – SVP Regional Executive, Lima
- Tyson Moss – SVP Regional Executive, Fulton/Williams
- Chris Webb – SVP Regional Executive, Findlay
- Stefan Hartman – VP Commercial Services Officer, Fort Wayne

PEAK TITLE, LLC

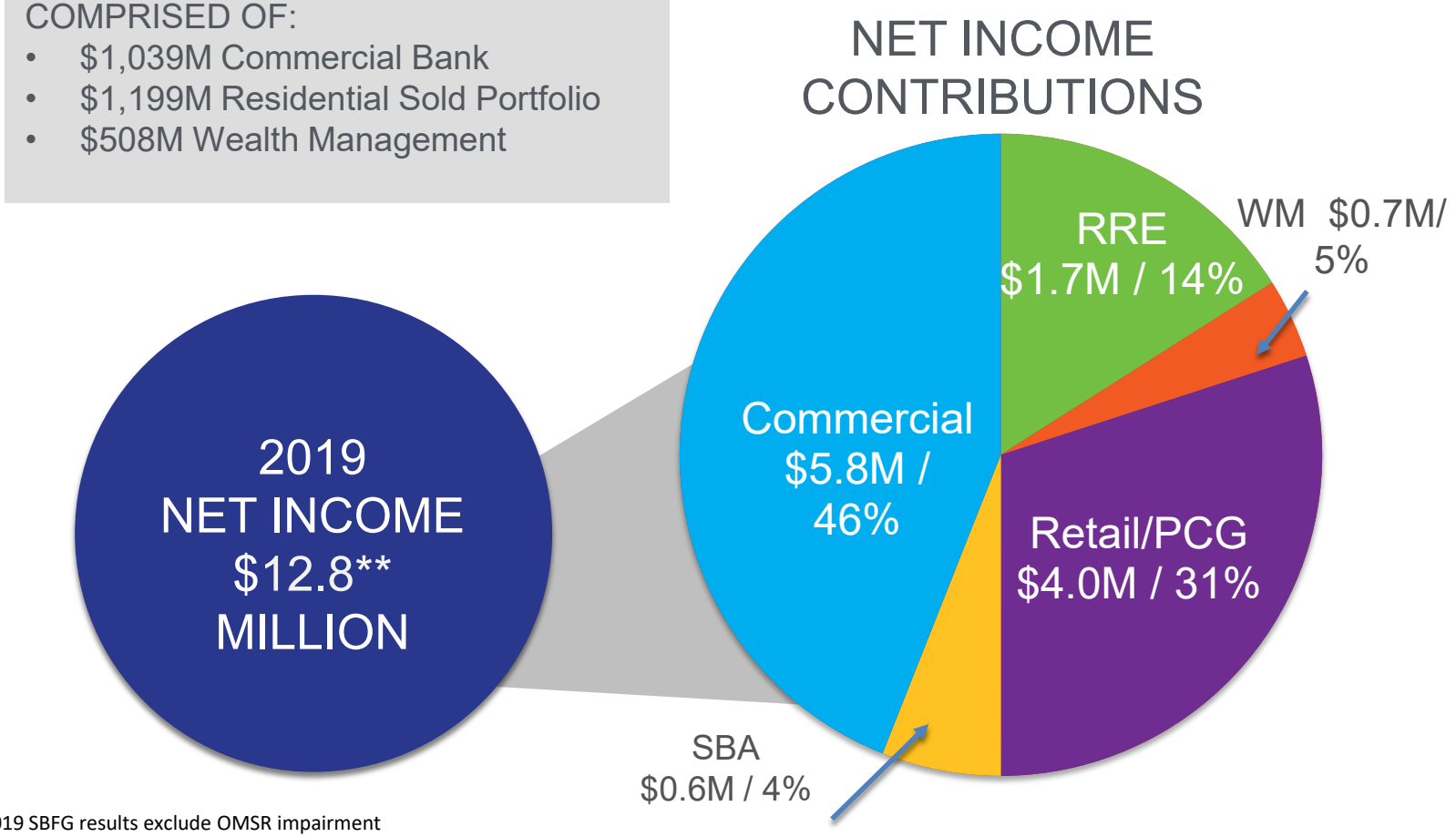
- Abby Waters – VP/Director of Operations

SB FINANCIAL GROUP, INC.

UNIQUE QUALITIES

2019 ASSETS UNDER MANAGEMENT $2.7 BILLION

COMPRISED OF:
- $1,039M Commercial Bank
- $1,199M Residential Sold Portfolio
- $508M Wealth Management



**2019 SBFG results exclude OMSR impairment

SB FINANCIAL GROUP, INC.

KEY INITIATIVES

Become a Top-Decile, Independent Financial Services Company

- Increase profitability through ongoing diversification of revenue streams
- Strengthen penetration in all markets served
- Expand product service utilization by new and existing customers
- Deliver gains in operational excellence
- Sustain asset quality



SB FINANCIAL GROUP, INC.

REVENUE DIVERSITY HIGHLIGHTS

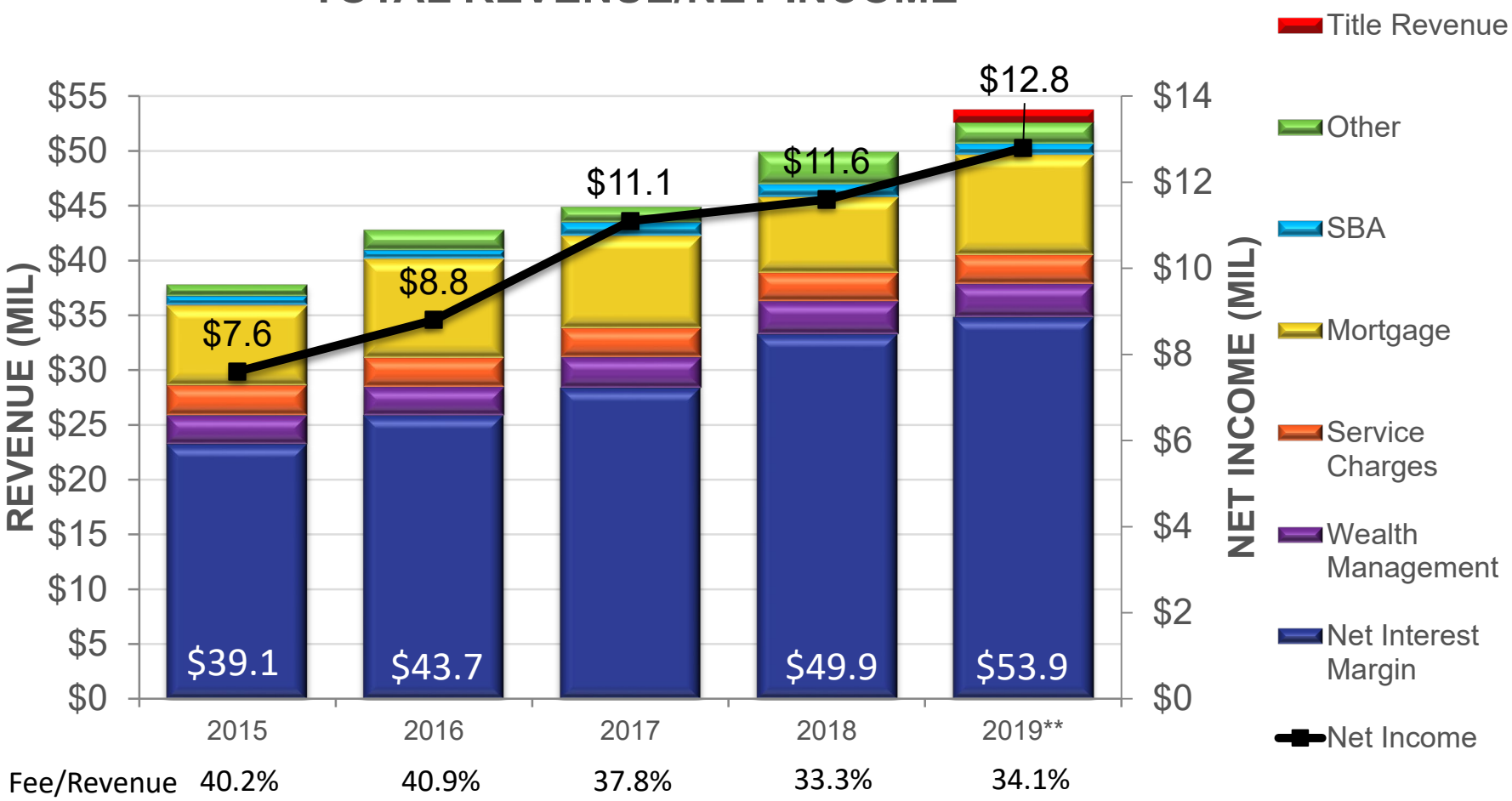
- Expanded Operating Revenue
- Maintained an Asset Sensitive Balance Sheet
- Grew our Fee-Based Business Lines
- Generated market-leading Non-Interest Income



INCREASE PROFITABILITY

THROUGH DIVERSIFICATION OF REVENUE STREAMS

TOTAL REVENUE/NET INCOME



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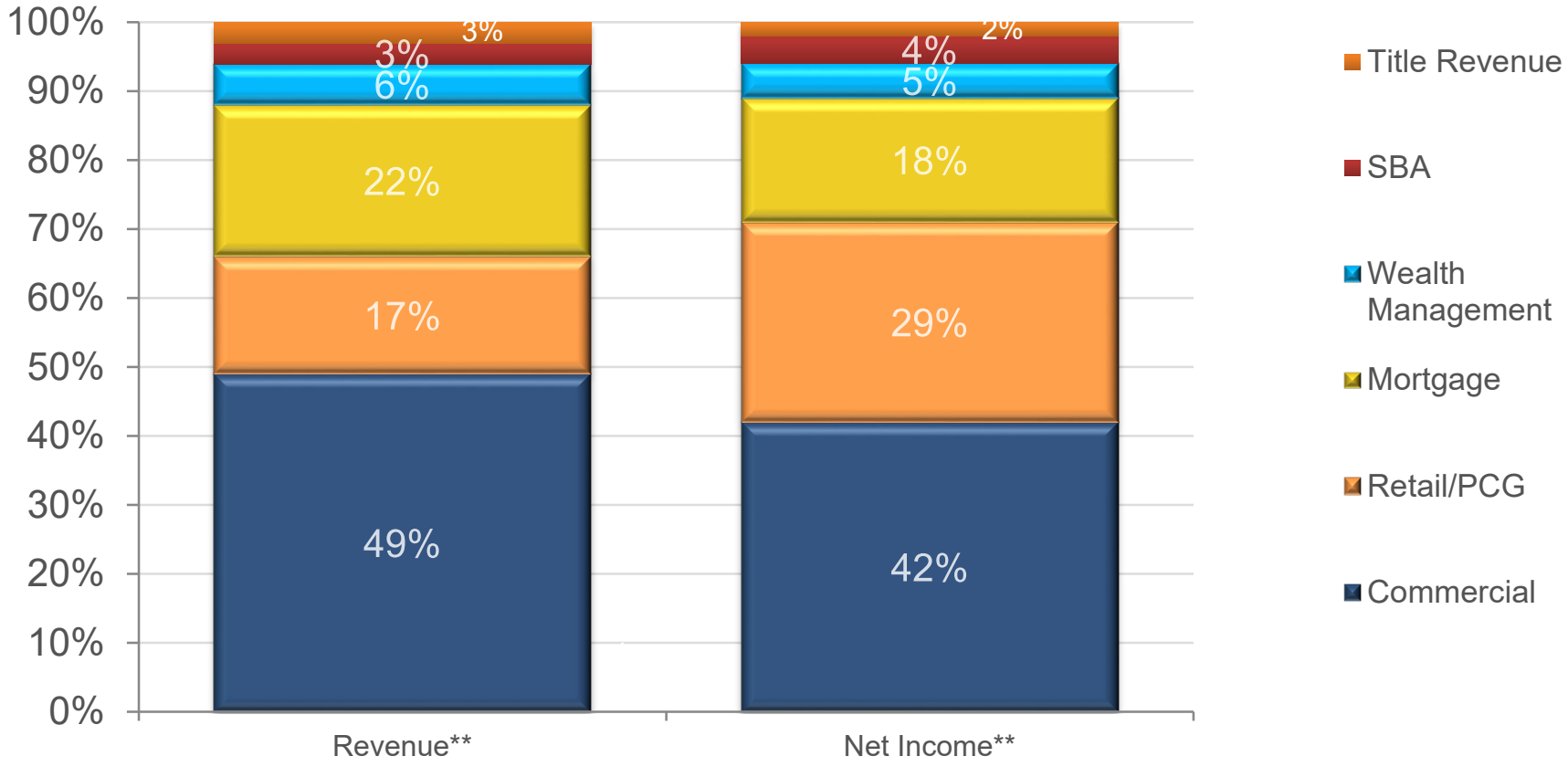
INCREASE PROFITABILITY

THROUGH DIVERSIFICATION OF REVENUE STREAMS

2019 REVENUE/NET INCOME BY BUSINESS LINE**



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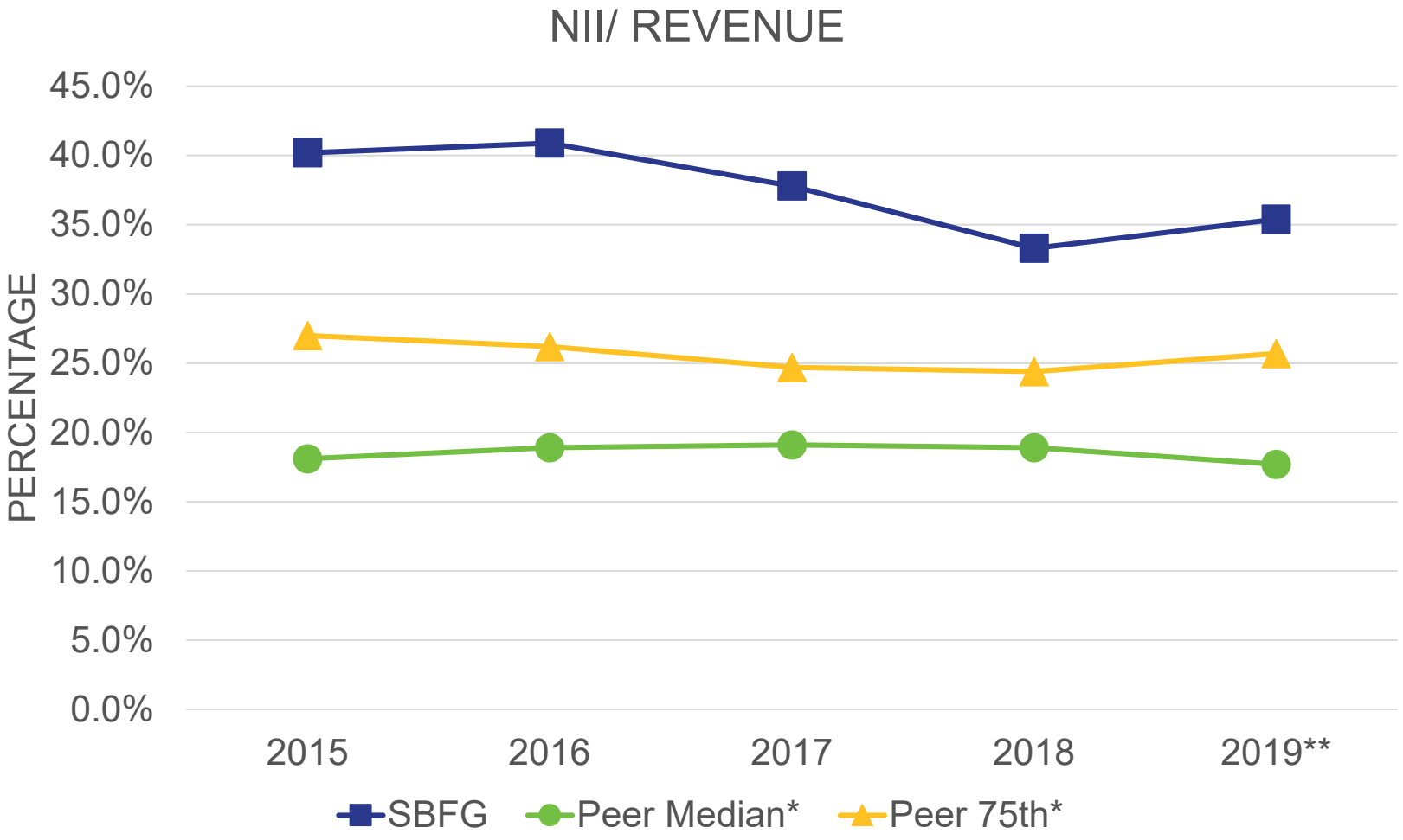
INCREASE PROFITABILITY

THROUGH DIVERSIFICATION OF REVENUE STREAMS



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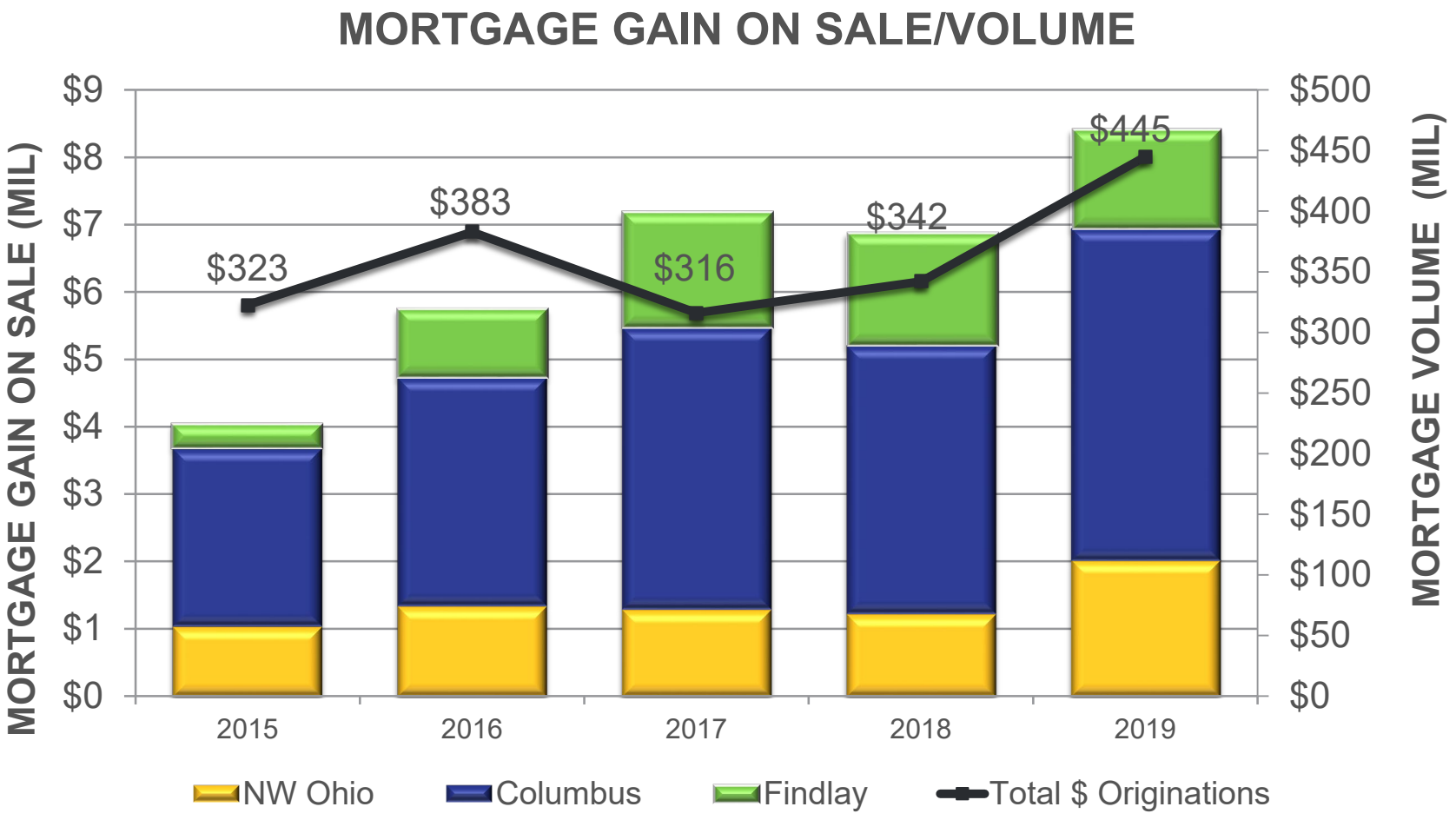
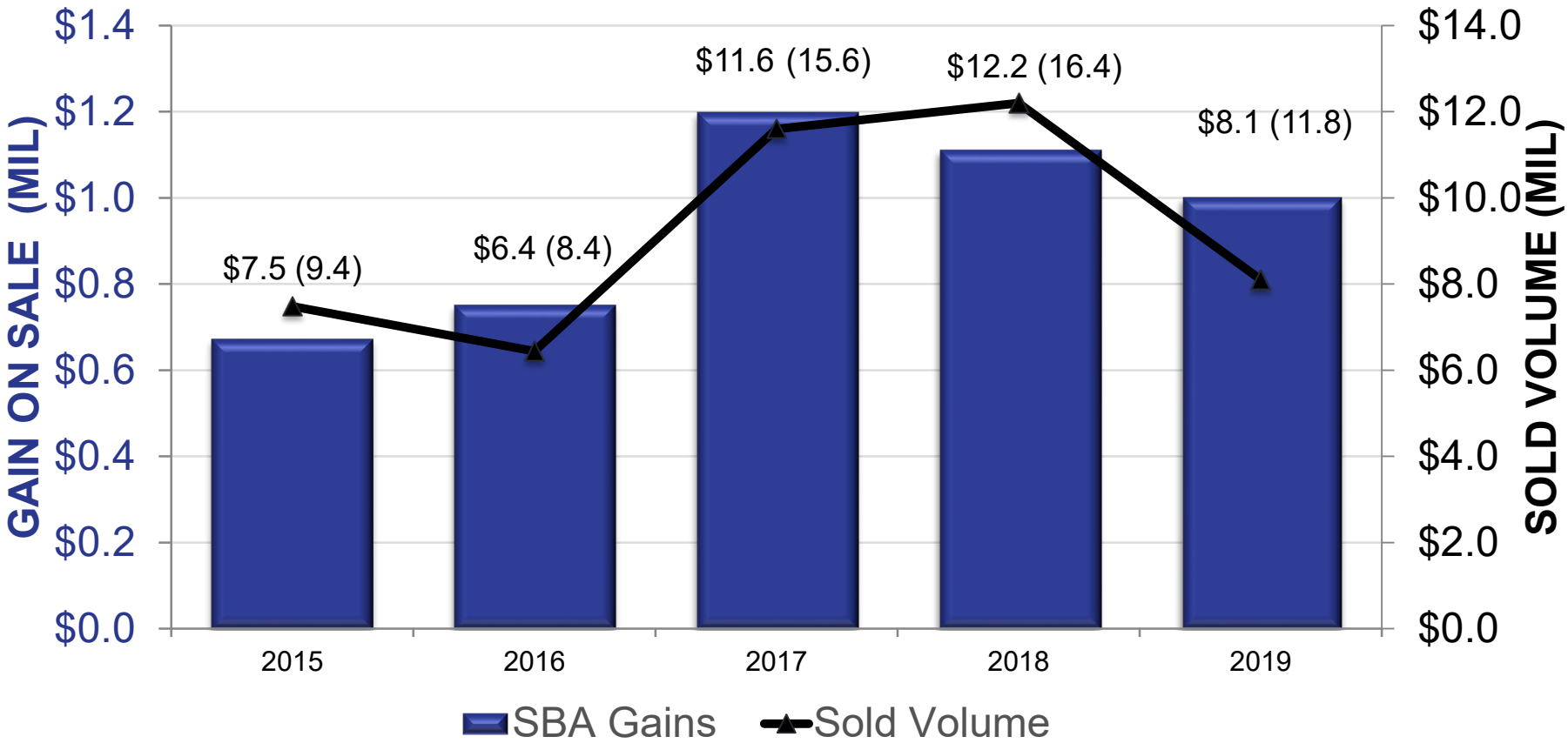
INCREASE PROFITABILITY

THROUGH DIVERSIFICATION OF REVENUE STREAMS



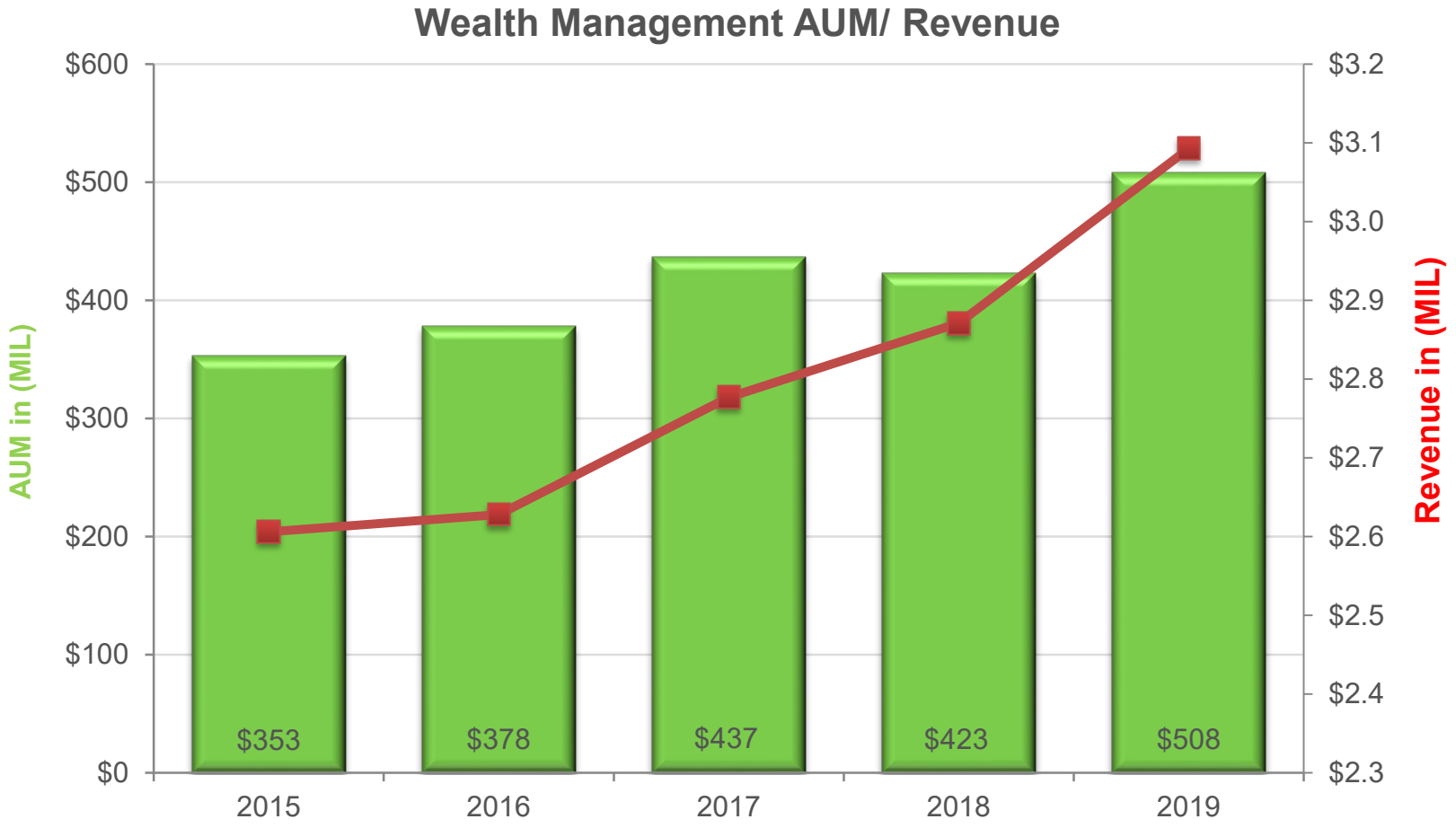
INCREASE PROFITABILITY

THROUGH DIVERSIFICATION OF REVENUE STREAMS



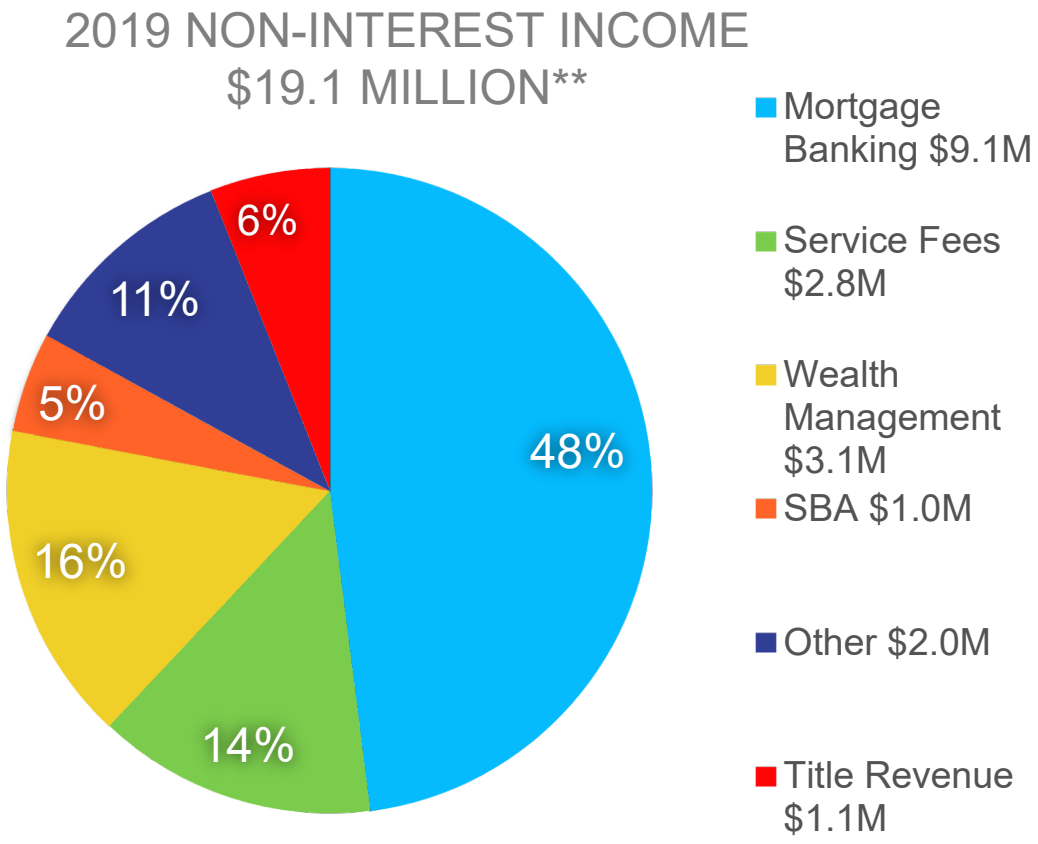
INCREASE PROFITABILITY

THROUGH DIVERSIFICATION OF REVENUE STREAMS



INCREASE PROFITABILITY
THROUGH DIVERSIFICATION OF REVENUE STREAMS

- Non-Interest Income to Total Revenue at 35% (92nd Percentile)
  - Peer Median* 18%
  - Top Quartile* 26%



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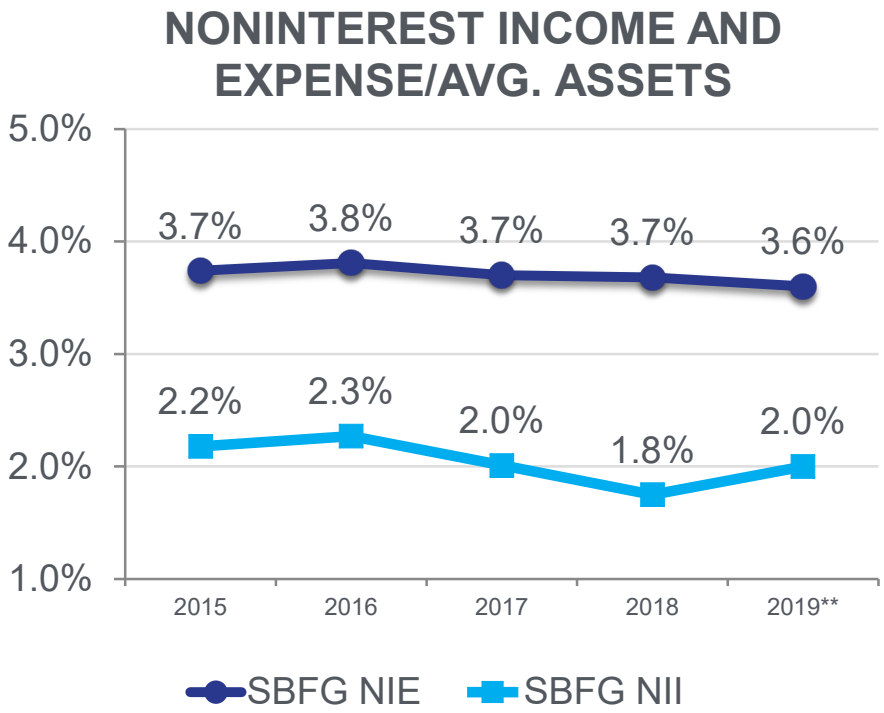
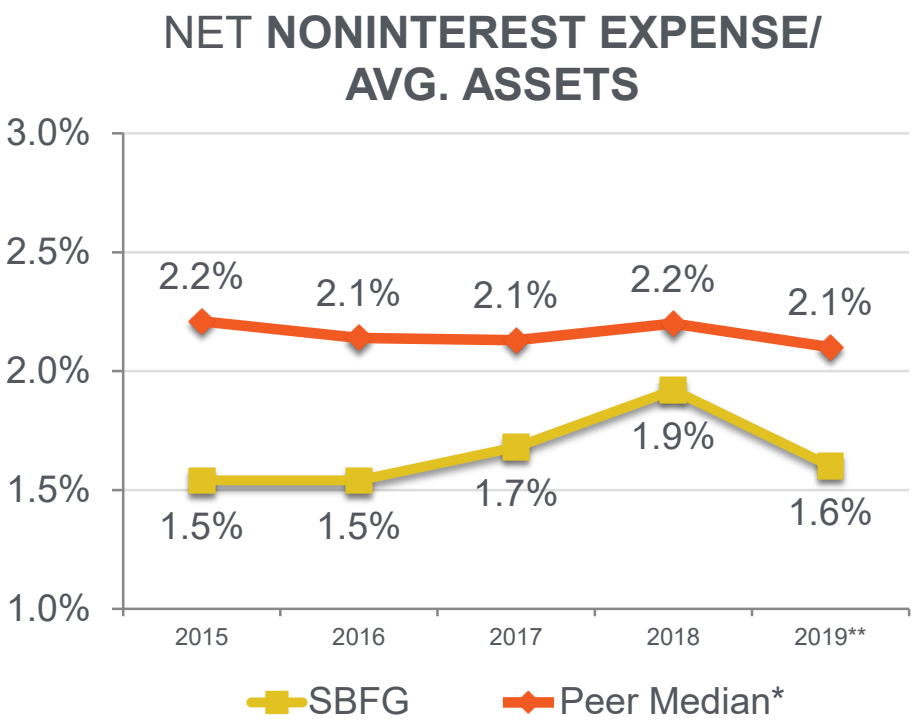
INCREASE PROFITABILITY

THROUGH DIVERSIFICATION OF REVENUE STREAMS





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SB FINANCIAL GROUP, INC.

SCALE THROUGH ORGANIC GROWTH HIGHLIGHTS

- Grew Balance Sheet
- Expanded our Footprint
- Built Market Share



STRENGTHEN MARKET PENETRATION
IN ALL MARKETS SERVED



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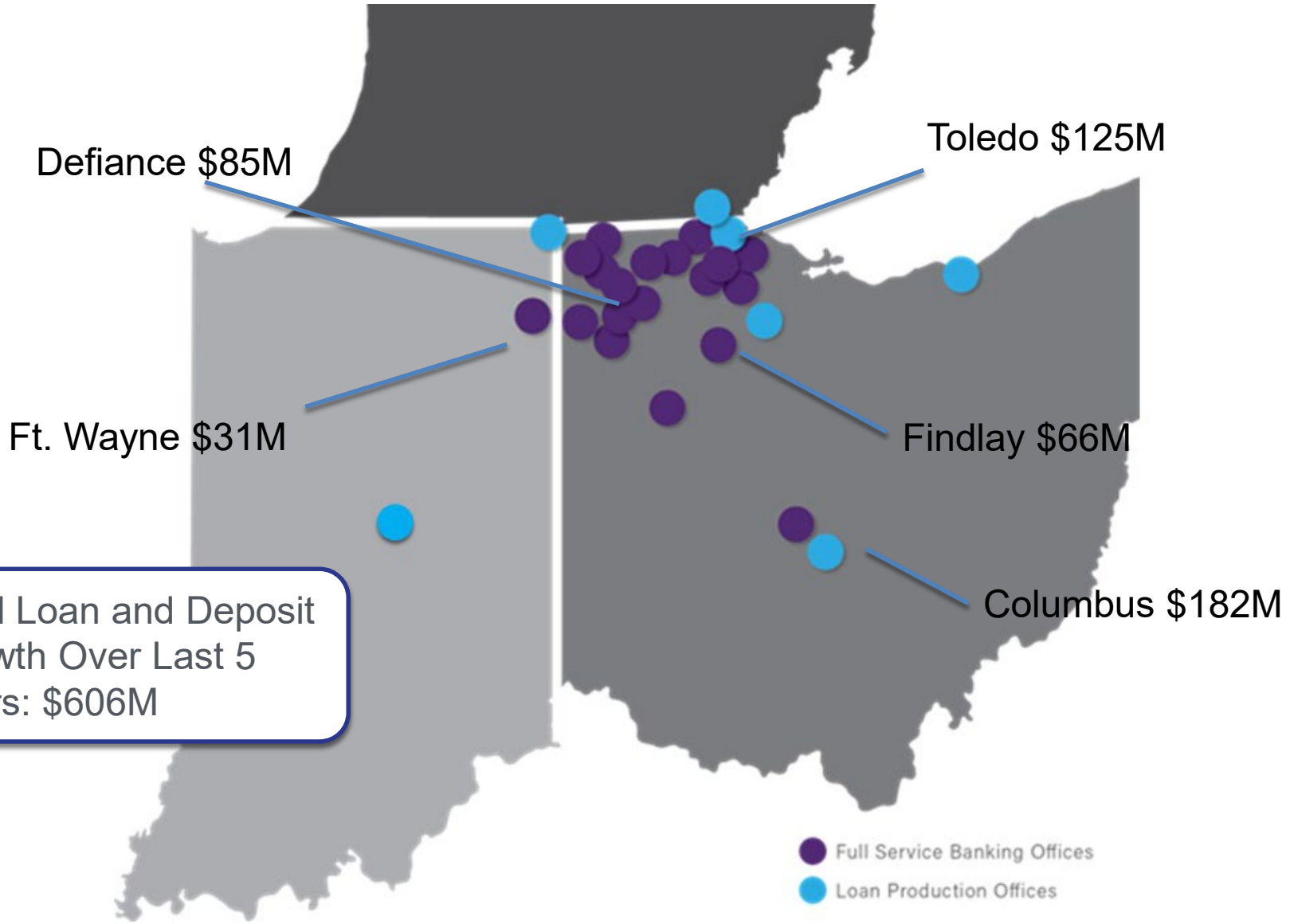
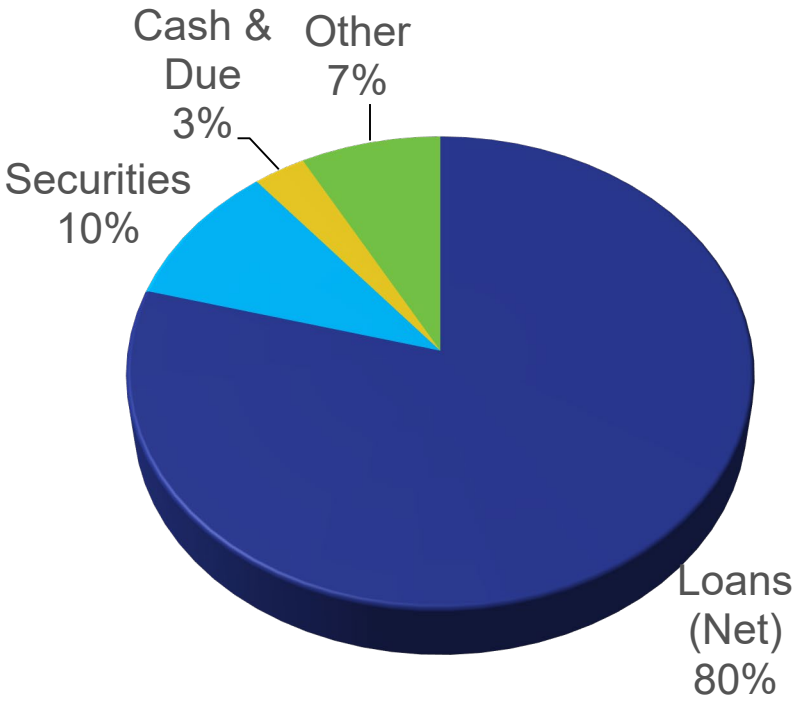
IN ALL MARKETS SERVED



Total Loan and Deposit Growth Over Last 5 Years: $606M

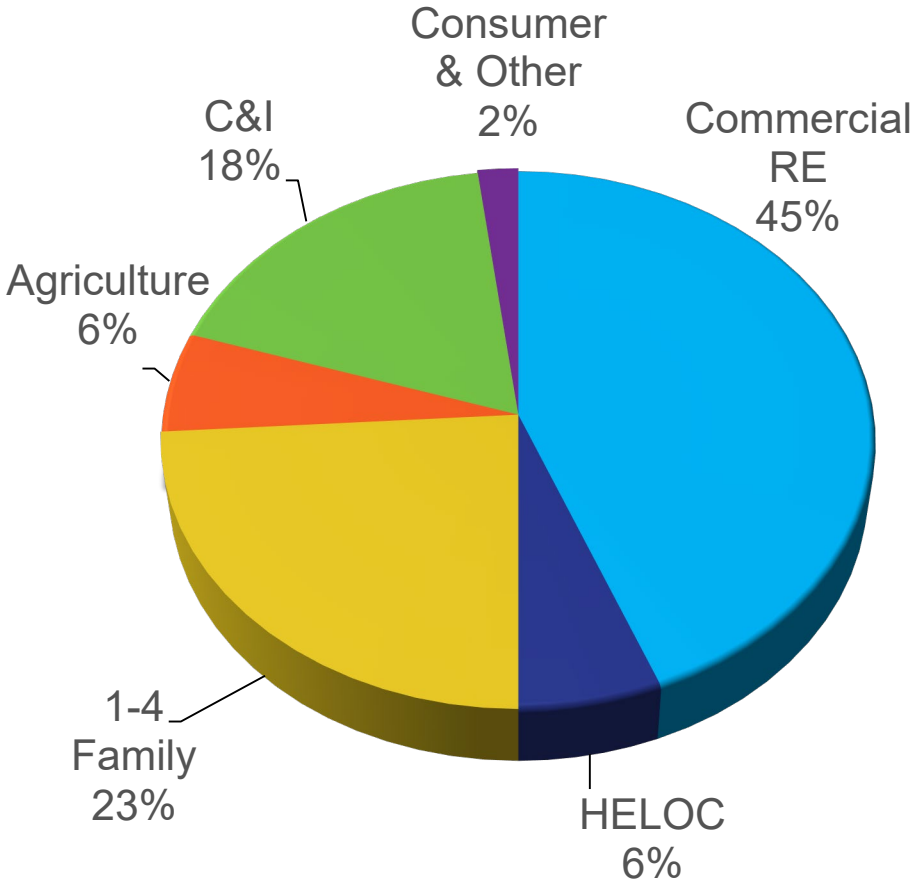
STRENGTHEN MARKET PENETRATION

IN ALL MARKETS SERVED



Loan to Deposit December 2019 – 98%
Top Quartile Performance

LOAN PORTFOLIO = $826 MILLION



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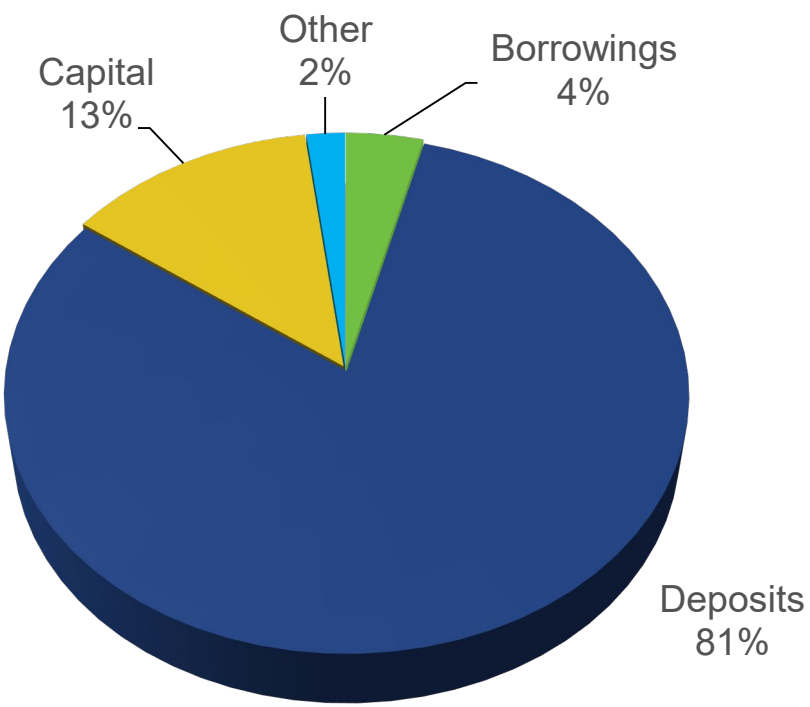
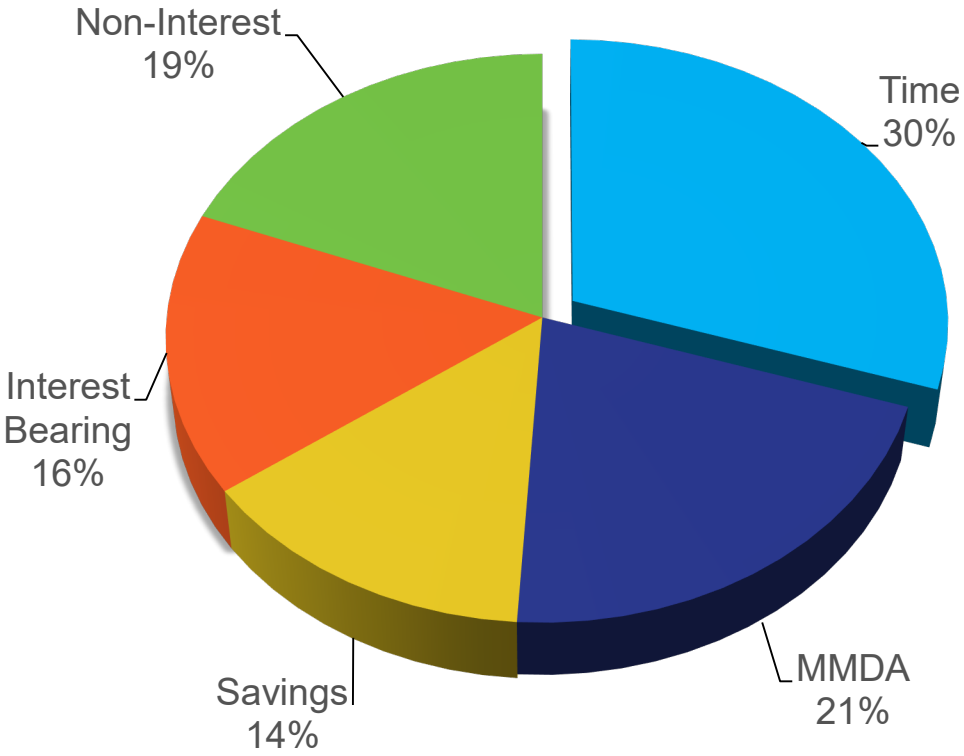
IN ALL MARKETS SERVED



DEPOSIT PORTFOLIO = $840 MILLION



Transactional deposits = 70% of total deposits

Weighted average cost of deposits = 104 bps*

*2019 Full Year

SB FINANCIAL GROUP, INC.

ADDED SCOPE HIGHLIGHTS

- Emphasized Business Line Leadership
- Added more Services and more Households
- Defined Communication Channels
- Worked Interdependently - Referrals
- Expanded Client Interaction



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SB FINANCIAL GROUP, INC.
BUSINESS LINE LEADERSHIP

RETAIL BANKING

- Nancy Rankin – VP, Head of Retail

WEALTH MANAGEMENT

- Chris Jakyma – EVP, Chief Wealth Management Officer
- David Bell – EVP, Retirement Services

SBA

- Brandon Gerken – SVP, SBA Lending Manger

PRIVATE BANKING

- Michelle Zeedyk – VP, Director of Private Banking
- Mickey Cooper – SVP, Toledo
- Kyle Frisch – AVP, Lima/Findlay
- Susan West – VP, Columbus

COMMERCIAL

- Jon Gathman – EVP, Senior Lender
- Regional Presidents/Executives
- Lesley Parrett – VP, Treasury Management
- Keith Hedrick – VP, Leasing Sales Manager

MORTGAGE BANKING

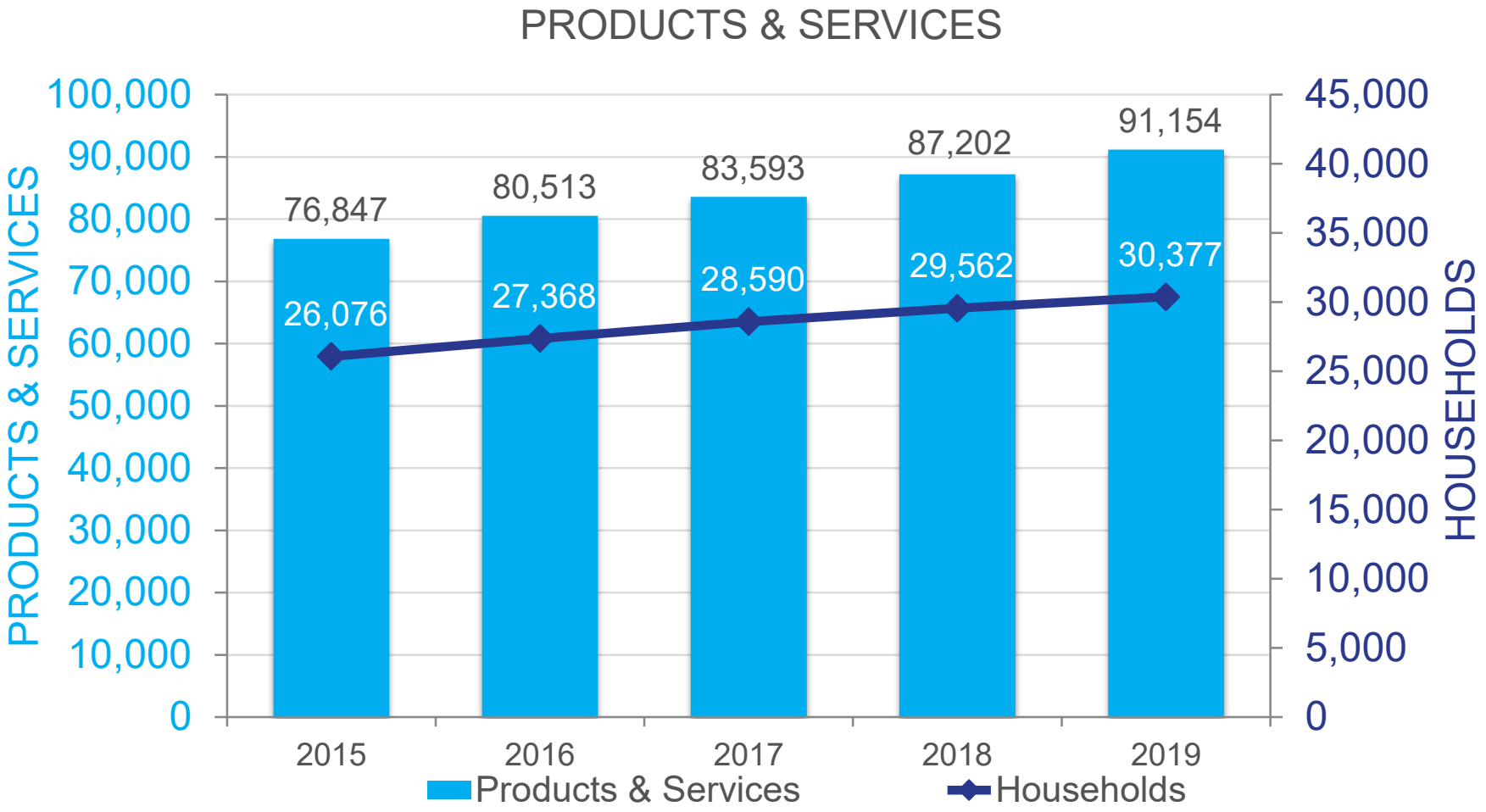
- Steve Watson – SVP, RRE Manager, Columbus, OH
- Pam Benedict – SVP, RRE Manager, Defiance, OH
- Rich Smith – SVP, RRE Manager, Indianapolis, IN
- Tony Konecny – VP, RRE Manager, Findlay, OH

PEAK TITLE

- Abby Waters – VP, Director of Operations

EXPAND PRODUCT UTILIZATION

BY NEW AND EXISTING CUSTOMERS

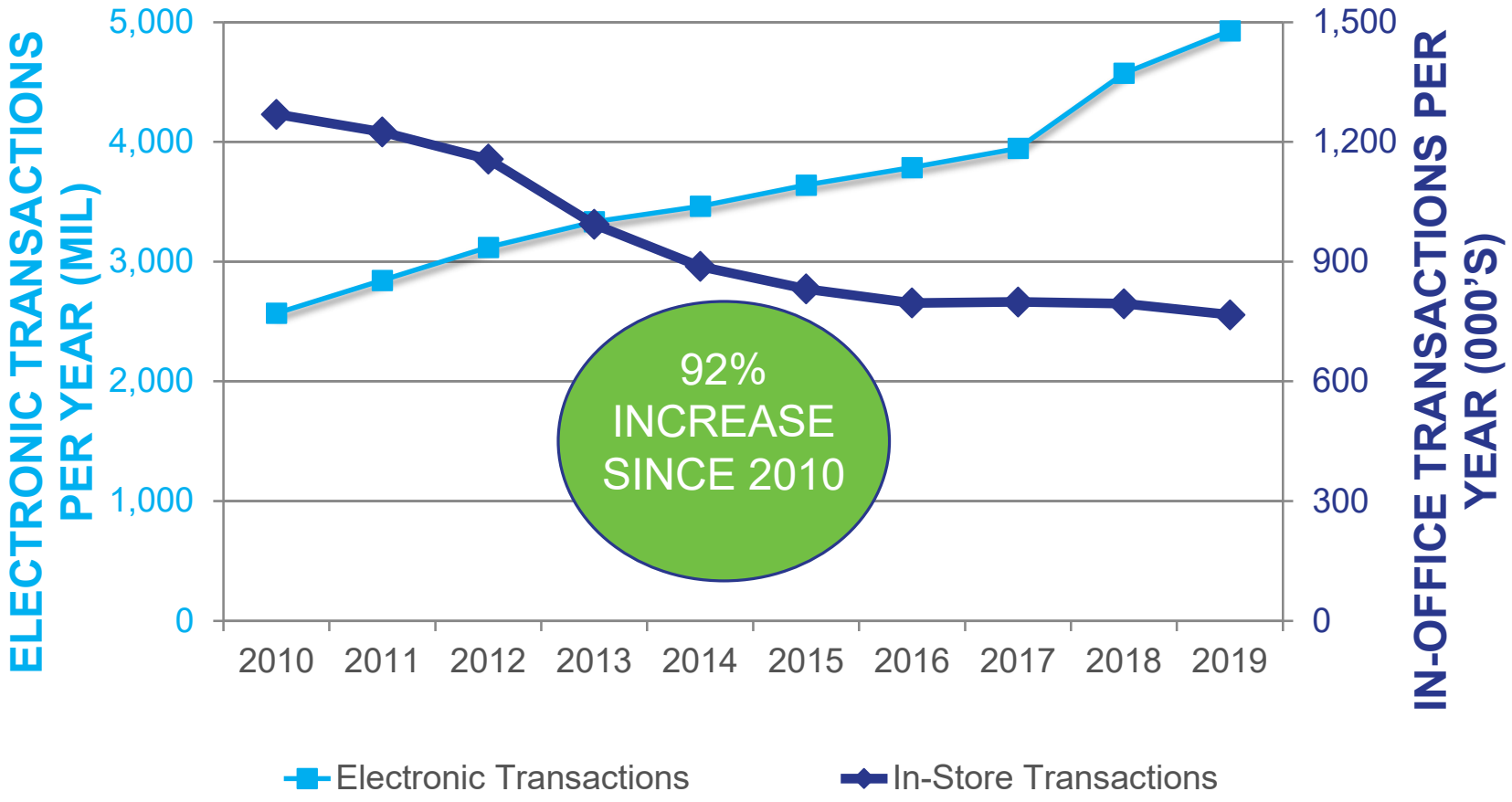


Increase in total number of products from 2015 to 2019 - 19%
Increase of households from 2015 to 2019 - 16%

EXPAND PRODUCT UTILIZATION

BY NEW AND EXISTING CUSTOMERS

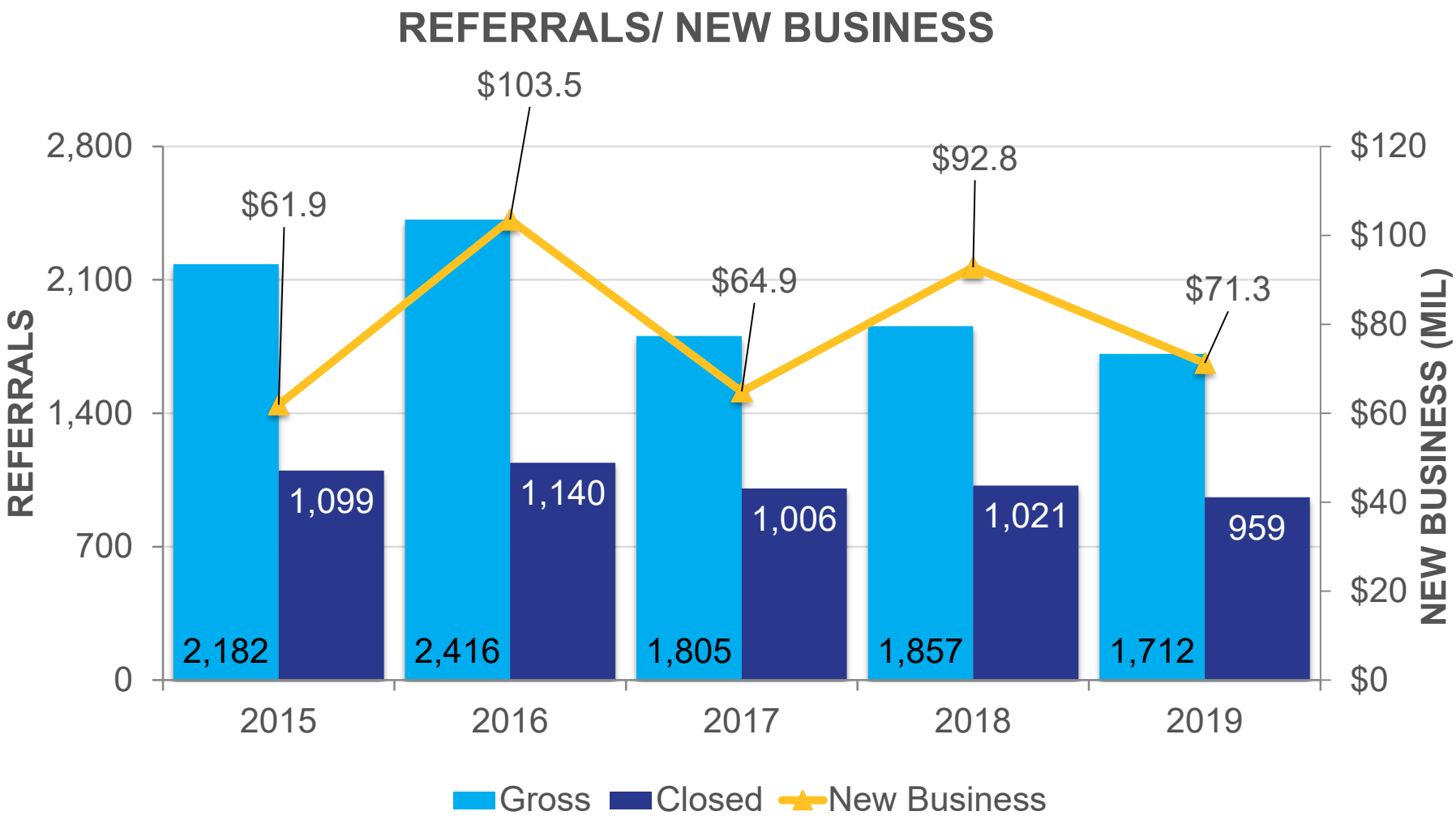
ELECTRONIC TRANSACTIONS /IN-OFFICE TRANSACTIONS



- Acceleration of electronic transactions versus in-store transactions

EXPAND PRODUCT UTILIZATION

BY NEW AND EXISTING CUSTOMERS



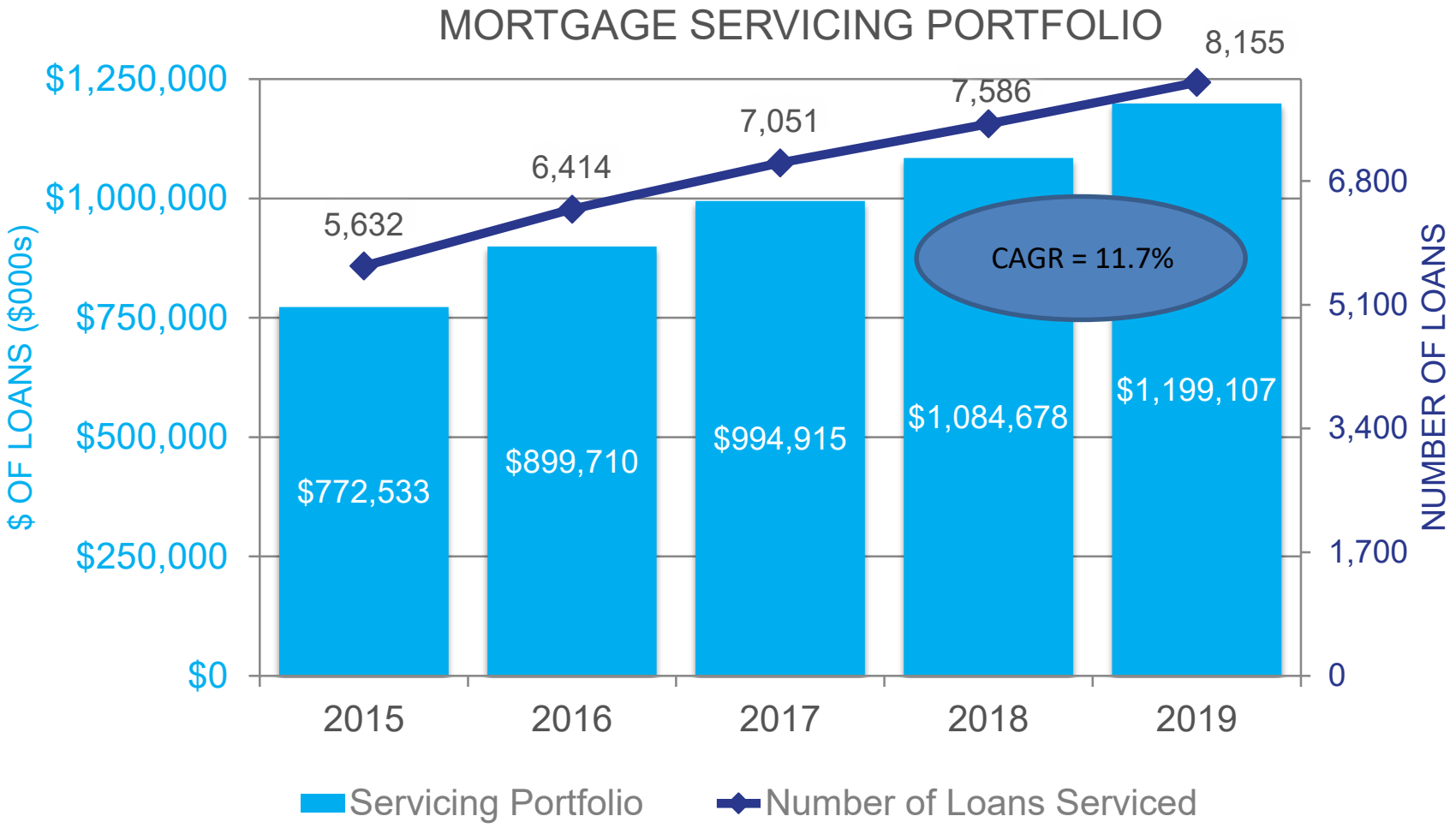
SB FINANCIAL GROUP, INC.

DELIVER GAINS IN OPERATIONAL EXCELLENCE HIGHLIGHTS

- Embraced New Technology Solutions
- Deepened Bench with New Talent
- Keyed on Process Improvement and Resource Optimization
- Strengthened “Brand” of each Business line Ecosystem



DELIVER GAINS
IN OPERATIONAL EXCELLENCE



DELIVER GAINS
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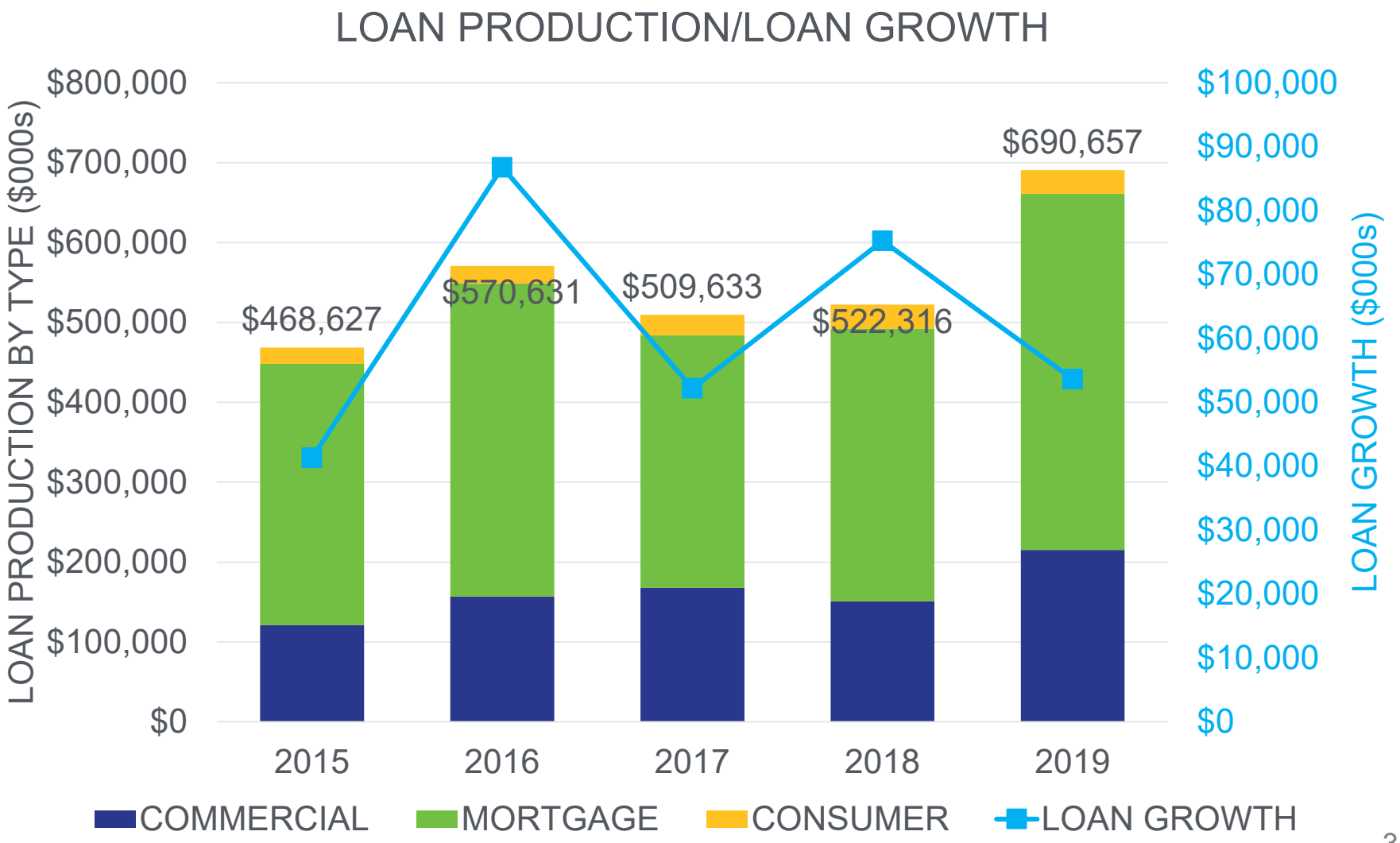


SB FINANCIAL GROUP, INC.

TECHNOLOGY INITIATIVES

- Precision Lender (A/I pricing tool)
- nCino (Next generation loan origination system)
- Sales Force (Company-wide CRM)
- Consumer Connect (Mortgage POS)



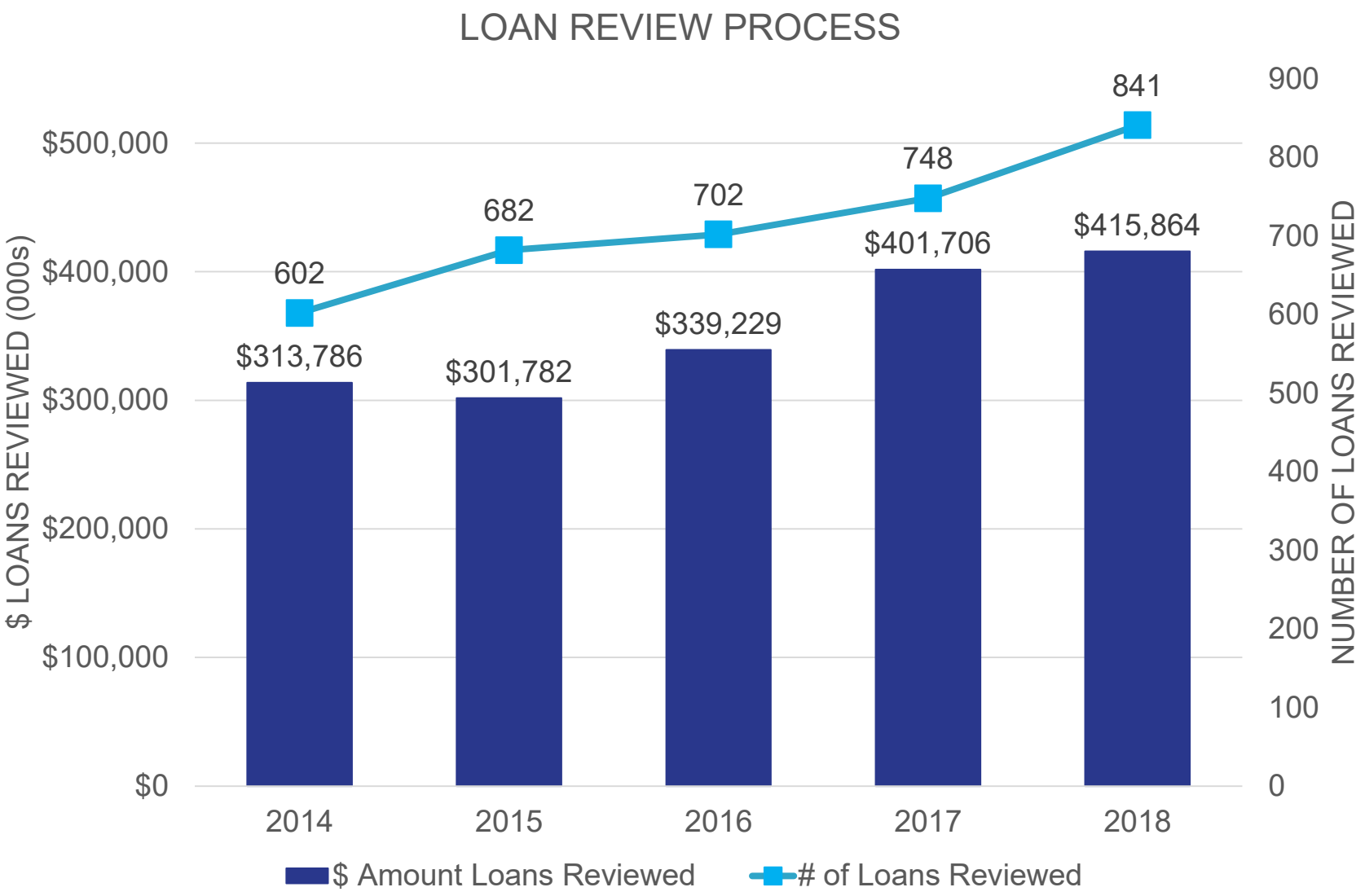
SB FINANCIAL GROUP, INC.

ASSET QUALITY HIGHLIGHTS

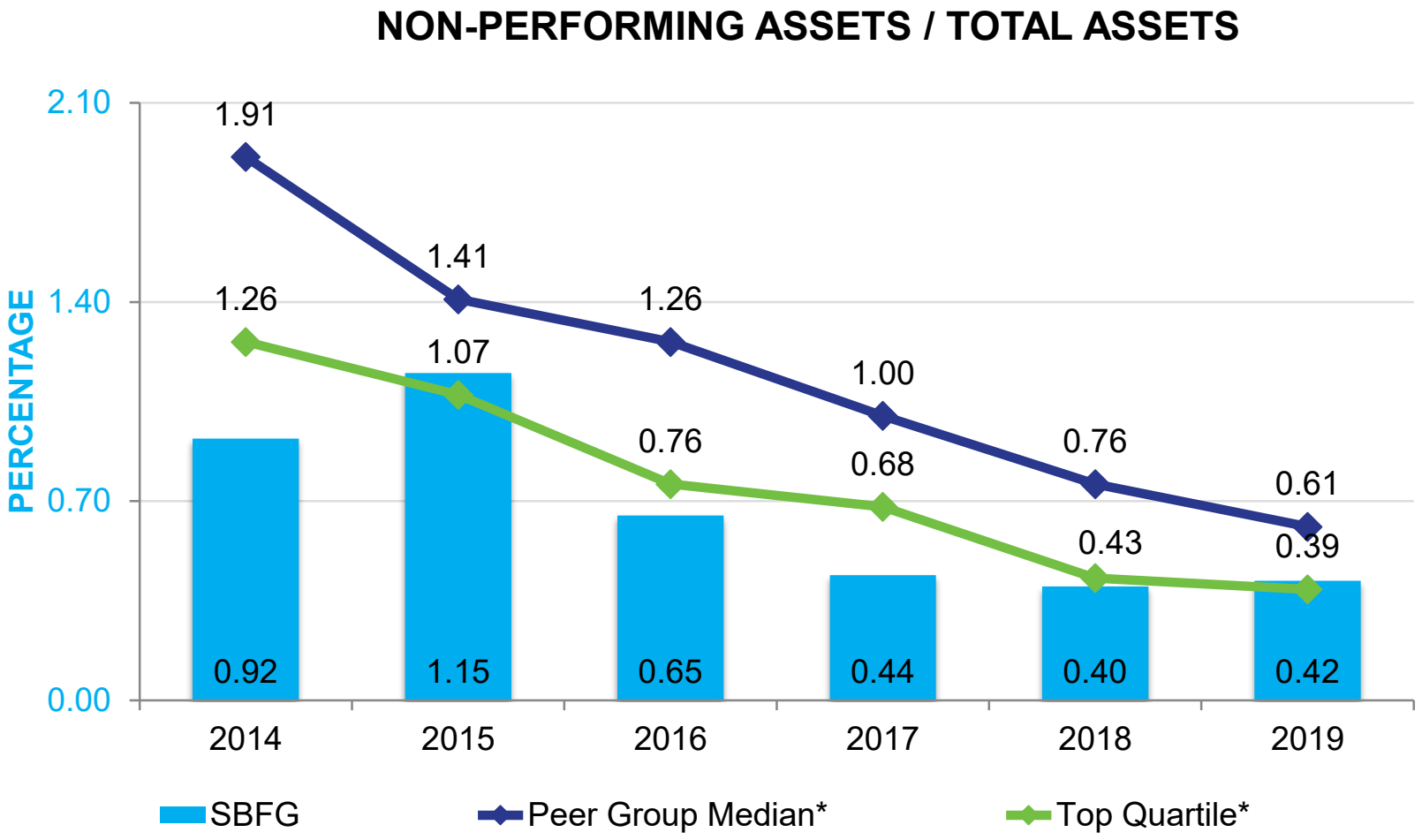
- Robust Loan-Review Process
- Dynamic Loan-Approval Process
- Portfolio Stress-Testing
- Strong AQ Metrics



SUSTAIN ASSET QUALITY



SUSTAIN ASSET QUALITY



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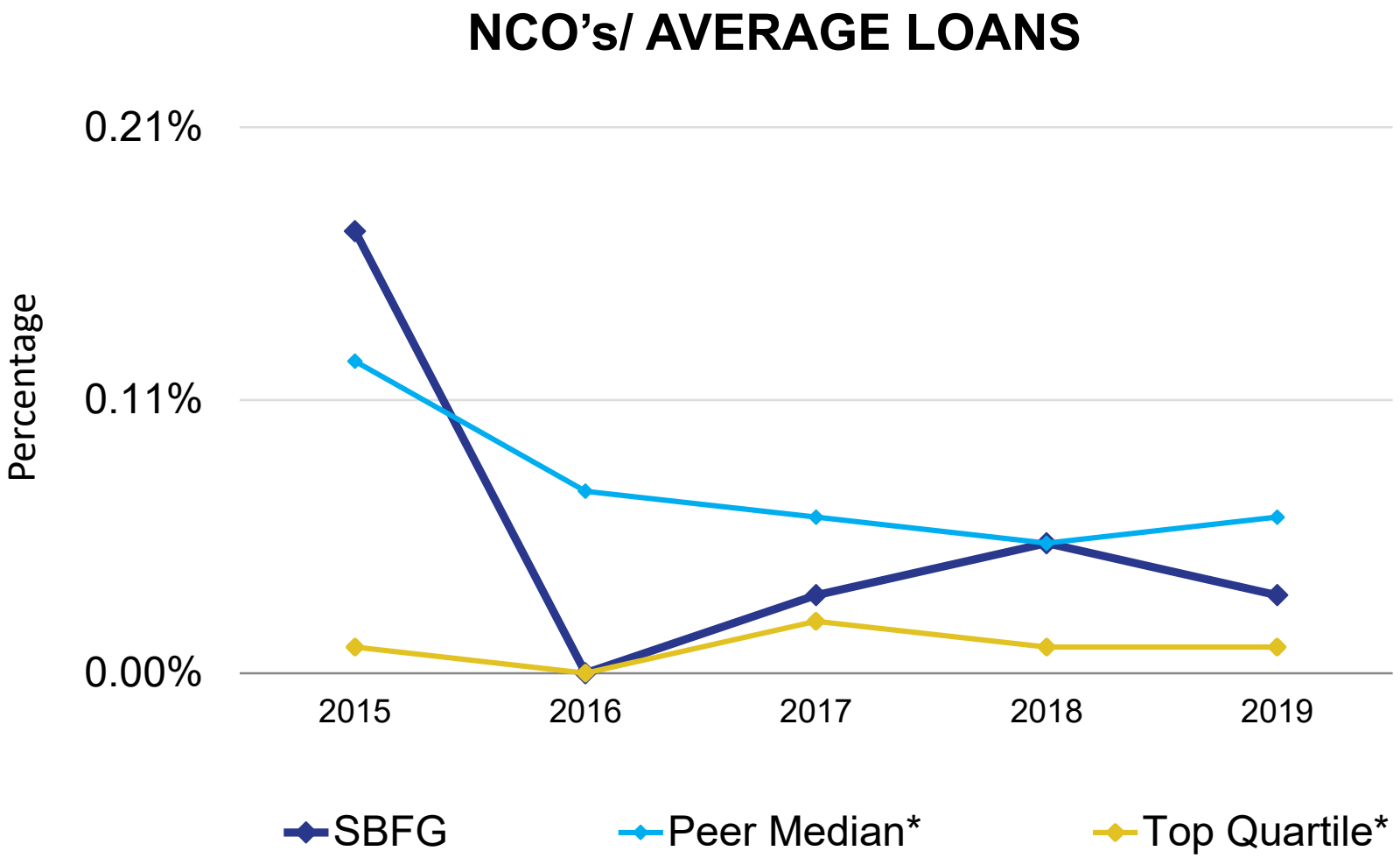
SUSTAIN ASSET QUALITY



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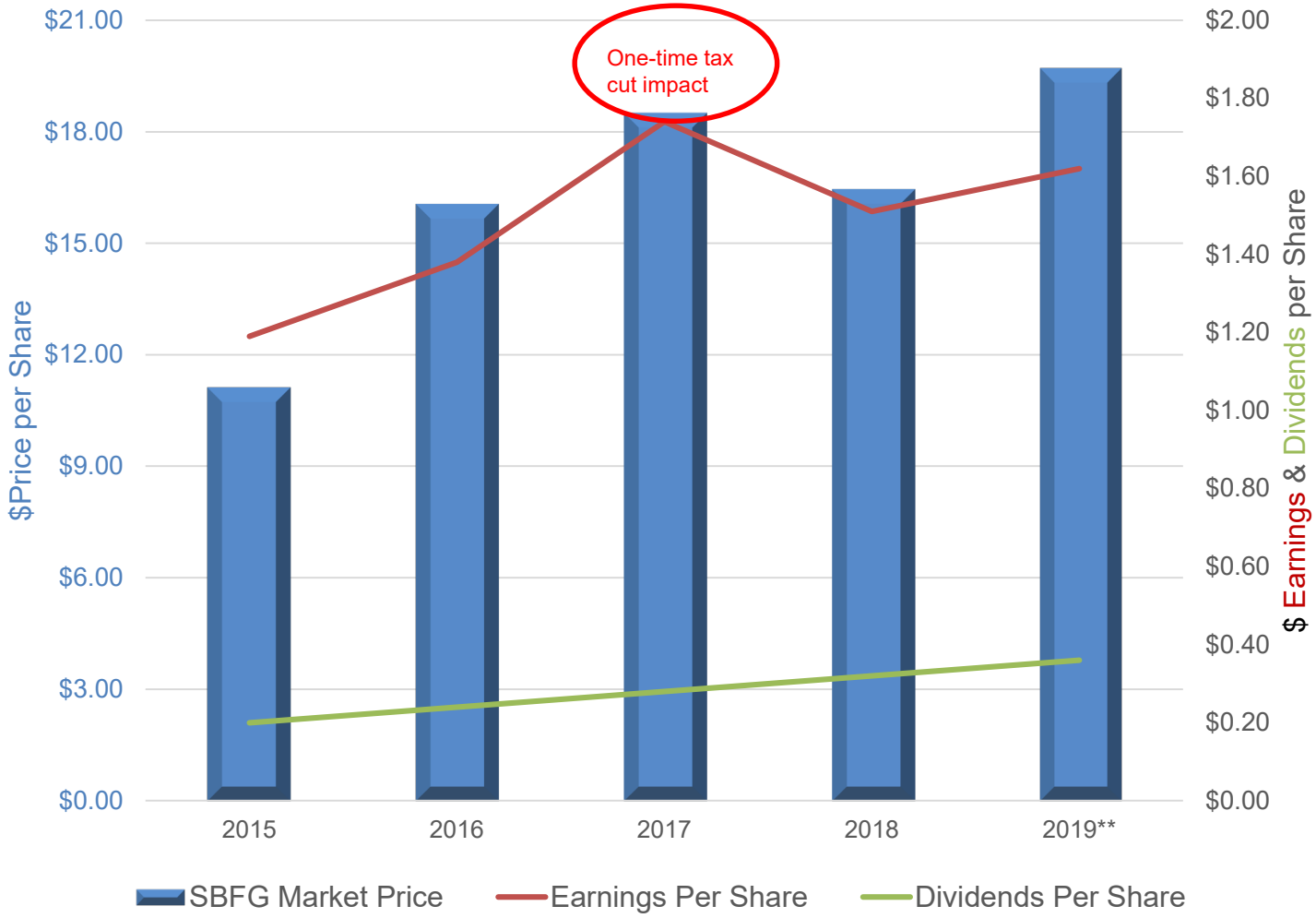
Maximizing Shareholder Value



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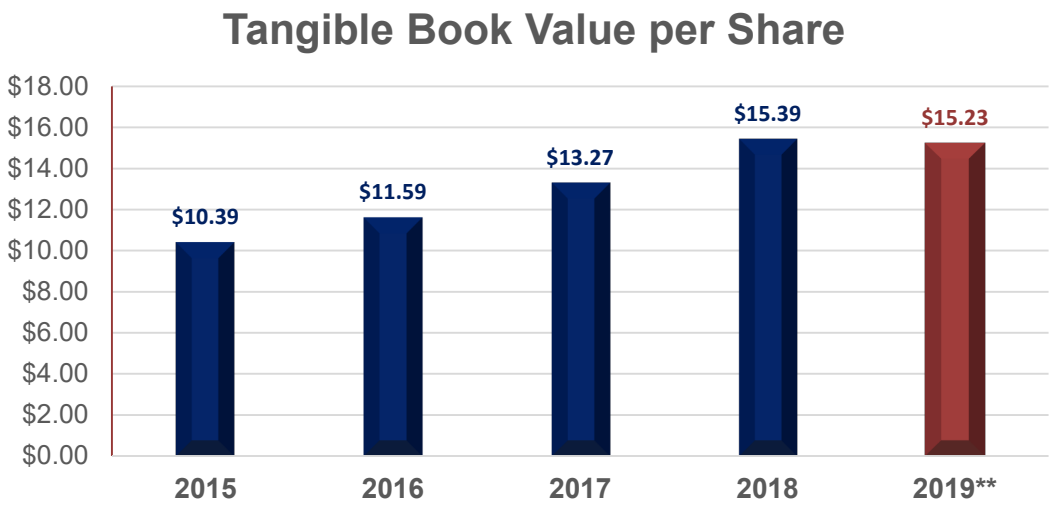
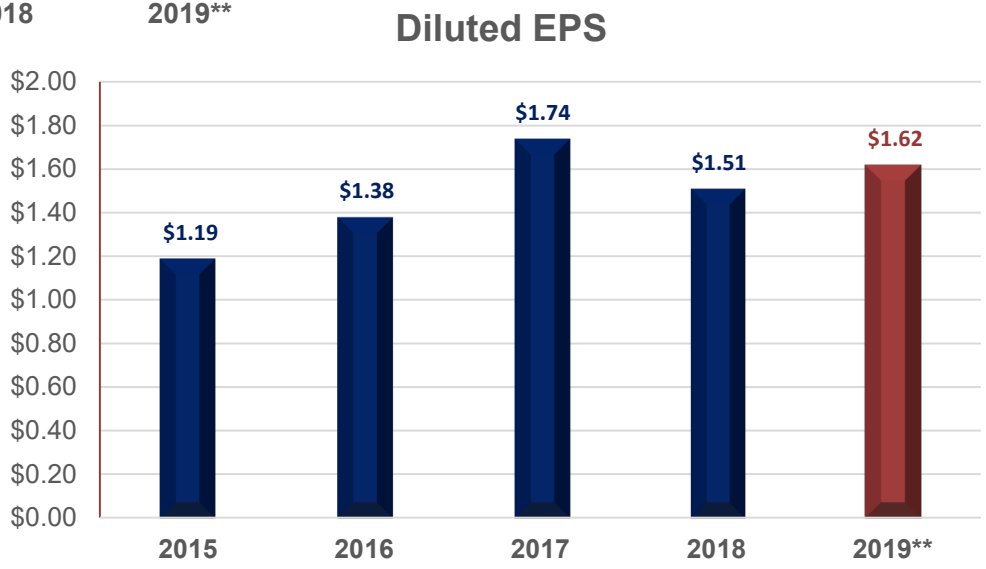
Maximizing Shareholder Value





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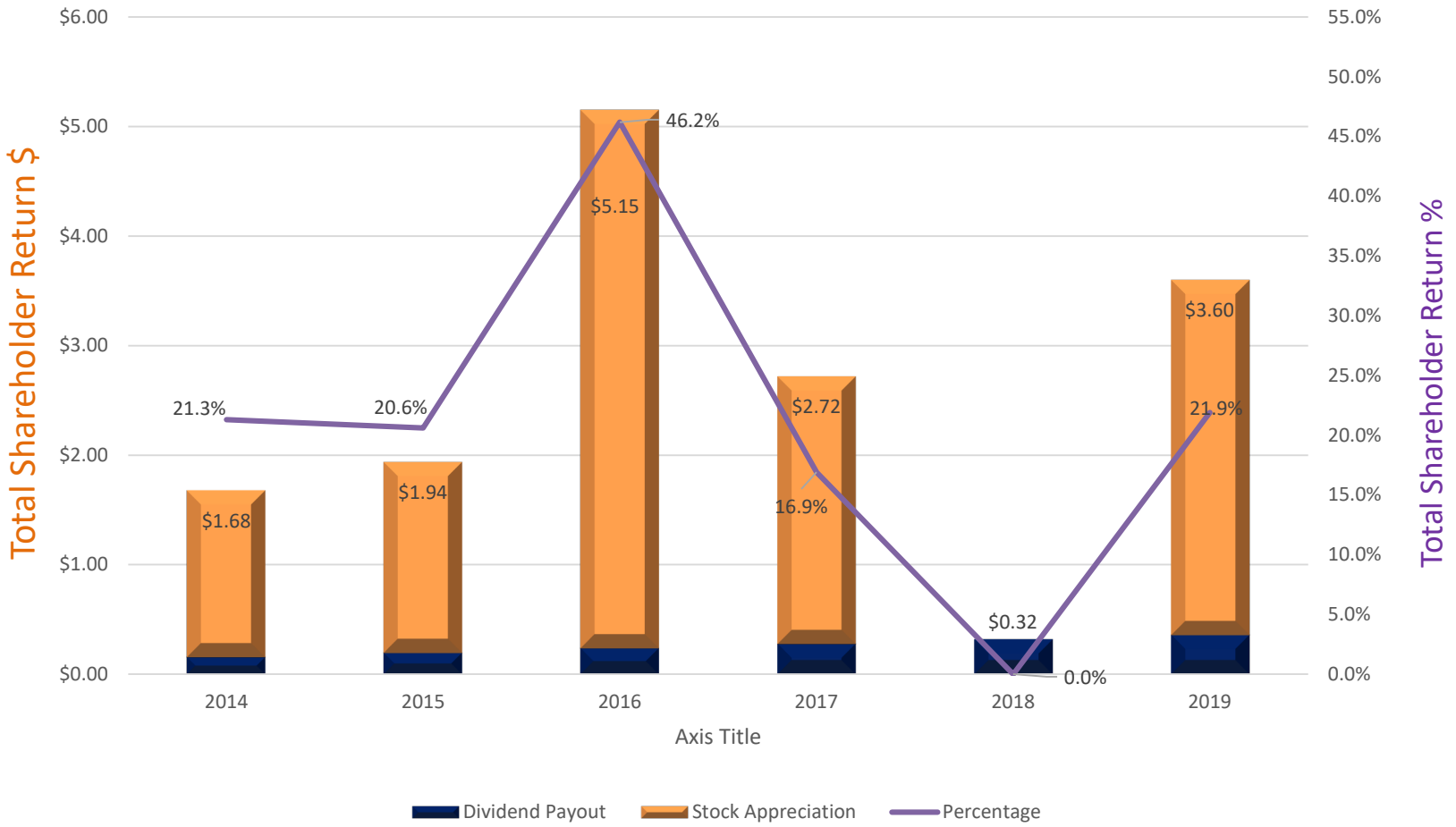
Total Shareholder Return



Non-GAAP

($'s in thousands, except per share data)

	For the Years Ended December 31,				
	2015	2016	2017	2018	2019
Tangible Common Equity					
Total Shareholder's Equity - GAAP	$81,241	$86,548	$94,000	$130,435	$136,094
Less: Preferred Equity	13,983	13,983	13,983	13,979	0
Less: Goodwill and intangible Assets	16,435	16,422	16,411	16,401	17,832
Tangible common equity	$50,823	$56,143	$63,606	$100,055	$118,262
Total Shares Outstanding	4,891,530	4,844,090	4,793,218	6,501,300	7,762,927
Tangible book value per share	$10.39	$11.59	$13.27	$15.39	$15.23
Fully Converted Tangible book value	$10.29	$11.21	$12.42	$14.30	$15.23
Tangible Assets					
Total Assets - GAAP	$733,071	$816,005	$876,627	$986,828	$1,038,577
Less: Goodwill and intagible assets	16,435	16,422	16,411	16,401	17,832
Tangible assets	$716,636	$799,583	$860,216	$970,427	$1,020,745
Tangible common equity to tangible assets	*7.09%*	*7.02%*	*7.39%*	*10.31%*	*11.59%*

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KEY INITIATIVES

Become a Top-Decile, Independent Financial Services Company

- Increase profitability through ongoing diversification of revenue streams
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- Expand product service utilization by new and existing customers
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consistency passionate accessible holistic entrepreneurial innovative conside
novative **considerate** engaging balanced partner **knowledgeable** proactive
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l collaborative **consistency** passionate accessible holistic entrepreneurial colla
nsiderate engaging balanced partner knowledgeable proactive collaborative
al consistency passionate accessible **entrepreneurial** holistic considerate inn
balanced partner knowledgeable proactive collaborative considerate engaging
derate engaging balanced partner knowledgeable **proactive** collaborative con
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